

## **Interviews in La Libertad and Bonanza, Nicaragua – August 2001** **Conducted, transcribed, and translated by Anneli Tolvanen**

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## ***Foreword – March, 2003:***

In August, 2001, Anneli Tolvanen, a Canadian who has lived and worked in Nicaragua for many years, travelled to the mining communities of Bonanza and La Libertad with the support of the Alexander von Humboldt Foundation of Nicaragua, MiningWatch Canada, and the Primate's World Relief and Development Fund of the Anglican Church of Canada. She interviewed men, women, and youth, community members, small-scale miners, local officials, and mining company representatives. She took extensive notes and many wonderful photographs. After a considerable delay in translation and production, we are pleased to present the full text of the translated interview transcripts as a complement to the two articles, with photographs, that MiningWatch has published under the title *We Cannot Just Speak About Things That Are Pretty: The Legacy of Greenstone Resources in Nicaragua*.

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Communications Coordinator  
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## ***Interviews in La Libertad, Chontales, Nicaragua***

### ***Interview with Darwin Kauffman, President of the Small-scale miners cooperative of La Libertad (COOPPEMILICH) – August 9, 2001***

Darwin – The small-scale miners in Nicaragua produce more than 2 million dollars worth of gold per year without receiving even \$1 of investment money (economic support) from anybody. So as small-scale miners, we have to fight for our to a greater degree than what they are represented in the Mining Law. No one establishes this. When Frank Mena of the Nicaraguan Chamber of Mining (cámara minera) talks, he says the small-scale miners have to disappear. But I know he's a trafficker to the world of concessions in this country; I know that. What he doesn't see is that these are 10,000 heads of Nicaraguan families that eat and that they represent an economically active population. And the truth of the matter is that Violeta Chamorro didn't sell us because no one buys us, but in terms of mining, small-scale mining is the only patrimony that Nicaragua has. This is the truth of the matter. So, we say that the Mining Law is an obstacle; it's a limitation. The law is poor in relation to the development and promotion of small-scale mining. This is my position, because if we have our role, conservatively speaking, producing \$2 million per year, what would we be able to produce if there was promotion when Nicaragua is the country with the greatest richness of gold deposits for the exploitation of small-scale mining, in all of Central America? So, in my opinion, small-scale mining is a socio-economic alternative in terms of this globalization.

Q – The other perspective is to calculate what the cost would be to maintain all of these families, if there were no small-scale mining. Likely this would be more expensive than the \$2 million and a cost for the government.

Darwin – Clearly. We say there's no problem with the small-scale miners paying taxes, we pay them, but who promotes this industry? Nobody. So who takes on this responsibility? The law in my opinion doesn't allow development of small-scale mining but instead views us as though we could never move from where we are. The law contemplates survival but no, it needs to be seen in terms of development. There needs to be another vision. Because this is an advantage in terms of a richness that we have in Central America that Costa Rica doesn't have, nor Guatemala or El Salvador.

Q – When the mining companies send their taxes, the 3%, to the Central government, how much of this comes back to the communities?

Darwin – Supposedly it's 1% that comes to the communities – supposedly. I once argued, in my position as secretary in the last municipal government, not this one, during the government of Violeta Chamorro, representing the FSLN. We went to demand the rights of the municipality, asking why, being producers of gold ...there's a whole bitter story; if you arrive at the Presidency of the Republic, and you go to ask for help, they tell you, "why are you here begging if you have a gold mine?" It's true, we do have a gold mine but you sold it without our participation and what we're looking for is that

with this mine for which you did not ask us for any kind of authorization as citizens who are the owners of this historic wealth, in the first place, what is the percentage that will come to us? What results is that the famous percentage, which they give you, does not even arrive proportionally because they justify this bureaucratically. I understand this because I'm an economist; when you're making a national economic plan, even though it's in general/rough terms, which we call "making a doll", and you have a deficit, which in this country increases yearly, this, is the one thing that helps. The one sector that helps you to repair the deficit is the mining sector. So everything that comes from the mining sector, you have to grab for the central government to help you repair your fiscal deficit and what are you going to give the municipalities? Nothing. I've even said to some, "Don't give us anything, take it all but we need the roads paved from Juigalpa to La Libertad to Santo Domingo and we need a PolyTechnical School in La Libertad to cover the needs of the agricultural sector, veterinary sciences and the mining sector of La Libertad and Santo Domingo. Lets set up a Technological institute, in function of the riches. But they don't give us anything. The justification has always been that we don't have the capacity to administer the funds. I've told them, "I think we don't have as many lovers as we do secretaries, if you gave this money to the municipal government". There are many people in this ministries that are earning money because they're so and so, the lover. They told us we don't have the capacity and so I told them that I didn't think we administered lovers the way they do in these bureaucracies. They shouldn't think we're stupid.

La Libertad, I told them in certain occasions, has 821 km<sup>2</sup> and only has 27, 32, 46 kilometres of road. How am I going to know that there's a shortage of capital only to put in roads? What I don't like about this mining law and these inventions of your ministry is that you remember us when we produce but when we aren't producing; you don't remember anything about us. And it was proven during this period of a year and a half, that no one came to ask, "What happened to La Libertad that the mine is not producing?" No one came. How are they surviving? So the law for us in terms of small-scale miners and the municipality and in terms of development, it is not in our favour. And as they do not like it when you talk to them about progressive people, I told them, "I don't think you've read this book, The Open Veins of Latin America, by Eduardo Galeano that says that those who produce the wealth are the most wretched."

Q – What's the value of the gold that Greenstone extracted during their time here and how much was lost if they can recuperate only 60%?

Darwin – I understand that their philosophy was to recuperate 80% but they say they never got above 60%. So they lost 20% of what they planned to extract. They printed a famous bulletin and in this bulletin they talked about 80% and sometimes even as high as 85%. Never getting any better than 60% meant that they lost 20% monthly. We can add to this the technological problems, waste, and other problems. I read a document that the Ministry of the Economy published in the newspaper but this only gave information about the first year of Greenstone's operations. The Ministry of the Economy would know how much gold has been extracted because that's where all the paperwork has to be done.

I understand that some of the people that came to work in the mine, bought shares. Because this was a fabulous business and they sold them in a short period of time, after 6 months and some made money. Because this is another way of making money. You analyze the future of the mine; you buy shares cheap and then sell. It seems to me that this was the flow of money that they had to do various things but then a time came when no one was buying shares because people were waiting for the results – some people, because there are others who invest and in they lose, they lose. I don't think that someone that has 300 million dollars is going to worry because he lost \$100,000. It's more expensive to be investigating than to invest in something else because this is money that's already lost. These are a part of the manoeuvres that they do.

Q – Could you explain about the payments that are owed to the small-scale miners?

Darwin – Greenstone left owing them the amount of US\$120,000 and they promised to pay this debt in September. On the 30<sup>th</sup> of August they are suppose to pay US\$30,000 of it. The last conversation that I had with Señor Tom (McGrail), he told me that they'd had some unexpected problems with the production but that their intention was to stick to this schedule of payment.

Q – How has the community benefited from the social fund and community projects, if any, that Greenstone talked about?

Darwin – Well, what I understand is that there are two expressions. The miners union, through their collective agreement, were successful in achieving certain benefits such as an agreement on better houses, repair of houses, and a basket of basic goods with various items. These were very specific things from the company. As workers they also had the usual benefits such as medicines etc. But in terms of the municipality, what they did was micro-projects and in a few occasions, they

helped with social actions such as sports. For example the Culture House needs some chairs, so they're solicited for chairs and there's sports league and they need some help, so a certain amount is given to them. We criticized this and I did, especially, because this did not support other economic options nor did it generate employment and we fell into the vicious cycle of dependency. This was demonstrated when the crisis came. We had the idea, for example; what percentage of the money that belongs to the municipality is designated to a group of campesinos that is dedicated to the cultivation of basic grain crops (beans, rice)? Because in La Libertad we eat the most expensive beans in Chontales, I believe, because we have an economy of extraction with cattle rearing giving meat and dairy products and gold mining. But everything that we consume, such as rice, beans, corn etc., we buy from outside, so we pay a more expensive price for it. So one of the strategies of food self-sufficiency for La Libertad, as a policy of the municipal government as well as of the central government, should be that at least what is eaten, be grown locally. For example, to have designated, let's say \$30,000 for small-scale farmers around La Libertad to produce basic grains, but this was never done. Instead, they spent money on other things but not on activities that would generate wealth. Finally, the people had the impression that they were things that were done for convenience in order to maintain a relationship. We told them that what interests us is development. At one time they even took people to visit the mine, Santa Rosa in Panama, which was an unnecessary expense.

Q – What do you have to say about the impact of the mine on La Libertad's water supply?

Darwin – I still remember when Kevin Taylor (mine manager with Greenstone) presented the project of Cerro Mojon to the community of La Libertad and I posed the following question, “ The Mico River is born in the northeast part of the municipality of La Libertad and by coincidence the Cerro Mojon is in the northeast part. What will happen when the open pit reaches the level of the river? They guaranteed that nothing would happen. Then I told them, “ since you are making guarantees, I would like the law to contain the requirement that if the river dries, you have to pay an indemnity of many millions of dollars.” But the law does not contain this and this is why I criticized it. No matter who comes here, Japanese, Canadian, whoever; if they guarantee that the river will not dry and it does, then they should have to pay. The law does not say anything so whoever comes can say whatever they like. This is why I accuse the central government of being an accomplice. If the river dries who will restore this? There is not a single article in the law that covers this possibility. There is another story; historically mining in La Libertad has never taken into account the environment but there comes a new moment with Greenstone, who present themselves as the “environmental vanguards” of all the mines in Nicaragua. So, if I plant 5,000 or 100,000 trees, and the mine at Mina Limon doesn't plant any tree – and in La Libertad it's not even 5,000 – the government then has Greenstone as a reference and says this is what we have to do in other municipalities. This then is the reference point. The government is an accomplice because they say, “No, these folks are contributing a certain percentage and the municipality get a certain amount” ...but this is nothing compared with the damage that they can do to the ecology.

Q – How many more years do you think it will take before the river dries up, because this new company is working the same way, right?

Darwin – Yes, what worries me is what water resources is La Libertad going to have because the source of water has been a problem now for a number of years. In geological and hydrological terms, the water basin of La Libertad is high up and it's difficult to find subterranean water so the destruction of a natural wealth such as the area where the Rio Mico is born, can have incalculable consequences. Cerro Chamarro has to be declared national patrimony as an ecological reserve. There's ore there as well, but not of the quality that would interest the company. The veins are very narrow and there's lots of water. The future of water for La Libertad is this mountain and it has to come by gravity to the community. There are very few small-scale miners working there.

If the river dries, we who are on the environmental commission have to be more belligerent. I've said something very clearly and that I maintain, “ There are donating organizations that give you candies but to bring you these candies, they earn more than what these candies are worth ... I don't like that. I said this to the Swedes of ASDI. We have a revolving fund, which was formed when I was the mayor and these folks had incredible administrative costs. They didn't come in flying saucers because these weren't for sale but what was the result? They came to give you this little bit in relation to this big amount that it was.

La Libertad should twin with another city on the basis of just one criterion. If the company says that it is investigating the environmental impact, they are supporting this with a study, with technicians, and manage a level of propaganda and influence so that this appears as an indisputable truth. But if I twin with a city in Japan and I tell them, “You don't need to give me useless gifts, but you can provide me with a counterproposal to what the company says and they say there are two

frogs and I'll be able to demonstrate that there's only one and it's dying." In this way, we will be helped in our development. If someone comes and says they're going to give me this thing but it's not what I need for my development, then they're not helping me at all. This is the problem that we have with a present twinning; they give us what they want to give which is what they see as being possible. I criticize this becomes I'm one of the founders of the twinning and this was not the philosophy. The cattlemen have their needs, the small-scale miners, and the rural communities have their needs, as do the barrios but what do they do? They say no, we don't get involved with the small-scale miners because they don't have a mine. But this is where we have a need. So what is it that they're "cooperating" with? You find, then that there are people who have made a life of these things. They are using us to have their own livelihood. I criticize and I don't pardon anyone. There are people who have invited ways to live with the names of these municipalities.

A useful support would be to fund a project, for example, to have the water quality regularly monitored so that the community has information to defend itself against the reports of the company. But the organizations come and promise a mass but they don't even bring a saint. If they come with \$100,000 but only leave us with \$1,000, we won't accept that. We're tired of that same movie.

We are not against foreign investment but it's when we get tricked that we don't like it. They make their agreements at the top with the government and it sounds grand, "Greenstone has the largest mine in Central America" and it shows up in the papers, but then when we go through a year and a half and no one wants to even sell us rice and beans, and we're owing money to everybody and they're the main ones that are owing money to us, none of them showed up. This is the dilemma that exists between decentralization and the municipalities. The central government negotiates with these companies and does not even consult with the community.

We went through 5 years investigating for the Mining Law only to not have included what we said should be included. Something is always accomplished (ie. they managed to maintain the articles that the government threatened to veto).

### ***Interview with Darwin Kauffman, President of the Small-Scale Miners' Cooperative (COOPPEMILICH) in La Libertad – Part II***

Darwin – At the national level, Greenstone never declared bankruptcy because they always maintained an attitude of reactivation and suspension. They were planning to reactivate and searching for investment alternatives. This is how they presented things but it seems to me that this was their tactic in order not to lose their rights to the concession. With their rights to the concession, they kept hope alive that there could be a negotiation. This was a bit more favourable than not having it, in terms of recuperating something instead of losing it all. Clearly, the miners union as well as the small-scale miners cooperative who have established agreements, received a strong negative impact because MINISA was paralysed here for about a year and a half. Of course this also affected the agreements of the small-scale miners, although the mine workers union was giving its workers some partial economic assistance. Because bankruptcy had not been declared, they were obliged to pay salaries even though these were held up and received late. The situation was being managed. In the case of the small-scale miners, they declared that it was impossible for them to pay us and to continue to buy and sell ore from us. This brought incredibly negative consequences for the small-scale mining sector because we depended on them and maintained a level of production based on the purchases that they made. Then suddenly, when we believed that the company was in its best moment – because in terms of production, the company closed when it was at its best moment – the dependency that we had on them was tragic for us.

It seems to me that one of the errors of Greenstone administratively and in their management was that they did not resign themselves to fail as a consortium, so whatever this mine produced – because it never stopped having some rhythm of production despite the world price of gold – they would designate money to save other Greenstone mines, for example in Honduras. I think this was an error. A time came when the responsibility that this mine had with its creditors and the creditors knowing that there is a certain level of production, pressured them for payments for what was owed. Greenstone as a consortium then was in a crisis but not specifically MINISA. But as it was the same thing for them, it seems to me that they were designating funds to other locations with the goal of saving Greenstone but they end up not resolving anything and they remain with their debts for MINISA. Of course in the world of business, this is noticed and many companies came to foreclose on them and they are suffocated because they can't respond even minimally. When I say that they were unable to respond even minimally, I mean for example that even their telephones were taken away because they couldn't pay for them.

Q – People talk about Greenstone being very wasteful and extravagant.

Darwin – Greenstone showed itself to be incompetent in terms of the culture of mining production. I've analyzed this as an economist and it's my opinion that they had immeasurable costs and irresponsible contracts. I remember when Kevin Taylor, who was one of the first managers here of MINISA said that the Nicaraguans needed two years of training and then they could take over the operations but three years had already gone by when the bankruptcy occurred and they were still using the services of international workers. This was a load that was unsustainable because these personal had a series of demands that were well beyond the reality of the company and, of course, this was a cost of considerable proportions. I understand that the monthly payroll for these foreign professionals and technicians was more than US\$400,000. In addition, they had personal in Toronto, Miami, Managua, La Libertad and Santa Rosa, Panama. This was an expense that I imagine was more than US\$2 million annually. So they have these orientations and at the same time they're trying to reactivate several mines – because they hadn't even sold Santa Rosa and at the San Andres mine in Honduras, they're just getting to the stage of production – and then comes the fall in the price of gold worldwide and they try to cover all these costs with the production coming out of La Libertad. Within a short period of time, this becomes unmanageable for them. They also try to maintain a management structure, which is not adapted to the reality and when they realize it, there's nothing that can be done. They start to take certain measures and then there's the purchase of bonds by the famous banks and in this way for some time, they maintained the possibility of paying the workers and administration costs but afterwards they withdrew because they couldn't keep this up. Some also suspect that there was some manipulation to leave the company bankrupt.

I think their principal business plan was to open a mine and sell it rather than enter into production. For example, the "Chontales Mining Company" which was also known as the Jaiale mine in Santo Domingo, was a mine started by the English that lasted 47 years. That part of the municipality use to be a part of La Libertad. From what I know of the history of mining, the last production manager was Don Jose Carboza and he was manager for about 42 years. This is a very interesting indicator. In four years, Greenstone has had five managers. So I ask, "What kind of business are these people in?" Because to produce gold is not like producing potatoes, beans or cotton. It's a high-risk investment to produce gold with the market oscillation that we've had recently. All of a sudden, the business is to sell an image on the stock market, of a rich mine and sell shares. I imagine that the shares that were sold were used to invest in the infrastructure. They made a montage and they had a projection or propaganda to sell an image and through this image, to establish a circular business. I imagine that that is what was happening. Because to be changing the production manager so frequently, given the investment risk that the mining sector is historically, was a very risky game. They found themselves in a dilemma because nobody wanted to buy the mine and so they had to dedicate themselves to production. The crisis then begins.

Q – Had they tried to sell earlier?

Darwin – Yes, but nobody buys and they find themselves in this crisis. Soon, then, they had to suspend operations because they could not support the crisis. Now they don't have any experience. First there was Kevin Taylor as part of the operations, representing the montage and then Ken Wright, another executive showed up. Then Ron Hughes came, who was a figure that was around for a long time as an administrator who played the role of orienting the new ones and was the general administrator of the plant. He was like the permanent manager because he knew more. Then John Drice to fill in the space that Kevin Wright left. Then comes Tom McGrail who tries to resolve the problem and then finally comes Ken Norris who is a metallurgist who takes charge of the most critical period. Amongst the things being discussed, was that the level of recuperation was very low in terms of the liquidation project and as a metallurgist, he was trying to find an answer for this. In the last stages, he's absent from the scenario because there's nothing more to be done. With the whole management of the mine, the circular business did not function.

No one was going to buy the mine because it was in a crisis. In their profitability study gold was at US\$395 per ounce troy in 1989 but between July and August of 1997, the price of gold had dropped to US\$257. They were able to support this drop to some extent because the price of production was not so expensive on Cerro Mojon. But it's incredible how much the value dropped.

Q – So the bankruptcy had nothing to do with Hurricane Mitch?

Darwin – No, but it did serve as a pretext because if it's true that they lost \$2 million, it was much greater the amount that they invested badly. That is what they said they lost with the hurricane. They had a problem with their rainfall projection

analysis. To arrive at their design for the leach pads they studied the subterranean springs and they arrived at a projection based upon precipitation levels 100 years ago. In this study they made note of the maximum rainfall over that period of time and they planned in accordance. The rain with Hurricane Mitch, however, just about doubled this projection and so the waters below could not escape in the same way and started to break out in a mountain over there and that mountain started to come down on top of the ponds. They had great losses as a result. The plastic in the ponds was ripped apart and the ponds were left destroyed. Their production was reduced by 40% so they were working at a capacity of 60% maximum. So, of course, there was loss into the river. The problem that they had was that the mountain moved and the cells and ponds were split. But they had already committed great administrative errors so this was disastrous only because they were already in crisis. Economically this error was not so great. In my opinion, the bad administration was the bigger error.

In the technological transfer they made big mistakes as well, in terms of the purchase of new technologies. I understand that the profitability study did not contemplate that there would be a glomidiador which incorporates a type of cement that gets added to a tank which circulates the ore and creates grains so that molecular spaces are created so that more cyanide can enter and there's greater recuperation of gold. So they had this problem that they hadn't designed the glomidiador. They discover that they need a glomidiador and they discover that their crushing machine ("tritador") isn't the right one for the hardness of the rock they're working with, so they have to buy a new crushing machine for much bigger rocks.

Q – So they didn't have much experience?

Darwin – On certain occasions I went to talk with Kevin Wright. He confided in me that he liked it when I criticized him because I had a perception from outside of the company. He would ask me, "What do you think of the mine?" I told him that I thought the opening of the mine was much too small for what would have to be crushed to supply the eight cells. This was just an idea I had, calculating that each cell would hold an average of 140,000 tonnes of ore. Additionally the crushing machines were not the kind with jaws, but rather a rotating system that's often used for carbon, which requires its teeth to be replaced every 4 to 6 days. I told Kevin, then, that this was a great cost because the rock here is very hard. Additionally, the rocks that were too big, between 6 and 8 inches, were expelled and there would have to be a complimentary activity to put them in again. So they had to invent answers. To me these represented great technological errors that had not been calculated and that cost lots of money. If you have to change the teeth on the crushing machine every 6 days, you don't have the appropriate crushing machine, you don't have a glomidiador ... So the \$2 million dollars doesn't seem so great because it's much more important that the technology be defined.

Q – What happened with the social fund that Greenstone established?

Darwin – It was frozen when the company entered into the crisis because they couldn't provide support for anything. In 1997 the price of gold fell but Greenstone was able to support this at that time still and in 1998 they were still fairly stable.

(tape flipped over)

Darwin – We have signed an agreement to sell 700 metric tonnes of wet ore monthly which translates to about US\$40-45,000 monthly, at present prices. Up until the month of February in 2000, the company declared that it was unable to continue buying ore from the small-scale miners. In February they made their last effort to make payments but then more money did not arrive. This created a dependency for us and a responsibility towards the whole commercial sector. They tell us, "We're going to sacrifice a period of two months". When those two months are over, they tell us we have to sacrifice one month more. Then they tell us it's three months more but they also tell us that we shouldn't worry because there is a rich mine here and that it's just a matter of reorienting and reorganizing the mine. They tell us that even if the mine is sold, we have options for the future. But they never tell us to stop mining ore because they don't have money to buy it. The small-scale miners, therefore, keep up a regular rhythm of work. What happens to the small-scale miners is that they continue to go deeper and deeper into debt and they continue to invest in small-scale mining. A time comes when the local stores tell us that they can no longer continue to give credit. They tell us they are without products and without capital to enable them to buy more products. There was a crisis then.

At one of these moments when we again were not paid, we felt obligated as small-scale miners and we suggested – I was one of those who made the suggestion – that we should occupy Cerro Mojon where Greenstone was. I suggested that one of the last efforts that we should make is to make a call to the representatives of MINISA and the municipal government because these companies normally don't take the municipal governments into account. It was no longer just the situation of

the small-scale miners that had to be considered, but the whole community, which was in crisis and was wondering what was happening with the mine. So our idea was to get an explanation from them so that the municipal authorities would also realize that if the small-scale miners cannot pay, it's because we're depending on what the company tells us. It was not that no one wanted to pay their debts but that the company kept saying, "Wait, give us a chance; give us time. We'll work things out but wait for me." They told us that they were negotiating with some other company and that they liked the proposal that was being presented to them. But we waited 6,7,8 months until at the municipal office we told Randy Martin that if he didn't give us an answer by a certain date, we would enter Mojon. At least he was clear with us when he said, "I don't have the money to pay you because the funders of the bonds aren't giving us anymore financing."

So we entered Mojon and occupied it for almost 9.5 months and the small-scale miners extracted ore and more or less, we lived from that. We took this step in order to convey the message that whoever it was that was going to reactivate the mine; they would have to deal with us. They could not continue to tell us that we had no rights; they had already told us that little story. They had told us that the company could change ownership and we would have to make the papers so that these new owners would have to pay us what we are owed. I remember when I told them that we don't have money for lawyers but we're going to demonstrate that no matter who comes, if they don't take us and the municipal authorities into account, nobody is going to produce here. Many people did not like this because they said we were acting like the owners. We told them that there is something historical and when Greenstone came to La Libertad, they found the small-scale miners extracting ore and we signed an agreement with them that they would buy our ore and we wouldn't have the problem of not having a market to sell to. So if they found us there and then they disappear, well we're going to return to the same point. I remember when someone told me, "Greenstone doesn't recognize the small-scale miners because what you're doing is illegal." I told them that if Greenstone disappeared, that didn't interest me because who took us off Mojon in the first place was Greenstone and so now we're just back in our own place again. So we maintained this pressure. They thought perhaps that we were going to destroy their machinery or the offices but that was not our interest. We were just interested in extracting ore from the vein and with that, survive, and we did that for about 9 months.

Q – How did you extract the gold from the ore?

Darwin – We used the ore mills ("rastras"). The rastras were reborn. They were put together again and now there are 5 or 6 of them. One of the policies that they came here with, was that the rastras would have to be eliminated and now during the crisis, even they were suggesting that we could use the rastras.

Q – What is the debt that they left unpaid?

Darwin – We calculate that the company did not buy from us for approximately 14 months and so we have a deficit of about US\$500,000. This is calculating the US\$40,000 that would have been purchased over each of the 14 months. The deficit is different from the debt. In this period we achieved a re-negotiation with DESAMIN and it was a negotiation for 3,000 tonnes. So the agreement states that in three payments, we'll receive a total of US\$120,000. They paid us US\$20,000 and they owe us about US\$100,000. On August 30, they're going to give us US\$30,000 more and then on September 30, they're suppose to pay off what remains. We're following this schedule but making adjustments according to the crisis. There is now a new situation in which the company, who has justified that it's not profitable to produce the high-grade ore of the small-scale miners via liquidation, which is for low-grade ore, is now proposing to reactivate the old plant at Los Angeles, which was here when they came. The intention is that the small-scale miners not depend on the liquidation process for extraction but that they continue to sell their ore to DESAMIN and that it be processed independently at this other plant. So they are in a period of rehabilitation and reactivation of this old plant, which uses a process of direct cyanide application. This way they would address the conflict of interests. They consider that it's not profitable technically because liquidation is not the appropriate technology for high-grade ore. Kevin Wright told me at one time, "There is technology for high-grade ore but this is not adequate."

Low-grade ore is when it contains 3 grams of gold or less per ton. High-grade ore is more. Some of the small-scale miners extract ore that has 70 or 80 grams per ton. For them, this is not recoverable. The logic, more or less, is this; each one of their liquidation cells is set up for 90 to 120 days maximum. The behaviour of the flow gives them a recuperation in these cells of about 60% of the gold and this is for low-grade ore. They recover this 60% within a period of 90 to 120 days. If they do not recover this amount in this period of time, each additional day represents greater loss than profit. So they have to clean the cell and put in new material. This is their logic.

According to them then, what is the problem with high-grade ore? This ore has to be there for a longer period of time in order to recuperate the ore. Our ore can provide more gold but because it's such a low quantity of ore, in relation to what they have to get from each of these cells, they lose. They're going to put in 139,000 tons plus the 700 tons of the small-scale miners. These 700 tons could have an average of 14 grams of gold per ton, so they tell us they lose by putting our ore in the cell. When they reach the 90 days, even though they've paid for 100 grams per ton, they've got to empty the cell and fill it again with new ore. The best idea, then, is that there be an exclusive cell just for the high-grade ore of the small-scale miners. This would be a smaller cell where the ore can be kept longer. This is an option. They say that the recuperation in a cell for high-grade ore, can be as high as 85%. The key is in how finely the ore can be ground. If it is very fine, the recuperation can reach 90%. There's a relation in costs between grinding and getting results from recuperation.

This was an option at one time for us, but then they discovered the idea of reactivating the old plant – which was a proposal that we presented after Hurricane Mitch and that Ron Hughes did not want to accept. We told them, “Don't dismantle the old plant. Every month you tell us that you don't recuperate the gold, so leave this as a solution for the small-scale miners.” I also told Ron Hughes that they should leave this old plant to us so that we could be independent. He told us that to reactivate it would be very expensive and to administer it would be much more expensive. “You don't have the economic capacity to run it”, he told us. I told him, however, that none of us would earn salaries of US\$20,000 and that this was a problem that they had. I don't think he liked it when I told him that. I told him that if I was the administrator of that plant, being the president of the small-scale miners cooperative, I'm not going to be paid US\$20,000, or not even US\$15,000. There was even a joke at one time when we were given coffee and Ron said there's no problem we could drink it. I told him that we would be charged this cost at some point. Nothing is a gift (laughing).

The idea is given birth with Tom McGrail who comes to reactivate the new package of DESAMIN and he considers that this plant can be reactivated for direct cyanide extraction, by coordinating the equipment in Bonanza with the equipment here at the old plant. Our people know this system and they don't have to check to see if it works with the high-grade ore because it was functioning before Greenstone came. So there is a proposal for new negotiation in which we'll look at this option. In terms of production, this could answer the problems of the small-scale miners.

Looking into the future, we're worried about many things that are in the background. In the modern world, a priority is not being given to capital investment in the mining sector. The position of the environmentalists is very strongly against these people all around the world. And the truth is that very few companies are going to be able to subsist. For a time they will continue to put out promotional materials that talk about a level of production that is not true and at any moment this sector could collapse. Fortunately or unfortunately – we'll have to leave that to history – the small-scale miners will have to play a more belligerent role because what will the people live on if they've been used to living on this? The small-scale miners clearly also have to take on a challenge. If it's true that there could be an investment in small-scale mining – promotion, laws and a new national or international phenomenon, let's say – the small-scale miners will also have to assume the environmental costs because they have to construct small businesses with much greater responsibility than when we did traditional mining. This is a dream of ours that the small-scale miners have their own concession and their own equipment and be equipped because we will continue to be a social-economic alternative for a long time and many more generations, I believe, in La Libertad.

Q – Isn't this what is happening in Santo Domingo?

Darwin – In Santo Domingo there is something similar. They have a concession and their own technology. With the technology that they employ, however, they are wasting their resources because they are only recuperating 50%. They are wasting 50% of their wealth in the concession. The technology that they're using is old, from the last century, which uses mallets (to grind) and mercury. What I understand is that if you don't use ore that has 12 to 15 grams per ton in Santo Domingo, it's not profitable. Here in La Libertad, we can sell ore that has 5 grams per ton to the company and with that we can buy gallo pinto (rice and beans) but without meat. We're forced to be vegetarians but at least this permits 5 grams to be an option in a country where we're now talking about famine.

Q – When the small-scale miners do their own extraction using mercury, how much gold do they recuperate?

Darwin – The “rastras” are symbols in the history of La Libertad but they have a very big problem in terms of profitability. Miners invented and appropriated this technology in the 1880's, 1890's, 1940's, 1980's, 1990's and 2000 and the first rastras depended on very objective factors of profitability. First they were run by hydraulic force, as there was an

abundance of water. There was also an abundance of wood for working as there were almost virgin forests. Finally, the resources were close to the surface so it was easy to find a vein of 10 grams per ton or 12 grams, anywhere. After 100 years, the rastras now have to be ethical because there no longer is an abundance of wood and there is follow-up in terms of environmental impact. Neither is there an abundance of veins of 10 to 12 grams.

What then is the answer that the rastra can provide? There are still some miners that can find veins that have this high-grade but they're not so many that this can be an answer for the society. It's an answer just for a group of a reduced number. We've made the calculation that of 100% of the ore that we sell to the company monthly – when we had an established agreement of 700 tons monthly – a bit more than 50% of the ore was below 8 grams per ton. So is the rastra going to process that and at what cost? On the occasion, there's 20 tons of ore with 15 grams per ton and this gives a breather, but it's not a solution over the long-term. What then is the real solution for us? If we had a defined concession and this concession had primary and secondary veins, and we had a technology that could process ore with 4 to 8 grams per ton (on average), this would be a solution for the small-scale miners. In this way we would advance technologically, assume the environmental costs and be able to provide a livelihood to 150 to 250 people. But this requires your own concession, technology, environmental responsibility, capital investment and equipment. This would make us a business and I think this is the real future of La Libertad, rather than mining companies like DESAMIN. Clearly there will be a series of problems.

Q – Have you talk about this with the municipal authorities?

Darwin – Not so long ago we carried out a consultation and I had to facilitate the part about the mining sector. We didn't even mention the mine at Mojon because it's a whole other part of the package. The logical progress of the cooperatives is to become their own business but this will also imply an internal process of purification. Not everyone will be able to be a small-scale miner because things will have to be viewed from the perspective of a business. We're already thinking that the small-scale miners should plant forests of native species that can provide the wood needed to reinforce the subterranean tunnels. Donors are also saying that if there is not an environmental component, then there won't be even a dollar given. So, who's going to remain as small-scale miners? We are 250 now and it would be good if 150 could continue. There is no other option than this.

The municipal authorities look upon this favourably although we have a great national limitation, which is called the Mining Law. This law is orientated more towards foreign investment than national mines. With the government of Dona Violeta when the mines were privatized, they began then to be sold to foreign investors who were the only ones who could produce gold. It's only foreign capital that wants to take this risk and since they have more capital to invest in mines, than national investors (our national capital is backward, we don't deny that – investing only in cotton, sugar, coffee, liquor where there are no great risks, the way there is with mining.) Mining also has a lot to do with the Group of 7 and global economics.

The Mining Law and the privatization of the mines have lead to the mining sector being dominated by foreign investment. In the reformed Mining Law the protagonist role of the small-scale miners is very poor and this law does not favour small-scale mining. Some say that we have invented that small-scale mining is a patrimony of Nicaragua and that globally we are the only ones who say this. We say this because we have grown and existed coincidentally because of the crisis of the large-scale mines. We are established families that have searched an option for a livelihood. These small-scale mining operations established 20, 30, 40, 80 years ago – and I think La Libertad's is the oldest – fought for their rights. They say, "How are they going to remove me from here when the government gave me this right and also I have this right because I have maintained my family for 2 or 3 generations and no one has given me a dollar and, in fact, the law does not help me." They talk conservatively about 10,000 small-scale miners in Nicaragua and we calculate, again very conservatively, that each of these miners produces one gram of gold daily. That makes 10,000 grams, divided by 31 for a total of 322 ounces of gold. 322 ounces per month times US\$268, equals US\$86,296. Calculating for 250 days worked per year, results in over US\$21 million.

### ***Interviews with Senior Students at the High School in La Libertad – August 9, 2001***

My name is Freddy Silva. For me, the experience with Greenstone was very good. There was money flowing in the municipality. When they paid the miners, on the 15<sup>th</sup> and the 30<sup>th</sup> the stores were full and money was circulating.

Greenstone donated a truck for garbage, to the mayor's office. This is a benefit for the whole community because then there was garbage all over the place. Greenstone also benefited the community indirectly when they contracted other companies such as Cylumber Perforations and Shuboring, more people in the municipality received work and there was more money. Now there is total poverty because La Libertad, I believe was one of the municipalities that had not yet experienced hunger but I think that now there is hunger. If you go to such barrios as Nueva Esperanza and Mimba – I was surprised the other day to find people that sleep on top of cement blocks on the floor. There is an extreme poverty.

I think that before, La Libertad was one of the few municipalities in Nicaragua that had not yet experienced this. After Greenstone declared bankruptcy things have gone down hill. When Greenstone was here, all the stores were full of clients. These are my impressions.

Another student: There was more movement in the community, a lot of traffic and money moved more rapidly. There wasn't a crisis in which people could not pay for their food. When Greenstone left, some of the stores went bankrupt and many people left the community because people came from other places looking for work here. The community filled with strangers – Canadians, Chileans, Colombians, Mexicans, Argentineans, Peruvians and also people from different parts of Nicaragua like other mining areas. These people would also consume.

A.T. – Aside from activating the economy, what was it like to have these people in your community? Did you get to know any of them?

Yes, yes, because beside my house there were some containers where some Canadians lived. These people also interacted with my family. They were very friendly. Greenstone also helped the environment and activities in the community like the anniversary celebrations of the high school. They also helped with the patron saint festival.

Another female student: Aside from commerce, well-trained people came such as engineers and when we had investigations to do, they would always help out. They also helped with sports, being the sponsor on uniforms and supported the stores and restaurants. When they declared bankruptcy, the stores closed and now with this new company their cutting down their personnel and so things are worse. The poverty is horrible.

My name is Moises and the mine here is the principal employer. When the mine closed, the community stopped. There was no movement in the community when the mine shut down. There was no commerce and it resulted in a bit more poverty because I saw that a miner would earn 3,000 or 5,000 cordobas, which is what a university-trained professional would earn. Suddenly these workers were without even one cordoba. One big consequence of this is that many people moved from this community to others. They left to live or find work in other areas because they couldn't find it here. Now things are starting up again, slowly. Clearly it's not like before, commercial activity is still low, but little by little things are picking up. Maybe about half the people are working again now and at least some families are earning enough to support their families.

A young girl – It seems like they (Greenstone) thought that the supply of gold would be eternal. I think the bad financial administration of Greenstone is what caused them to have to shut down.

Freddy – These companies come to exploit and then they go.

Young woman – For the long term, these large companies have their advantages and their disadvantages. As an advantage, over the short term, there's more commercial activity. As a disadvantage, these companies destroy the environment by cutting down all the trees. This area use to be a forest.

Freddy – The long-term effects of this environmental impact could be the drying up of the river (Mico) and the loss of many animals because Cerro Mojon use to be covered with a forest. They moved in with all of their big machines so we see that modernization can have its negative effects.

Young woman – Mining and the cattle raising, with the production of dairy products, have been the economic backbone of this community. The first place in importance as an economic activity has been the mining. We also have to see the role of the small miners. Considering those three, the small miners would be considered the most important.

Freddy – The community has fallen economically because of the lies of the Greenstone managers. They announced that mining operations would be suspended for three months, so instead of looking for other work, the people waited through this period. They waited for the start up again. Almost two years went by without any work.

Q – With this experience of Greenstone, how were the small-scale miners, who are the principal backbone of the economy in La Libertad, affected? Were they strengthened or weakened?

Weakened (chorus of voices)

Q – So over the long term, was the impact of Greenstone positive or negative?

Over the long term the impact was bad. While there have been certain businesses that have benefited, the general population has experienced more losses than gains.

Q – When we talk about debts, there is the money that was left owing to the small miners, but then there is also the ecological debt with how the quality of the water has been affected. Can this debt be paid?

It's positive that Greenstone has planted some trees but in no way do these make up for the great quantities that have been cut. What's been planted is a very small number in comparison. Our ancestors spoke of a community with a very agreeable climate with so much rain that there would be several months in a row when the sun would not be visible. They say that now there is a lot of heat as a result of the deforestation; the indiscriminate deforestation to carry out perforations and explosions to remove mud from greater depths. This is my point of view about the environment. Greenstone carried out a great deal of deforestation and it's true that they've wanted to replace these trees but it does not compare with the deforestation that they carried out in order to perforate new areas. In my opinion there's much more planting needed to replace what was removed.

Q – I understand that Greenstone paid students and the school to carry out tree planting. Is this true? Did you participate in this programme?

Yes. But I think the top layer of the soil (top soil) will not recuperate. What's there is artificial now; it's not the same and what's more, it's not only trees that we lost, there were also many animals. For example, last year with one of our teachers, we carried out an investigation about the mine; an engineer that works in the mine gave us information about all the kinds of animals that there were at the mine site. Now you don't even see these animals. It is super difficult to recover these animals.

Young woman – At the mine there was an environment office, and they did what they could to plant but they started this much too late. When Greenstone saw that the environment of La Libertad was destroyed a bit, they started up projects with the intention of renovate the climate, the plants and everything that existed here before but it was already too late and they didn't have enough time. When they started to think that the community was getting destroyed environmentally, they didn't have much time remaining. I think they didn't realize that they were only going to last a short time more before they fell into bankruptcy. If there had been more time, maybe they would have been able to at least recover a bit of what had been destroyed.

Another young woman – It was not just they began to notice the environmental damage but also that the community began to complain because when the people travelled on the road, they could only see red soil and not a single leaf. Before there used to be lots of trees and occasionally one would fall down and there would be no way around it on the road.

Freddy – What did Greenstone do in was bad administration. Because I had a friend that worked there, Collin Whitson from the US, and he said that the Greenstone mine could have lasted many more years. I think that at that time, if they had continued the exploration, they would have been able to recover a part of the ecological losses but because of their bad administration, when the administrator Ron Hughes was there, the mine had huge losses.

Another young man – I think that no company goes bankrupt as long as they have a product because they say that there is a lot of gold to be exploited. How can a company go bankrupt when it has all of this resource unexploited? So in my opinion, it had to do with bad administration.

Freddy – They paid high salaries and there was a wasting/squandering of money especially during the administration of Ron Hughes. I understand that he’s worked in mines in Libya and Nevada where one of the largest mines is in America, and he had lots of friends. My friend Collin, who was just a topographer, not even a geologist, earned US\$8,000/mon. You can imagine how much a boss would make.

A small miner that I know told me that before, in the decade of the 80’s, he said the small miners would produce 400 to 500 ounces and the mine would never run out. When they reached 600 ounces there would be great happiness. And now, producing 5,000 – 6,000 ounces, the mine goes bankrupt. If one begins to analyze this, there’s no sense.

Q – This is what some say, that the company went bankrupt at its best moment. They were producing a great deal of gold. The reserve that’s there represents the future of this community. If it is used up too quickly and there’s waste, it’s the future of this community that’s being compromised and the future of the small miners. These miners exploit the resource with much more efficiency, extracting more gold per ton than the company can, in less quantity but with greater efficiency for many more years. The majority of this money also enters the community and is invested in jewellery workshops etc.

Freddy – When the government sold the mine, it made a big mistake. They should have regulated the amount of ounces they could exploit monthly, thinking about the future of the community. Because if the company extracts 7,000-8,000 ounces per month, within three years there’s nothing left. And what is left for the community? The company pays 3% in taxes to the federal government but 70% of this stays with the federal government and only 30% is shared between La Libertad, San Pedro and Santo Domingo. This is absurd. It should be the other way around that 70% stays here and 30% goes to the central government. That’s my opinion.

Q – How can things change? How can things be done better? What are the things that can be demanded of these companies?

Freddy – I think the one to play the major role in that are the central and municipal governments. If 70% of the taxes stayed here, we would develop our municipality more easily. Also with respect to the environment, it has to be the central government, through the municipal government and MARENA, which is the environmental regulator in Nicaragua. MARENA should be there supervising the whole time – if there is a tree that’s being cut, they need to make sure that another is planted in its place or there is a fine.

Q – But you know that the MARENA representative here, after one year, was working for Greenstone.

Freddy – There use to be a youth environmentalists’ group with 60 young people. For example in May when we have the patron saint festival, the club would clean the community. In the high school, the club planted a lot of plants. With this new municipal government (elections were recently), they elected a municipal environmental commission. This is just now and I, as a student, am a part of this commission. Now we have demands. This commission has representatives from the municipal council, from the mining company, the president of the club of young environmentalists and with different people from the civil society.

Q – When Greenstone was here, is it true there was a lot of crazy social life?

Young woman – This was weekly. Something that I didn’t like was that, for example when they had those “containers” by the house where the foreigners lived, every night there was a party and there was drinking and fireworks and squandering without measure. This makes you think that this is what affected the company because this money didn’t come out of their pockets; they were given whatever they wanted. Their houses were provided because the company owns various houses where foreigners lived. Every week there were parties with lots of drunken people, also the workers.

Q – What impact did this have?

Young woman – Psychologically this affected us because there are youth that are weak and if they see a Panamanian or a Canadian drinking a beer, they take one if their offered and another and another. This one invites another etc. until there is a chain of impact. So I think this effected the development of the municipality a lot and corrupted the youth. The majority of the youth are corrupted with about 65% smoking cigarettes and marijuana. But the problem is that the community doesn’t really take notice but because I’m young, I do notice this problem. Students in their first year, I’ve seen them with marijuana. It’s not only the foreigners that have brought this, but also with the people who come from Managua.

So drugs and alcohol have increased. My mother has worked for the company for 20 years and she thinks that if the administrator had been the present person, the mine would not have gone bankrupt. Ivan Ochoa is an excellent administrator and now you don't see the squandering any more, such as hiring foreigners. Why hire a foreigner, for example, if there are Nicaraguan topographers?

Considering the increase in drug and alcohol use, I think the cultures of foreigners are very different from ours. For example the American culture is very different from the Nicaraguan culture. The police found drugs on one of the foreigners and so that's proof that they brought this.

And not only drugs, they brought women ....many women of the "happy life". La Libertad use to be different but now there are many prostitutes and they've stayed. Before there were just two restaurants where you'd find prostitutes but now there are lots of canteens/bars. They've stayed to wait for the mine to start up again. It's single men as well as married men who take advantage of this. We didn't have any of these canteens before. There were canteens in Juigalpa and Santo Domingo but not here.

The company brought a variety of things – employment, money, drugs, prostitution. This has caused separation in families.

Q – Did Greenstone create jobs for the long term?

In prostitution, yes, that's perhaps the most profitable job in the municipality. They benefited. The canteens are also successful. Now if you go to the restaurants, they're empty. The canteens are always full. Now it's become a habit and when people have a bit of money, they go to the canteen. If the workers who'd earned 5,000 córdobas per month, when the company was running, if they'd saved that money instead of spending it, then we wouldn't have seen the crisis we did see when Greenstone left. The people didn't plan for Greenstone leaving. For someone from La Libertad, to have 10,000 córdobas in their hand is something so incredible that they spend it right away, buying a house or whatever – or a car, or furniture. So when the company went bankrupt, they had to sell their refrigerator, their bicycle etc. They bought many things with a down payment.

Q – Greenstone also created this belief with all the promises they made. Remember the famous bulletins they'd publish. This company, better than most, played the good PR role to the maximum.

I think they already had it planned out that Greenstone would go bankrupt. They had this very well hid.

Q – This is what many think now. That Greenstone only came to start up the mine and to sell it, not to carry out the extraction. Their profits would come from selling shares and the people buy shares because the company has a good image. The people buy according to image not reality, so their work was to create a good image.

In 1996, I was in 7<sup>th</sup> grade and there were a lot of expectations. Kevin Taylor came to talk to us. I was 11 then and he said the potential of the mine was 12-15 years. Maybe this was the potential but they didn't know how to exploit this.

(My theory about how the North sells images and that's where the profit lies with the shares while it's the gold that has the value for the communities in the South and they deal with its real value ,,)

The central government will play a very fundamental role. It was in 1994, I believe, during the presidency of doña Violeta Chamorro that the mine was sold very cheaply. It was given away. They never came here to La Libertad to ask us what our demands were or even the workers of the company. According to my uncle who's a member of the miners union, it was sold very cheaply. With the new government coming in after November 4<sup>th</sup> should come here to understand our needs.

Q – Perhaps you should read the Mining Law and find out what's missing, to be prepared to raise those issues.

Q – Finally, what message would you give Greenstone if they came here today?

Greenstone and other companies as well as the government that come, should survey the community to find out what its needs are and also administer their finances better.

Imagine, others, are making the decisions that will affect us. They have their negotiations but we are the ones affected. So it would be good if we were making the decisions about our own future, not them.

We want them to be aware of the damages that they're responsible for and to understand that no longer will they be able to just offer us candies because we know that what interests them is money and not the advancement of the community. They want to fill their pockets with money and satisfy all of their needs and go. That's all. But if another company comes we will be prepared to play a more important role, presenting our points – expressing our views of what's good for us and what's not. And we will make demands as a community that is its own owner.

I think what we had with Greenstone was a bad administration because lots of families were left impoverished because some heads of families who had a job with the company, lost their jobs; were laid off so they had to leave to look for work in other communities.

Q – The small-scale miners have been left impoverished, indebted with the stores while their ore just sits there, unprocessed.

If Greenstone were to come again, they should improve their administration and create less deforestation. They could form a company to plant trees so that the deforestation would be less and when they leave, they'd leave Cerro Mojon how it use to be as a forest.

In the '80s there was a Ministry of Mining, and the government directed the mining. It was Nicaraguans working with Nicaraguans and there was less fear to present our demands.

***Interview with Amacio Anizal (small-scale miner and former secretary of the Small Miners' Cooperative, COOPPEMILICH) – August 9, 2001***

A.T. – Speaking as a small-scale miner, could you share some reflections on how Greenstone left things here in La Libertad.

A.A. – Since October of 2000 when Greenstone went bankrupt and left, their obligations with the small miners were left hanging in the air. And as this happened without any warning, all of a sudden – this left all of us, who had debts in the stores, just hanging. Then they show up and there's a signing of an agreement that said they would live up to all the obligations that they had with us. But they left and they did not comply with any of these promises.

A.T. – What were these agreements that they did not comply with?

A.A. – For example, we had a meeting with Randy Martin, in Managua, in which Tom McGrail also participated. At this meeting – I don't remember the exact date – on our behalf the mayor of that time, Mario Lazo participated, as well as the local judge and the board of directors of the small miners. At this time, Tom McGrail promised that he would purchase the quantity of 3,000 tonnes of ore from the small-scale miners. Greenstone had not yet gone bankrupt. This was around September of 2000 – I don't remember exactly. So at this time they promised to take this amount of ore. A test (assay) is done on this 3,000 tonnes, of which they only paid us for a quantity of 700 tonnes, valued at \$35,000 dollars, at that time (700 tonnes = US\$35,000 / 1 tonne = US\$50 / 1kg. = US\$.50). There was an agreement that was signed, with dates and quantities but they did not live up to any of this and they disappeared, leaving us up in the air. We presented a date to them by which time they should comply with the agreement and the obligations that they had with us to pay what remained owing. Because we understand that when the ore has passed the sample test, and both sides agree with this assessment, the ore has then been purchased by the company and the small miners understand that this ore is no longer theirs. The samples of the ore are taken per collective (of small miners) so the results were 10gm per tonne, 15 gm, 20 or 30, depending. There was ore of different qualities. The calculated average of this ore was 10 gm of gold per tonne. The ore of each collective is kept separately. This is how we deliver the ore but the company did not transport this ore, they left it there. They signed this agreement just to calm us down and to buy more time for themselves. They knew that they were not going to pay us, so they didn't want to touch the ore. So, as they did not comply with the agreement, the ore remained abandoned. The date that they were supposed to pick up this ore passed and we called a meeting at the municipal office

with Randy Martin who was the president of Greenstone then. All the small miners showed up at the municipal office. At this meeting he promised that he would pay us and he presented us with another date when this would happen. This did not happen either. Then we told Greenstone that we would give them three days. We gave them a short period of time and if nothing happened we would have to take affairs into our own hands, which would not be convenient for them because at that time they were searching for new partners. This trouble that we were stirring up for them was not convenient. So we gave them three days and I remember that the time was up one Saturday at 4pm. That Saturday, I received the phone call from Managua, from Sergio Rios who told us that no progress had been made and advising us that if we were planning to do some kind of takeover/occupation that we should do it carefully without causing too many problems. So the next day we took the decision to occupy Cerro Mojon but this did not include the installations where the equipment is but rather the vein. Because if we took over the installations, they could give us problems telling us that things were destroyed or lost. They see themselves as the good guys and we're the bad guys like in the movies. We were there from the 29<sup>th</sup> of July 2000 and we left on May 7, 2001.

During those days, the company was obliged to enter to work on Cerro Mojon because the company was being reactivated. So as there was nothing else that could be done, they had to sign an agreement with us once again for the same 3,000 tonnes that we had. There are really 5,000 tonnes but the agreement was made for 3,000. This agreement was now with DESAMIN. In this new negotiation with the company, Randy Martin did not come. Instead, he sent Tom McGrail as the representative. In the entrance at the beginning of this meeting the very first words of Tom McGrail were that Greenstone no longer exists and there was no reason why they should respond for some document signed by a company that no longer exists. They were different people, they said.

A.T. – Although he had represented Greenstone before, but now, no?

A.A. – Tom McGrail was in the meeting in Managua with Randy Martin but this day that he came to the meeting, these were his very first words that Greenstone no longer exists and that this is now a new company, called DESAMIN or DESAMINIC. This is where the problems begin because Randy Martin sends Tom to make us believe that this company no longer exists so that they can escape this responsibility that they have with us.

A.T. – Does this new company (DESAMIN) not have to now take up this responsibility?

A.A. – Yes. At this meeting where we argued all day and all night, we made them realize that they're the same people/company although with different names –but the same, nonetheless. The major shareholders were the same as before with Greenstone, represented by Randy Martin. He personally is one of the main shareholders.

A.T. – what role does the McGregor family play?

A.A. – These were the new partners that were going to be entering. It was said that Greenstone had a big debt with the McGregors and was unable to pay this. So McGregor had negotiated this debt by entering as a partner in this mine and that's why it's called DESMINIC, because there's Nicaraguans. They say this is a Nicaraguan family.

A.T. – How has all of this left the small-scale miners?

A.A. – It has always been said that the survival of La Libertad is cattle and mining. When we speak of mining, that is not to mean a mining company because whether or not there is a company, the small-scale miners have always existed. Before Greenstone came, there were ore-milling machines (rastras) here to process the ore. When Greenstone came they dismantled all of these. Now, what is happening to us, the small-scale miners? When Greenstone left and there was a stoppage for about one year, some people who had the capacity to quickly put together electrical mills did so. Now there are 5 rastras in the community and one that is run with hydraulics. So we'd process our ore this way and survive on the gold that we could extract.

Now that the company has returned, you can read these documents and see that they always mention this subject, that we shouldn't be using these "rastras" and that they should be dismantled again.

A.T. – Why do they not want the small miners to be using these "rastras"?

A.A. – Because they would like the small miners to disappear. In the negotiations to have us leave Cerro Mojon, the company promises us our own installation (plantel) where our ore can be processed. In this agreement it says that this plant needs to be ready by about July 22<sup>nd</sup>, 2001. According to those who are suppose to be doing the work to condition this old plant; they are not even being paid because the company doesn't have the money. So all of this, is just to create appearances so see how they can just kill us off little by little with time. Once this processing plant is completed, the capacity that it will have will permit the small-scale miners to only barely survive. This is the problem; we are given the right only to survive without any right to development for the future. Small-scale miners throughout the world have their development, accept the small-scale miners of La Libertad. They give us this small plant with its calculated capacity and in this document it says that the numbers of the small-scale miners should not surpass 253. They are interfering in our rights. We are a cooperative and the cooperatives in this country have their laws and there is nothing that limits the number of members. They say that my son does not have the right to become a small-scale miner. I grow old and I die and that's it. There can be fewer members but there can't be more. That's what this document says. According to them, we must sign this. So their intention is to get rid of us.

With this document we will end up in hunger. We have to then renounce our work because of hunger. This is the problem. Sitting here, I showed you three small-scale miners, members of the cooperative who are walking with machetes in their hands. They're coming from a pasture and another one is chopping firewood to sell and I'm planting yucca because there's nothing else to do. I'll have to go to some other place to find work because there's nothing to do here; I'm just helping around the house.

A.T. – What possibilities of development exist for the small-scale miners? What are the policies that the company and the municipality should promote? Are these new “rastras” an answer?

A.A. – These “rastras” are only for survival. This cannot be termed development because the “rastra” was a very only system. We're going back a hundred years instead of developing new techniques that cause less damage to the environment. We are returning to these old techniques because we have nothing else. We don't have any further capacity. In the first place we have a government that doesn't even know we exist, if we are mentioned they are shocked. In the second place, a trans-national company comes along with the policy of just taking and leaving the community in disgrace. This community, during the 10-11 months after Greenstone left, was the saddest community. The miners and small-scale miners sold off their belongings and went wherever they could to find something to do. This was very sad. And we who were on Cerro Mojon we looked for plantain to pick and fish to catch in order to survive. This was the saddest. Too bad that you didn't come at that time. We had two shelters made of plastic where we slept and there were many who became sick with high fevers. I came away from there suffering from arthritis, which bothers me to this day – my joints get inflamed.

This is after only 3 years of exploration. The damage was not so great yet but still enough to measure the impact. What would happen if a company worked here for 10,15 or 20 years. This river would dry up completely. Because it's steadily filling up with silt – everyone knows this. This is what the company will leave us – the community will be turned into a desert.

A.T. – How should things be changed to avoid this?

A.A. – For example, the company says, that the mercury that the small miners use (the one ounce that is reused) is what is destroying the environment. If they really considered how to help us they would look for some other way, economically to have a better development. They could give us the rights to the secondary veins that don't interest them but they set quotes of only 700 tonnes for 253 members. If they were to give us a good plant this would be a way to help the community. Our sons could enter there to work. These companies, since coming, have not provided training for even one of the sons of the small-scale miners – to study geology, mining engineering etc. They only know how to exploit the fathers but they don't think about the future of this community.

What they leave is only the 3% (30%?) of the taxes that comes back from the central government but we don't know where this money goes and it's divided between all of the mining communities; San Pedro, Santo Domingo etc. The company should have a fund that helps the community.

A.T. – Greenstone always talked about their social fund. They promised about US\$100,000 but what benefit has the community seen from this?

A.A. – Greenstone when they first came – and the municipal office should be able to give you information about this – promised many things. (tape ends.)

A.T. – Somebody was saying that this new company brought some kind of cement from Costa Rica and that it wasn't good and so they had some loss. What do you know about this?

A.A. – Yes, according to Tom, they didn't have very good recuperation of the gold and there was loss from two of the cells. They lost a quantity of gold that they were unable to recuperate and apparently the problem was with the cement, that it wasn't the quality that it should have been. Gold escaped. Tom said in a meeting that they were having problems with two of the cells and that they had to check to see if there were problems with the plastic lining. So this is the excuse that they were presenting to us and the reason why they were not able to live up to their promises to us. They said that they would require more time. Maybe this is true but after so many lies, we don't believe them anymore. We don't believe them but we can't chop off their heads either, so we're giving them time. But there may come a time when we don't put up with so many lies any more. They know what we're capable of. We could make the decision to occupy the gates and not let them enter the mine site anymore. This won't happen now because we're in the midst of a process of negotiation. But if they don't want to negotiate, we're clear that we are here in our own community and on our own land.

Thank you.

### *Interview with Cristina Gonzalez Reyes, Small-scale miner*

Cristina – I belong to a women's organization (affiliated with MEC). I've worked for 17 years in small-scale mining and am a member of the cooperative. We have struggled in order to be able to maintain our children, but what happens? At first the company bought our ore, that's fine. Before that, we were processing the ore without mills (rastras) but with the company, they decided that they would buy the ore from the small-scale miners. Now what's happening? The women who are small-scale miners that before processed their ore, the mining company (Greenstone) began to buy the ore. This was fine; because there were times we were paid well, month by month. We each received a little bit and we were able to eat. Greenstone went bankrupt and for two years we received nothing. At least their workers received a food basket; we didn't receive even that – we were left without a salary and with nothing.

When Greenstone first came, they bought the mills (rastras) so that these would no longer be used. Then they left and for two years we were unable to sell ore. Who is able to last for two years? Because whoever is a small-scale miner, it is this that s/he lives on. So we made a decision and I told my husband, "let's do something, let's go into debt and you help me and I'll see what I can do, as I'm a member of the women's organization (MEC). So I spoke with Daisy (of MEC) and she said we could do this and that. I was able to acquire a loan and we decided to make a mill. My husband who has mechanic skills helped and we started from there. We started this a year ago. Now all the small-scale miners are eating again. I charge 50 córdobas to mill one quintal (100 lb) of "bolillo" quality, which is high quality ore in which a quintal will give you a gram of gold and an ounce or 30 gms per tonne of ore. So now with these mills it's a distinct situation for everyone. We were the first ones to set up with this mill.

Q – What did the company say when they saw these mills?

Cristina – They said that we would not be able to use these mills because they were going to buy the ore. They haven't come to us in a big meeting but Tom McGrail told us that the mills had to be eliminated because they could not be permitted to work. But what happens is that in the past they could get rid of them because the mills were on their property, in their concession. But now they're located on private property and they can no longer tell us, "You have to get rid of that mill". Now they don't approve a salary for the small-scale miners like they did before, so what are we going to do? So what are they going to tell us, "Let all of those children die because they don't have anything to eat"? So, we made this decision and now the whole world is making mills. There are six of them now with Antonio Ganado, Francisco – they call him "Chicona", Rene Leiva, Armando Paz, Julio Mailena, so there are various mills. With these six mills, we can survive because the company right now has only given us US\$20,000 and that's for 200 plus small-scale miners. For a small-scale miner who owes 20,000 córdobas to the store for food or 10,000 or 50,000 or 5,000 córdobas owing, what is US\$20,000?

Q – Who do you sell the gold to that you extract in the mills?

Cristina – This is sold to the jewellery workshops. We sell it for 80 córdobas (US\$6) per gram and the ounce sells for 2,300 or 2,400 cordobas. This then also creates work in the community for the jewellery shops. So who is it that helps the small-scale miners? The mills. Because if it were not for these mills, Greenstone wouldn't worry about us. They went for two years without buying in one gram of ore; not even one stone. They didn't even take us into account to tell us, "Look we're going to meet with you to explain why we can't buy ore." They could have told us something.

Q – How was the local economy affected during these two years when there wasn't any gold?

Cristina – Everybody during this period was processing small bits of high-grade ore using the bolillo method (hand-worked mill consisting of a round ball stone with long handles grinding ore in a rounded indentation in a stone). With this gold we survived. The company doesn't worry about us. They have said that they want the small-scale mining to disappear. They say for them, we're no benefit.

Q – What is your impression of Greenstone and how they left the situation here in La Libertad?

Cristina – For us Greenstone does not represent any kind of special benefit. They brought their personal from other parts and it was just a few that received work from here. You passed by the bridge on the way to Amacio's right? There have been various accidents there including a son of mine. A worker from the company forced him into the river with his truck. That truck represented a great deal of work for me to acquire, economizing pennies and hauling rocks. Thank God he's all right. So they haven't been a benefit to us. If it had been someone else perhaps they would have left something planted here in the community since they're the ones who are exploiting these mines. This is what they should have done to create some work for the people, especially for the small-scale miners who kill themselves in their work. You don't know how I struggled so that they would give me work in the company, but nothing. My lungs are somewhat affected from working so long in small-scale mining.

Q – What depth do you descend to, to take out ore?

Cristina – We go down shafts of 100 or 80 feet deep. We're use to this. We don't get scared. We stay down there for two or two and a half hours at a time until we've taken it down 3 feet. We follow the vein with horizontal tunnels about 15 feet long.

Q – You said you have 9 children. How much are you earning now with this mill? Is it enough to maintain your family?

Cristina – It has taken a great effort for us small-miners to have our children be able to study. This is what we've told Daisy (of MEC). We put out a great deal of effort working. We have 40 women right now involved in this women's group. We have struggled and struggled. One woman even was wounded in her leg because she fell in the hole and now one leg is crippled. When Daniel Ortega came here, he said he was going to help us because we told him about our situation. I told him that my lungs are affected from working all day with a mallet and bar. This is very heavy work for a woman. Others have their knees affected or need some kind of implant for the bones in their legs. We do all this to struggle on behalf of our children. With this mill my life has changed. I'm too tired to work now as strongly as I did before, so I took this loan. With this mill, we have money to cover the costs of the house and to cover the education of our children. The main thing is the children and that they receive their three meals a day.

As small-miners, sometimes getting the three meals was very hard for all our children. We went hungry many times – perhaps not like those who are homeless now (with the flooding on the north Atlantic side) but we had hunger. This is why I tell the women, "We've been beaten women; we've worked like men so let's see now if we can put a jewellery workshop for all of us so we don't have to work like this any more – it's too much."

Q – What precautions do you take in the use of mercury in your mill?

Cristina – We don't use cyanide, only the company uses that. The only reactive material that we use is mercury. In the mills when we use mercury, we use only a very little bit. We use gloves to apply it but to scrap up the gold after the milling process, we just use our hands. (and I tell her about the danger of the mercury entering the bloodstream via the skin). That could be. I'm going to tell you something; once, when we rented a mill to process some ore, I was going to

add some mercury because the machine was needing it, and without a lie, in a drinking glass, one of the workers had put some mercury (“asoge”). I was really thirsty as I’d been hauling this big sack of ore and I saw this glass and I drank it down. I felt something heavy here in my chest. I’d drunk the mercury but to this day, I haven’t felt any affect from it.

Q – Careful, don’t keep drinking mercury. How awful. In the mill, where there’s the outflow of water, which likely contains some mercury, what guarantees are there that this will not enter the river?

Cristina – There is a trough, and we put some filters in there. If there’s burnt mercury, which is what we call it when it’s been heated up and it comes out in really fine powder, this gets stuck in the filter. The filter is like a mat of wool. The company uses this as well and we are copying them. And we change these filters. We rinse them out in a trough so that the mercury, which is heavy, sinks to the bottom. This mercury can then be reused. So the water that falls into the river doesn’t have any mercury.

### *Interview with Victor Garcia Roja in the General Store “Adelina”*

Q – Could you share the experience that you have had as a storeowner, with the presence of Greenstone in this community and the impact of their departure?

Victor – Since January 1999 we provided credit to the small-scale miners on the basis that they are selling their ore to Greenstone. Since this date we have been left super badly because we have gone into debt with distributors and companies to be able to guarantee credit to the small-scale miners who are already one year in arrears since the company has not cancelled the payments for the ore that has been delivered. They haven’t paid this and the company has only made promises. After this there was a final agreement between the Municipality, Greenstone and the Cooperative of the small-scale miners that there would be a payment around the 15<sup>th</sup> of July of 1999 but this was a lie. They did not comply with this. So to not tire you with the story, we’ve been two years, going on three, always on hold, waiting for this payment. The small-scale miners owe us approximately US\$40,000 and we have accumulated debts in various places. We’ve resolved our debts with great effort and have used all the resources that we’ve had to pay these off and now we’re waiting for the company or Greenstone to pay the small-scale miners for the ore so that they can then cancel their debts with us. We are completely bankrupt.

On top of all of this, they are creating a breakdown and destruction in the area of Chontales and La Libertad – making ditches, carrying out open pit mining, contaminating, and in so many ways destroying the environment. So this is what we’re waiting for from the company; to cancel their debts and to improve all of this because all they have done really is hurt us. They have looked upon us as though we were beggars. They come to take away precious materials and leave us wearing rags.

In my house, I also have a jewellery shop and some of the associates have received jewellery on credit with the same arrangement that on such and such a date they will pay, but they don’t. So now my jewellery shop is also bankrupt because of the same problem. They say that they’ll pay in 15 days and then it becomes 20 and so on.

Q – You mentioned another shop owner who had to declare bankruptcy and he left the country.

Victor – Yes, he’s the man from the store up the street. He left the country to see how he could make some money and come back to cancel his debts.

Q – In summary, would you say that the experience with Greenstone has been mostly positive or negative for La Libertad?

Victor – Really, everything is negative because everything here is in ruins and the environment is contaminated. Another problem is that the municipal office in the past has made it’s agreements with the company managers, just between them, and there has been some passing of money and it’s for this reason that the company has done what it has wanted to do. I say this because a man who was the mayor before, Hector, he left with a truck and a good quantity of money and I think that the other mayor who just left office (Mario Lazo) had the same thing because they make their agreement and then they turn a blind eye and that’s where it ends. So I think that the mayors have been bought.

Q – What could be done to ensure that the mayors act in a different, more responsible way? In Santo Domingo, for example, it isn't this way.

Victor – To act in a different way, they would have to work according to what the law indicates. If there's a tax that's to be paid, they should pay this and there should be no other money that is passed under the table. The money should pass directly from the company to the hands of the mayor and that there should be no other agreements made beyond that. This should comply with the rules rigidly. Taxes should be paid as taxes and everything done in order and things taken seriously. This has been done irresponsibly.

Q – Have you approached the municipality to see how they might be able to support you in some way?

Victor – We have consulted with the mayors that have been and they just insist that the taxes need to be paid and that's all. We tell them that we're bankrupt and the reason is because of the agreements that they themselves have made with the companies but that then have not been complied with. We've suggested that there be an exoneration of taxes but this is difficult. They say that the taxes have to be paid and that's where the discussion ends. So I think there is no consideration for our situation. After all of this, we don't see a single improvement in the streets of La Libertad. We think the curbs should be made of gold by now.

Q – The mayors should be assuming their bit of responsibility in all of this, no?

Victor – Correct. They are the government of this municipality and they don't fill any of these requirements to represent the interests of the community.

### *Interview with René Leiva, small-scale miner*

We are with René at the site of a new ore processing mill, “rastra”, which he is building with 4 other associates and he is telling us an interesting story about plastic waste materials discarded by Greenstone. Please tell it to us ...

René – This about the plastic is true. It was waste that they were dumping and it created a conflict because someone would get a bigger piece than someone else. The people would wait for this plastic to be dumped. To resolve this conflict, they decided to organize things and the mayor came and asked Greenstone for this plastic and then people had to deposit 10 or 20 córdobas so they could get a piece of this plastic. This is unusual because instead he should have told them to recycle this, because it's toxic waste. This is our municipal government and the unusual things that happen in this community. Well, that's just a part of the way things are in this community. For example, one day they were dumping organic material and there were barrels and barrels going through the community. These barrels just get dumped in the San Miguel River. I'm talking about human waste. In the offices and in the houses of the foreign workers, they have toilets but instead of septic tanks they just have a box and so this just passes in barrels to be deposited over there. They'd pass through the entire community with these and they'd stink as they passed and even spill over. But nobody would say anything for fear.

In the case of the discarded plastic, I think the mayor committed an error. They went to ask for this plastic as if to say, “Well let's organize this so that everyone can get their little piece of plastic for 10 cordobas.” It was obscene! The company said, “Take it”, and gave it to them. That's where these houses made from plastic came from.

It's true that time and again the company has used mercury. When they had the small plant operating before, what they did with the dregs that were left over is that they would process them in a small mill and they'd use mercury then. But in the processing now, they don't use mercury.

Every company has their profitability study, that's logical, but what happened? They talked about 6,000 tons with a gold price at US\$350 or \$330. They said that they'd invested so much and this is how many tons they'd process per month and then they'd end up with a profit of a certain amount. From this moment, they shaped this perspective – and the new shareholders paid US\$14 to \$18 per share – but when they fell in bankruptcy, with Hurricane Mitch and the fallen price of gold, they fell back and stopped paying the workers but they did not declare bankruptcy. I don't know, in whatever part of the world when a company goes bankrupt this is not what happens, especially if there is some obligation to the World

Bank, – so why did they not declare bankruptcy? It's unusual. They continued, paying the workers even though they were not working. So it went, from one month, to two to three and so on. This went on for 14 or 18 months.

They were forced to exploit the mine but this really was not their business. Instead they were supposed to sell the concession. They were able to sell shares to Canadians or whoever. The way they evaded was to lower the bonds (shares?) and see who they could sell to. But what happened? As they had the workers here pacified by means of the union – why? – because Greenstone together with IMISA which is national and had 25% of the concession, came together and formed what is called MINISA. The whole groups together were called MINISA at that time. Within that there were national interest as well, maybe only 4 of them but 4 strong ones. So the company begins to acquire debts with the suppliers of cement, whether national or international, I'm not sure which company it was that supplied the cement, of which there were many tons. Also there was the company that supplied fuel including everything like grease, oil, gasoline and diesel. They also rented heavy equipment from MECOSANTOFE, which is a big company.

In this way they acquired a big debt and they couldn't pay it and that's when the embargos (seizures) began by each company but they never declare bankruptcy. This is the big secret. Maybe there's some fraud in which the government was also involved. Why did they not declare bankruptcy? Because a company has to declare the amount of gold that it's taking out and, in fact, it's placed in the Central Bank. They declare what's been produced and it's placed in the Central Bank because they have to pay for example, for each \$5, they have to pay the government \$3. It's 3% that goes to the government (?). The \$2 was for the workers' union and IMISA at this time and the IGV (general tax) was separate. But the company fails and it doesn't declare bankruptcy and it has its workers pacified. At one moment they put things up for a liquidation that was not very clear, like an auction, and the McGregors came saying they wanted to be shareholders because they were owed a debt and I don't know if MECOSANTOFE also became associates. So everyone who they had a debt with, they made them into associates. For example, Tom McGrail is an associate.

We saw a letter, which is what he needs to accredit him as the general manager, which is an authority that all of the owners of DESAMINIC (is that what it's called now?) have had to grant him. Now it's called DESAMINIC. The nice thing is, though, that they changed the name but the owners are the same. It's true that there are more owners because the shares were sold and whoever was owed, became a shareholder. Randy Martin, however, continues to be the principal shareholder and maybe he came out of all of this with some benefit. I've heard that he has US\$29 or \$30 million invested (I heard that it was 55 ....oh, well then, it's gone up). My question is – what happened to the minor shareholders that bought in Canada? They didn't declare bankruptcy but the government must have also helped them. Why do I say this? What about the taxes that the government gets paid? Did they not demand that the company pay its taxes? They didn't pay their taxes to the municipality. They didn't pay! And still they didn't declare bankruptcy. Or maybe one of the shareholders is a government member or even President Aleman. According to the law, when a trans-national company declares bankruptcy, and in this case they owed money to all of these other companies that supplied them and the workers, then the company passes over as property of the State and they can put it on sale or auction it. What they sell it for is what is then used to pay the debts because the government, at this time, has to take charge of the debts. The concession passes over to the government; they sell it and then have to pay the outstanding debts of the company. This is what was supposed to have happened. So why did they not declare bankruptcy and how is it that the government tolerated this and waited for a year and a half. What were the arrangements made so that this could function this way? Who are really the owners? There are Nicaraguans involved.

Q – What was the relationship at this time with Greenstone's mines in Honduras and Panama?

René – The mine that they have in Panama is not the mine that Greenstone had here. They were also doing the paperwork for Honduras. Vencho had the study of the reserve here in La Libertad. The Swedish government assisted the Sandinista government, not financial aid but rather, technical assistance. In this case, they give them the study of the reserve to know what is here in La Libertad. So the Swedes come and they carry out this study and the person responsible for this study was Vencho. So Vencho comes along, as the geologist, who's directing the exploration for the geological study and as he's the one who's responsible for everything. INMINE, because that's what it was called during the Sandinistas, passes the information on to the government. All of the information and studies of reserves are State secrets. At this time, everything was still in the hands of trans-national companies. So, this report was passed on to the government via INMINE. But Vencho kept a copy of this document – he gave one and kept the other. He was the craftsman of this negotiation with Randy Martin. It was Vencho who said, "There's this much reserve in Cerro Mojon, there's 8 million tons with an average of one gram and a half (of gold per ton). It was easy to do the multiplication – 12 million grams. From there he could calculate, "We'll invest this much and we'll be fine." So Randy thought it would be easy to buy this concession.

Shortly after, the Sandinistas lose the elections and it was easy to buy it but their idea was to sell it. It was easy because the geological study of the reserves is the most expensive part so that's why Vencho was protected by Randy. Vencho could do whatever he wanted to and no one was allowed to see him, not even the directors. He was only with Randy. Vencho had incredible power.

So nobody knows for sure but when the company changed, there they were still. What they did was increase the number of associates and now Tom McGrail appears as the owner – he has actions and was in Bonanza.

Q – Was the mine in La Libertad used to also finance the operations in Panama and Honduras?

René – What happens is that they fail in Panama but they have their mine in Honduras. What they wanted to do is run the two, in Honduras and in La Libertad, at the same time. Hurricane Mitch affected both of these mines. What caused the failure in Panama was the reserve. It seems that they didn't have the production of gold that they needed and the reserve was very small and superficial.

When I was at the conference in Nevada (U.S.) – here in La Libertad we don't anything about what was going on – I told Ananth, let's look at the mines on the internet and we look up Indonesia, the Philippines, South Africa etc. And there we see Greenstone and it shows that they owe US\$20 million and this was in 1999. After a few days, when I return from there, the operations here are already shut down. But we have to look at the salaries as well because foreigners came and they received huge salaries of US\$15,000 up to US\$25,000/month and all of this is what drove them to failure. They all left and the only one that stayed was Randy (Martin). We can't ever get any information out of Randy. He appears as the principal shareholder but how many shareholders did they lose in Canada because I imagine that the majority were Canadians. The president of Greenstone at that time was Randy.

(Q – What if Randy Martin is just a pseudonym (prestanombre) for Greenstone and it's not really just his money that's invested?)

(flip tape)

René – From experience, the trans-national companies in Nicaragua have never, ever, have left progress in this municipality but yes, they have extracted our resources and left us nothing. And not just here in La Libertad, but in all of Nicaragua. What they have left us are people with silicosis (*disease caused by the inhalation of quartz dust*). This is to say, that the trans-nationals, give us bread for today and hunger for tomorrow. They don't leave us any alternatives for the future. A company can last 10 or 15 years, they exploit our resources and they go and we are the ones who stay behind, poorer than before.

At that time, due to the lack of experience, we formed some grand illusions because of the misinformation and lack of information. So the trans-national company comes and unfortunately the national government as well as the local municipal government stoops to servitude and don't look at this from the perspective of the future of the municipality. Because they come, take our natural resources and as I'd said, they give us, so to speak, a little doll, a cup of coffee, a sports uniform, they help with the children's nutrition centre – like that, little things to pacify the community. This also affected us because of the promises that were made. They said, "There is a Canadian company coming and they're not going to contaminate. We are only going to contaminate what is permissible globally." Which is to say that they would apply World Bank studies because they are the ones who are monitoring what's permissible at the global level. In Canada, the companies are super monitored.

So we believed in this story or rather, promise, to a great extent. The result was destructive because they promised us that there would be better days but they've been super worse, because with the accords we signed, we were forced to suffer hunger for a year and a half. After suffering hunger, there were the legal demands because all of us here have debts. We made purchases on the basis that we would be paid but they were very irresponsible and now all of us are considered irresponsible and nobody believes in us and this has affected our morale and this is something that can never be replaced. To this day, it's rare that a small-scale miner will be asked for something. We're not trusted. We'd trusted the company and we'd say, "Listen, let me have this on credit, the company will be paying me for my ore and on such and such a day, I'll pay you." But when the company did not pay us, when they were irresponsible, then we were also irresponsible and no body would believe us. So this was one of the great harmful effects that's irreparable because the reputation of a person is difficult to recuperate and it's not our fault, it's theirs because of their promises.

In addition, there is not law that benefits us. Unfortunately, the Mining Law from the 1940's is obsolete and there is no way for us to develop, if we'd like to be independent from the company. We would like to independent but how would that be possible? With a concession and looking for our own financing and looking for our own benefits. In this way we would administer what is ours and not have a mercantile agreement, which is what we have with the company. You sell me this, I'll pay you that. That is a mercantile agreement. If they stop, then we die of hunger as well and if they go, then it's even worse for us and we have less credibility. I'm speaking sincerely. If we don't have a change in government – and it's a bit delicate to be saying these things – there has to be a change in the system, that's the reality. Not a change in government but a change in system, which is very different. Why? Because here, it's very few who benefit and the majority are coping with hunger and it's pitiful.

Q – But the problem is that it's no longer a national system it's a global system.

René – We'll have to work for these global changes too. (laughs) Some blame the North Americans but I say it's the American government not the people of America. There's a big difference. It's the American government and neo-liberal policies. The dollarization of the economy is killing us. If we try to sell on the free market, we don't sell anything.

Q – So what is the future and where is the hope for small-scale miners and for this community?

René – Well, as I said, this is my own opinion. La Libertad is an agricultural and mining district. Unfortunately cattle-rearing here is primitive in which no one wants to invest to introduce technology. There can be 2 to 5,000 manzanas of land and imagine this; there are homes here in which there are 10 people living, while a cow has a whole manzana of land. Some people don't even have a place for their home and there's a manzana of land per cow here. It's that simple. So one thing that needs to happen is to modernize cattle raising and for small-scale mining, we have to struggle and look to develop and to become independent. This would have to be with direct help from the government because the concessions are in the hands of trans-national companies. If we were to fight for just 5% or 10% of the concession – for example, if the company has 125 km<sup>2</sup> in their concession, we could have 10% because with this concession, there's value and with that value, we can get a loan from a non-governmental organization or our own benefit. We could become our own company and the unemployment levels would drop. It's logical that unemployment creates and increases prostitution, vices, illiteracy – it produces all these things.

Q – Lots of money also increases these problems (laugh) as we saw when Greenstone was here and there was a lot of money.

René – So this is what worries us because Greenstone has gone. Although they're really still present and they've only changed their name. No one told us that the company would last ten, twenty or thirty years. Unfortunately, we have maintained a struggle here and at certain moments, when we've looked for them, municipal authorities have been present but they don't have an interest to go to the National Assembly, for example, to touch the National government. We don't have a representative in the National Assembly who would struggle for our rights. These are the empty spaces in the law. We are, however, a significant number. I would venture to say that here in La Libertad there are 400 small-scale miners and if we simply multiply this by four, counting the average family size, then it's 1,600 people which is a representative number in this municipality, (*about half of the total population*) in economic terms. If we add to this, another 10-15,000 nationally, and then we multiply by four, how much is it?

I don't want to leave behind, the discussion of the mills (rastras). The company has always said to us, "We'll buy your ore, but the rastras have to disappear." They pressure us not to put together rastras because the concession is theirs. When they go, if we don't have these mills, how are we going to earn a living? They pressure us with the government or with the environment but in this case MARENA does not pressure us very much. Instead, they try to make us do things better. What we do with these rastras is survival. For example, let's say that we process 50 tons per month and there were 20 rastras like this one (points to the one he's constructing), that would only be 1,000 tons per month. Greenstone processes 4,500 tons per day. Imagine, then, how long this resource would last. It would last and we wouldn't cause such great ecological damage. But they accuse us of using a ton of mercury and I'm not going to say that we don't use mercury, because we do, but in minimum quantities. If we use a pound or a half, we don't lose all of this because it's recuperated. What we lose might be a gram, not tons.

Q – Maybe it bothers these companies that there should be another example of how to exploit these resources without destroying the environment and which supports the local economy. Maybe it bothers them to have this comparison.

René – The jewellery makers are also affected. If we sell the ore to the company, we affect this other sector because we the small-scale miners are the ones to supply the jewellery makers with the raw material, gold. The trans-national companies don't sell them gold. The gold leaves Nicaragua for United States or Canada or wherever but it doesn't stay in Nicaragua. So if the rastras disappear and the ore is sold to the company, the jewellery workshops will disappear. Afterwards this disappears as an art; it disappears as culture because jewellery is not only an occupation. To make jewellery well, is also an art and also it supports the economy of the country. Imagine if there was no gold in the 5<sup>th</sup> Region (*as it was known during the Sandinista Revolution of the 1980s*)? How would they make jewellery, where would they get the gold? So this sector is also affected but they don't see this. If we don't supply the gold, there would be a shortage. It's supplied by the small-miners in Santo Domingo and also it's purchased in Siuna and Bonanza in the Atlantic Region, more than anything, from here in the 5<sup>th</sup> Region – Juigalpa etc. The international market has its price and there is an internal market, which we could call the black market. In a neo-liberal context, it's called a free market because before gold use to be expensive in the black market but now what we have is more of a parallel market, now that it's free. Now they buy gold and you sell it but the price varies from the international price. The internal market is better than the international market.

When the trans-national companies succeeded in coming here to Nicaragua, it was a bankrupt country and they can take advantage of the high level of unemployment and the hunger of the people. In the Ministry of Labour they have a table of salaries in their famous Labour Code which is ridiculous because imagine, in the United States, if someone picks apples, they earn US\$2-4 per hour. While here, for someone to earn 3,000 córdobas (US\$222) in Greenstone ... the salaries are between 5,000 and 6,000 córdobas for a middle technician or a qualified worker but the lowest would earn about 2,400 to 2,500 córdobas (US\$180). Based on the salary table of the government, this is a great salary on the one hand. But when they find a community with a great thirst for work, it makes it easy for them to get workers. Clearly, if there had been employment here, it would be difficult to find workers but now they can exercise the luxury to lay off 20 or 30. Recently they laid off 20 and this kid was affected. Because at that moment they had 360 with the work stoppage and the negotiations were suspended. After that it was just 25% of the salary and then many were suspended. If we developed the small-scale mining, many people would not go to work for the company and so they'd have to pay their workers well. But as there's a lot of unemployment, then this is like a nest they've found – a nest of exploitation. They've found a place to exploit and they take advantage of that. It's logical that when they leave, they don't recognize anyone.

The government receives the taxes and the money from the sale of the concessions but no one knows anything about this.

Another small-scale miner – I've been working in small-scale mining for about 2 years. I came here with my wife. I only worked with the cooperative for 4 months before the company stopped buying the ore. What happened was that Greenstone stopped all of a sudden and they stopped buying ore and it wasn't until recently that they paid for only 50%. They left, having signed an agreement with the cooperatives Board of Directors, of which, René is a member, in Managua. We said it would be better for them just to declare bankruptcy and then things would be finished but Greenstone continued, so we miners decided to occupy Cerro Mojon where the company operates. We went up there in search of survival. We all went, about 400 small-miners. We arrived and it was an illusion because Greenstone exploits primary veins and what we do is work the secondary veins, which are not of industrial interest to Greenstone. These veins can be 1 or 2 feet wide and it's impossible that Greenstone's going to exploit this. When we arrived there were some of us that were lucky and we found some high values, for example, what we call in small-scale mining, “bolillo” quality. Others did not find anything. Those that could stayed on and others had to come down to find other kinds of work to survive. We understood that if the company returned, we would all come together again. Well, the company reappeared, but instead of Greenstone, it was called DESAMINIC. They came back with a new face but a double face. The president again is Randy Martin so what we saw was that they changed the name but not the president.

Q – How did these things affect you and your family?

Another – Clearly we were affected and continue to be. Just because the company is starting up again doesn't mean that things are the colour of roses now. We are always waiting for the promises; the agreements that they signed about a month ago.

René – I know what you want to understand is why did Greenstone disappeared. Sometimes we're not so interested in the change in the name of the company but rather in the treatment that we receive. Why? Because when we signed an agreement with Greenstone, they promised us in some bulletins, which we called "Paquines", that better days would be coming for the small-scale miners. In this way, they made fun of us. They said they would have 90% recuperation. When one ton gives 10 grams of gold, and 10% is lost, then that's 1 gram of gold that's lost. But at the moment of truth, it's only 68% recuperation and when we add the cost of production to that, for example; we pay IGV (tax) although the Cooperative Law says that we should be exonerated. We also pay US\$14 per ton for processing and then, 20% for the company.

An agreement that we have with Greenstone says that 700 tons of ore will be paid at the international price for gold. They promised us and it was the promise of the century, that there would be better days and that we'd have a recuperation rate of 90%. Clearly this made us all happy because, for example, a ton of ore that gives you 10 grams of gold, with processing, would produce 9 grams after 10% is lost. But at the moment of truth, the recuperation was only 68%, which is to say, only 6.8 grams of gold. From there, they charge me US\$14 per ton, and it was US\$18 but we were successful in negotiating it down, for processing which is the value of 1.5 grams of gold. This means we're left with about 5 grams, to make it simple. I would have to explain this using the chart we have. After that, the IGV (tax) is taken off and then 20% for the company. I see this 20% as a tax for what we exploit. It's not contemplated in the agreement but as we had no other way out, we've been forced to pay it. Indirectly this 20% is an exploitation tax. When you add it up, we're at 49%. That's approximately what's left for us. So what's the benefit? Nothing. We have to search out our own social vindications. We don't have vacations, we don't have anything. It all has to come out of what we produce. What was their strategy? This is my own analysis. They say, "700 tons, 300 small-scale miners at 2.5 tons each approximately, what would this be equivalent to?" If I sell one ton at 700 córdobas I would sell 2.5 tons for about 1,700 córdobas (US\$126), which means that they are paying me miserably. This was one of their tactics. Because if they had told us at this moment that they would buy 3,000, it would have been more profitable for us. But to limit us to 700 tons, the pay is miserable. We are able to produce more but they are limiting us. These are limitations so that all we can hope for is just bare survival. If we analyse the basic basket of supplies, we are far from earning that. This basket contains 54 products.

Another – We are only able to buy 7. (laughter)

René – It's ridiculous. We are living what is called extreme poverty. I think we're beating Haiti. We're being distinguished now because we can be compared with Haiti. (laughter)

Q – Now that they say that they're going to make payments at the end of August and in September to pay off the ore, what will the small-miners do if they don't pay?

René – I would be jumping ahead quite a bit, because this is something that has to be planned? I can't tell you exactly what's going to be done but I can guarantee you that there will have to be pressure. The way in which we'll do this, we haven't yet planned. The municipal government has supported us with this pressure, but softly. A moment comes when you have to apply pressure but within the legal framework. Because if we go beyond this framework, they threaten us and say that they will cancel the registration of the cooperative. These are the risks we face but, as they say, no one gives you anything, if you don't take it. You have to struggle. There's the promise that they're going to give us US\$190,000 and this is what we've signed so we're waiting on this promise still. Now they've reactivated another plant, the old one, and supposedly they're going to sell us the service of processing our ore there, but we've assessed the profitability and really it's humiliating. There's no other word for it. The proposal is offensive. We're going to wait until they finish this plant and then we'll sit down and negotiate with them and then we'll see if this suits us or not. Unfortunately, we always fall although we win a few little things here and there, and some few benefits. As the small-miners don't have any other alternatives for development, we fall down once again. We'll see what happens over the next three months. Maybe you'll be here then.

(after a break)

This is a cycle. The company came to explore and reaffirm the presence of deposits. They went to the property owners where the veins possibly were passing and where there possibly could be deposits. This was their expectation for the future. "Let's carry out an exploration." Which is the perforation. So, for example, the property could have 100 manzanas – but there are properties that have 300, 500 or 1,000 manzanas, but not all the properties have the vein running through them. They have a map because now it's easier because they can detect the veins via satellite and there are aerial photos

that show the route of these veins. They make an arrangement with the property owner and they give them 300 córdobas per year per manzana, so if the property has 100 manzanas, the owner would receive 30,000 córdobas (US\$2,222) and the company would enter to perforate. But what did they do to pay for damages? They would pay for a fence – the barbed wire and the posts. Some property owners would hope for a good payment from the company to whom they would give the right to perforate while the owner could continue to keep his cattle there. What happened in some other cases, was that their property was purchased at a super high price because the price here for land is only about 300 córdobas (US\$22.22) but the commercial price is 2,000 córdobas (US\$148) because they're super good here at fiscal negotiations. (laughter) So the company began to purchase properties that were of use to them and paid a good price. Many people sold their land and went and bought land elsewhere that was more fertile, without any worry about the damage that would be caused in the future. So they'd buy land over by Ayote, for example or over by Zelaya Central (North Atlantic Region). This then, is other damage that is caused.

The other damage is that housing rental became more expensive. Those who had a small house, and were renting it at 100 or 200 córdobas (US\$7.40-\$14.81), when Greenstone came with people coming in from other parts, had the opportunity to rent for US\$500-\$600. They would then kick the people out who were only paying 300 cordobas, for example.

Another thing was that any one with a bit of property in town, wanted to sell it to Greenstone for a house to be built on it for a company manager, a metallurgist or a technician. This property then rose in price to US\$5,000. Imagine a house that expense here. Sounds more like the Los Robles neighbourhood in Managua or Bolonia that cost US\$600 to rent. This then was another area where an effect was felt. Clearly, some people are not going to talk about this but this is a fact and it's also damaging. This had its effect on the economy. The poor always end up getting poorer.

I don't really know how many trees Greenstone has planted but they have now cut all the personnel from the environmental department. I don't think there's a tree nursery anymore and who is looking after the trees that have been planted? We don't know this. They reforest, for example, in areas were people pass by, like at the entrance of the mine. It looks pretty because there are trees. But what about in the other parts – where are the trees?

Q – The mine site looks like a war zone. It looks horrible. You who work in that area, what impression does that site give you?

Another – It looks like a desert on the moon.

René – It's a pity. Let's see, maybe there will be a change. Maybe there's a chance with these elections (*that the FSLN will win*). We should never be pessimist. It's never late. One day, we could have victory. Or maybe I'll never see it, but others will. There's a saying that there is an illness that can last for 100 years but there isn't a body that can resist it. So let's see.

### ***Interview with Armando Paz, August 10, 2001***

Armando – Let's begin from 1989, before there was a change in government from the FSLN to the UNO which was a coalition of parties that joined to defeat the Sandinista government. At this time there was the institution in charge of mining, which was called IMINE. With the defeat of the Sandinistas the nationalized mining sector would undergo a change and within those changes we heard that it could be the Canadians, the Swedes, the Americans who would come to take charge of the mining concessions. When these changes were happening I was still employed in the mining operations in La Libertad, which belonged to, IMINE (IMINI ?) and I had knowledge that who was going to come was a Canadian company but we still did not know their name. There were already Canadian functionaries that were visiting to gather information and to do geological studies to understand the potential and the value of this zone.

In '91 or '92 the first delegations of Greenstone started to arrive, first of all to take position of La Libertad. The operation that had been here in Los Angeles had a small plant with capacity to process 250 tonnes. The Swedes had financed this plant during the war, and its capacity had been increased from 40 to 250 tonnes. When Greenstone arrived they continued to use this plant utilizing the same extraction method by flotation. This is an old system but this was the method being used here as well as in the mining triangle of Bonanza and Siuna. The new technology, which the Canadians brought, was direct cyanide application and liquidation with something they call, "leach pads". This was taken by the municipality as a great advancement because logically it's know that where a certain type of investment comes, it signifies development for that

municipality. In this case, speaking in general, the bad luck of Nicaragua has been that in all of the municipalities where there has been mining, they have all been left impoverished/wretched. Where there has been mining exploitation, what has been left is miserable. Everything that they left was provisional, we could say.

In the case of La Libertad, we thought differently. We thought things would be distinct with Greenstone with their new way of working and new technology. For example, we thought that there would be a university functioning here in La Libertad in which the students would gain experience in geology, mining, metallurgy and every area that relates to the development of the mining sector.

Q – Did Greenstone at some moment promise to establish a university?

Armando – Yes, we heard promises because the municipality had this concern, for example, Darwin Kauffman had this dream and believed that one day La Libertad would have an agricultural university or a university for geology and metallurgy. So from there, the population developed a great hope, thinking that the arrival of Greenstone would be so important for us locally that it would be necessary to have an airport because 60 years ago there was an airport. We also thought that with the arrival of Greenstone, La Libertad would get a paved road. We thought that of the 160 workers that there were at that time, that this would increase to 1,500 workers at least because we were talking about an increase from 250 tonnes of ore per day to 8,000 tonnes of ore per day.

When Greenstone installed their operations, we realized that all that they would need is 80 workers in total. Really it turned out to be more like 300 but it wasn't even close to what we had expected. We thought that there would be no unemployment in La Libertad. When Greenstone came, there was mobilization into this community in search of work. Some were able to get work but the majority had to leave again because things didn't turn out as we'd expected. At first we thought that the unemployment of Santo Domingo, San Pedro, Santo Tomas and partly of Juigalpa would all disappear because there would be so much demand for workers.

Someone I know read on the internet that Greenstone had written that they had transformed La Libertad into the Miami of Nicaragua and that everyone in Nicaragua wanted to come to La Libertad. In these reports that they write about the benefits that they've brought to the community, they say that they've constructed the connecting roads to Managua which they say did not exist previously, and that they'd constructed an airport as well as a recreational centre and carried out great reforestation projects and other measures to protect the environment. They also talk about the gifts that they've given to the municipality but the only thing I can think of are some plastic materials that they were discarding anyway. These came from the lining material that was replaced in the leach pads and storage ponds. The old material had to be discarded and the municipality requested them to give to families that don't even have a roof over their heads.

Another big problem had to do with the big promises that they made to the high school to bring them financial aid to make improvements. If you've seen the school, you'll have noticed that they don't even have a basketball court in good condition. I believe they also promised the students that they would construct a technological centre and also to bring teachers in and to give scholarships to the children of the workers so they could study outside of Nicaragua. They promised to construct a sports facility, which after 106 years since this community was formed, still does not exist. They also promised to help the small-scale miners who do not know about other types of techniques or skills except the rustic, traditional methods that they are used to. They expected cooperation from Greenstone that would have consisted of technical and financial support, but this did not occur. Instead, Greenstone reached an agreement with them, which to this day, instead of benefiting the small-scale miner, has hurt them. The small-scale miners do not have freedom to exploit or to move like they use to.

Q – Why are they so against the small-scale miners?

Armando – I don't really know what their jealousy towards the small-scale miners is all about because they do not represent any kind of danger to them because they do not compete with Greenstone. At this stage the small-scale miners don't even have the capacity to process 50 tonnes of ore per day. Greenstone processes 8,000 tonnes per day. The small-scale miners exploit the smaller veins with high concentrations but with low potential. They work the secondary veins, which they call "threads" that are from one metre to 10 or even 1 cm. wide. These veins have high concentrations and are profitable for the small-scale miners but not for a company using advanced technology.

Q – So it's not clear why they would be against the small-scale miners when it seems that they are a compliment, making use of the veins that they can't use.

Armando – The Company does not have the special means to extract these small bodies of ore. We could call these micro-bodies. If we look at the area where they are now extracting which is Cerro Mojon, there are certain blocks distinguished by names such as Zopilote, Tres Amigos, El Azul, El Mojon, Mojon and Mojon Suroeste. This is a deposit of approximately 2,000 metres in length with a potential (which is the width) of 350 to 360 metres in width. So when we talk about a vein that's from 1 metre to 1 cm. in width, we are talking about things that don't have value for the company to exploit. These would not be profitable for them.

Q – Are you working now as a small-scale miner?

Armando – I work as a small-scale miner when I have the possibility. When there is work in my profession of topography, then I do that. I also have other skills in supervising projects, for example.

Q – Do you know who the new owners are of this new company that has formed, DESAMINIC?

Armando – There is no one here in La Libertad who would be able to tell you exactly. These are administrative movements. The Ministry of the Economy or Finances may have that information but they are very careful whom they give it out to. As you know, in Nicaragua now there is a level of corruption that is without measure. All government functionaries are subject to bribes so the first thing a foreign company does is look for these officials and bribe them. They all fall. Here in Greenstone we have a miners' union, which supposedly functions to support the rights of the working class but in reality it, functions as a union in terms of collecting the dues from the workers but at the moment when the workers need the protection of the union, they are left alone. It is the same thing with the functionaries of the government. They defend the posture of the company that has bribed them. For example, the small-scale miner doesn't have the means to bribe a government official so that official will not be interested in working on their behalf.

Q – Do you know of any specific cases of corruption that Greenstone has been involved with?

Armando – I can tell you specifically who does it or how but, we've heard that it does happen. For example, Greenstone had the services of some ex-functionaries of the UNO government and this person was the MARENA delegate in this area. He was an environmental supervisor and was never in favour of the small-scale miners. This traditional form of mining is a municipality and he never said anything to protect it. Small-scale mining is part of the culture of this town. In La Libertad and Santo Domingo, the small-scale miners don't feel embarrassed about what they do; they feel proud of being small-scale miners. We have to look into ways of improving this work and the safety measures. There needs to be new ways, new techniques to develop this activity instead of efforts to make it disappear. Government functionaries at every level should be the ones forming these ideas.

Q – If you could have participated in the consultations that are being carried out to identify projects and priorities, what would have been your contribution?

Armando – Normally the community voice is not heard and there is an imposition of projects of what seems to be useful to whoever's in charge. Talking about La Libertad and Santo Domingo, which is the mining area, we have a very distinctive characteristic, there exists two traditional life styles – traditional mining and cattle. The municipal government should be developing projects that relate to these. For example, La Libertad should be a centre for jewellery production because this is where the gold is extracted. There are more than 6 jewellery workshops here. Tourists should be attracted to come here to buy gold or jewellery.

Q – Others have suggested this; that there should be a municipal jewellery workshop with many workers. This would attract tourists and there could be tours to show the tourists where the small-miners work and there could be hospedajes for them to stay at. This is an industry that could be developed.

Armando – Cattle rearing is the other traditional activity but in La Libertad this is also only at the subsistence level. This is an activity that does not create a lot of employment as it is kept in the family. Many campesinos came to La Libertad when Greenstone arrived looking for better opportunities. Some received work, others began to work as small-scale miners and others had to leave again.

The small-scale miners have struggled to have independence and not to be tied to agreements such as DESAMINIC would have us sign. The company should not be able to restrict the activities of this traditional mining sector in which about 60% of this population is involved.

Q – What I interpret from the agreement proposed by DESAMINIC, is that they want the small-scale miners to cooperate in their own disappearance.

Armando – There are people here opposed to this and the present mayor is prepared to support the small-scale miners and there could be some agreements made to assure that they don't disappear.

Q – You have a favourable impression, then, of this new mayor?

Armando – Yes, although I know that there are many who have problems with him. Personally I've been with him and we've got a municipal ordinance and support of the municipality. This has opened a small space for us to start up micro-plants that use only minimum quantities of toxic materials. There isn't the danger of massive contamination or contamination of people. These are the "rastras". We have formulated ideas and presented these and these have been well received and with possibilities. They have promised us that they would take charge of the situations and that they will give us the necessary help so that we can function and they will look for legislation to make possible a greater space for the small-scale mining sector.

Q – You have a rastra (plant) right?

Armando – Yes, I'm putting together one that is run by electrical energy.

Q – Does it use mercury?

Armando – Look, I'm going to explain this well. Mercury is used but in minimum quantities. The mercury has to be purchased and it is not used the way it was 150-160 years ago when there was the technology of the "punta". We know that mercury is toxic and that it even has radioactive properties and that it can cause great harm, if it's not used in the proper way. In our case, we know its bad characteristics but also its benefits. Using mercury to bind with gold is the easiest way to extract it. It is also recyclable without putting anyone in danger.

I cannot give you proof, but I have heard from people who have connections and have suspicions. I've been told that Greenstone, Triton and others in Nicaragua take shelter under a big monster called Hemco, another Canadian company. This is since 1990. We don't know how this works. We know that each company administratively works independently in the locations where they exploit but we see that the same personal that work in La Libertad, also are in Bonanza and there is an interchange of personal. The people that were here with MINISA are the same people that are here again. What we know is that Greenstone went bankrupt, they subcontracted other companies. With the little administrative background that we have, we suspected that Greenstone would never be profitable because the geological studies were done by one company, ALAMBER and there was another company called SWISSBORI (?). These companies were left being owed for the work they did. The vehicles were rented, also some machines were rented. The transporting of materials was contracted to a Costa Rican company called MECOSANTOFE. There was an Australian company doing perforations, AUSTRIL. The maintenance of the vehicles was done by ANIMAC, which was a team from Managua. So we considered that the company could never prosper with so many costs.

Fausto, a Honduran, who was the superintendent of industrial safety for Greenstone, told me that the company was at a crossroads where what they produced did not cover their costs. I asked him why this would be? He confided that the situation of Greenstone in Latin America was something that had happened suddenly and that the doors had opened in Latin American, presenting an opportunity to make money fast through gold mines. In this case, some Canadian associates had put together some capital and had come here to give it a try. So they started out in Colombia, Panama, Costa Rica, Honduras and Nicaragua. I don't know if they also went to Mexico. I understand that Greenstone was expelled from Costa Rica. They were permitted to work in Nicaragua. They had problems in Panama and had to close down their operations. They had the same problems in Honduras. Here in Nicaragua, the work on Cerro Mojon threatened to be paralysed. Fausto told me that these Canadian investors did not have knowledge of mining exploitation and that they had put the investment money in the hands of professionals so that they could do all the exploration work, such as buying the area,

installing the infrastructure for processing and then this would be sold at the stage of production to those who are interested in buying mining installations. But because of the drop in the price of gold internationally, investors were not interested. Greenstone then, against their will was forced to take charge of the management of exploitation and processing of what they'd constructed because they didn't have the possibility of selling. Taiwanese, Japanese and maybe Americans came but no one wanted to buy. It was considered that Greenstone was charging too much and not the real value of the company.

Q – What has been the cost to the community of this experience with Greenstone?

Armando – I think if we evaluate the negative and the positive, there are more possibilities within the negative impacts really. The economic level locally has not improved with Greenstone's presence here. Instead this has limited economic circulation locally because the economic movement in the urban area is in the hands of the small-scale miners. When they work freely, there is a commercialization of gold daily in small quantities but in many hands. A short while ago, 6 months ago, when the small-miners had to occupy the mining areas where Greenstone operates, there were such great quantities of gold circulating here that it even dropped in price. Commerce increased and the people have fewer needs. Everything seems happier and there's more movement. The small-miners were working the micro-veins with high concentrations. It's not worthwhile for them to work the large, mother veins that the company mines. Greenstone practically is wasting these smaller veins. They can't extract these small veins to draw out their content. Greenstone would disappear if it worked the veins that the small-miners utilize. If Greenstone were to stay here 10 years, they would leave us poor in less time because the gold that we have there as a guarantee is being removed. Here in La Libertad we can still say that the small-miners could continue to work as they are for another 50 years. With the big companies, they're going to exploit in 10 years what we as small-miners would have exploited in 150 to 300 years. In some ways the company has brought some benefits because people have learned new skills – company management, secretarial skills, driving machines, electricity, technical skills etc. – but in the area of the municipality we have not seen any development. There have been a few small things like a fence, a light post that is nothing in comparison with the great quantity of gold that is taken monthly, which oscillates between 5,000 and 8,000 ounces monthly. They say that they pay taxes but unfortunately, this money stays with the central government and they pass on 2% of the 2% that Greenstone pays for the gross product. This 2% that has to be shared with Santo Domingo and San Pedro. What remains in La Libertad does not even pay the salary of the mayor.

What is the other negative problem that we have here? Even though Greenstone wants to deny that they are contributing to the destruction of the environment – yes, they are doing it. Because the systems of security that they've put in place really have not been the best to stop the contamination of the Mico River that goes from Chontales to the bay of Bluefields. With this contamination, they are not only contaminating La Libertad, they are also contaminating San Pedro Santo Domingo, Amoa, Rama and up to Bluefields. With regards to the mitigation of environmental impact, that they say they are doing, it's true that they are reforesting but in this work they have not taken into account the opinion of the community because I think this is an unnecessary cost. In this climate, the native trees grow from the soil rapidly. When they are planting trees that are not originally from this zone, what they are doing is destroying the micro areas that should be conserved. These are trees that don't even produce fruit so there is no advantage; they're not good for lumber, not precious wood or fruit trees. It's better to let grow the natural vegetation because it's varied attracts the fauna. Greenstone is driving the fauna away.

Why not leave these areas natural? If this area is Greenstone's and it has 300-500 manzanas, don't touch it, just protect it so that it doesn't get burned off in the summer or that the trees aren't cut. More than 50 or 60 varieties of trees will grow there that are useful for our fauna. It attracts birds, the animals and they're areas of growth.

The companies are transitory and they're not interested in contributing to development here or offering opportunities for people to get training. They know that at some moment they'll have to leave and that what they'll leave is an area prepared to be one big garbage dump. They have said this. This was said to someone I know who made a complaint about a property he owns. I have visited this property. The owner complained to Tom McGrail in Bonanza because his property was consumed within the concession. Tom said, "What are you waiting for from me?" and threatened him with a pistol and said that he could "fool any of the Indians around here." The answer that he gave him was that he forget about it and that so many hundreds of years since Columbus, and still the Indians here hadn't recovered.

## *Interviews with Javier Ocón in the office of the FSLN, August 11, 2001*

Javier – I would like to take advantage of this opportunity to first say that in this municipality, which is a mining district for more than a century, according to our history, there have been many companies travelling through, both national and foreign companies, to exploit the deposits of gold and other precious metals that are found here in our municipality. Really it's interesting to inform the public, both national and international that the activity in which we have economically depended has been mining and also, to a lesser extent, cattle-rearing. Agriculture, while it isn't of primordial relevance, it sustains us when the companies come to our municipalities and, such as this time when things didn't work out and they failed, they pull out without leaving any alternatives for our community. We have a popular saying that says that we always remain like a ghost town, when this happens. After coming to know various trans-national companies that have been here, in the decade of the '70s there was Lemon/Lemming Resource (?) Co., which was also from Canada. This was a company that also came with a lot of enthusiasm and created a lot of illusions also but once they were in their rhythm of exploitation, suddenly, there is auto-failure like in our national economy when one day to the next, banks go bankrupt. The activities of the mining companies remind us of this. Between 1977 and 1979, on the eve of the end of the Sandinista struggle, the Lemon Resource Co. leaves, leaving behind a difficult economic situation here in the municipality. Many workers were not even paid their salaries and this has brought serious consequences to the development of this municipality.

The origin of the mine was in the decade of the '60s when it was reactivated by a man from the United States, who asked that he be buried there when he dies in the spot where he founded the mine, Los Angeles. His name was Preston Clayton. He had great dreams for his mine and he used it to attract other trans-national companies, taking samples from rich areas and then he would travel to the US to offer these. This brought foreign investment by those who wanted to invest in the mine. After Mr. Clayton's failure, the municipality was left, once again in total bankruptcy. The mineworkers were not paid; the commerce was completely destroyed as the stores had given credit to the workers and the miners returned to activities of survival with small-scale mining. So we always return to our traditional means of mining and this is what permits 300 nuclear families to survive. It has not been the big companies that have assured this, because they have just barely been able to survive 2 to 4 years before they have to go. This again happened with Greenstone. They came in 1994 and I had my own personal experience with them because we headed up a struggle in which the workers in small-scale mining were practically evicted by public forces. With 80 small-scale miners, I headed up a struggle in which we occupied Cerro Mojon where now there is another company with another name but with important shareholders who were the same that came here with Greenstone in 1994. So it was in this way that the small-scale miners opposed being thrown out into the street without our historic rights, without our historic patrimony, which is our way of living. We were able to negotiate an agreement that we still see as a handout compared to what are our rights because all that there is, is a commercial agreement that we sell the ore we mine to them at a ridiculous price. At this point there are more than 300 families that are being seriously affected because as of approximately 2 years ago since the mining company has not complied with their obligations, they have a debt of about US\$100,000 for the mineral, which we have delivered to them but that they have not paid for.

Also, from the environmental perspective, we thought that the arrival of Greenstone could represent a hope, still not knowing the serious impact on the environment over the long term that their involvement would imply. A group from La Libertad in which I was also a part, opposed the methods of exploitation, which threatened the supply of water, which we use for drinking and for all of our personal uses. The rivers and streams converge on the population and the head of the principal river, which is the most important one in this zone and with national geographical importance, is the Mico River, which flows out at Rama. There are also other municipalities, which are a few kilometres from the river such as San Pedro, Santo Tomas, Muelle de los Bueyes and Rama. Unfortunately the location of the mining site of Greenstone is only 3 kilometres northeast from the source of the Mico River. So we were anticipating this problem in 1994. They tried to convince us that they would not cause any damage and that they were coming with the intention to apply methods to reduce environmental impact, so we saw that they had good intentions. Although we were not specialists in this, a Nicaraguan environmental organization told us that they would be complying with only 40% of what would be demanded of them in a developed country in these circumstances. For us, who had never seen a company invest in the reduction of environmental impact, logically what Greenstone was doing seemed great. We found out that things were not quite like that, and that what they were doing was really the bare minimum of what was needed to reduce environmental impact. The Greenstone company invited 25 citizens of La Libertad to Panama where they have a mine in the province of Santiago Jaragua in a town called Canies (?). So we went to get to know the famous model.

Really in our condition of having a broad understanding about this theme of mitigating environmental impact, we saw that really in an underdeveloped country like ours, logically foreign investment tends to bring development. We have always hoped that our municipality could advance but we are always going backwards. Really we don't have any great advantages in contrast with the large production of gold that comes out of this company. In just the three years of production that they have, we could say that they've taken an average of 5,000 ounces per month, which means 60,000 ounces per year. In three years they have practically taken 200,000 to 300,000 ounces of gold. Looking at the internal laws of the nation that regulate taxes, there is a mystery for us in that we are never clear about the deals that have been worked out between the company and the central government. In terms of the taxes, for every Cordoba there is 30 centavos that come to us and have to be shared with the municipalities of San Pedro and Santo Domingo (?). When Greenstone came to La Libertad, there were two years in which time they used this name and then there was a new company name, MINISA (Minera Nicaraguense S.A.) assigned to Greenstone, as though belonging to Greenstone. Greenstone also has interests in the mining triangle in the North Atlantic region in Bonanza. Just here in La Libertad, they had rights to a concession of 120 square km. The affected sector of the small-scale miners, we do not have a concession. We have not been able to achieve this goal because the great monopoly of concessions here in Nicaragua, with respect to mining, has left us with our arms crossed and without power to do anything. Suddenly when there is a work stoppage approximately two years ago, Greenstone disappears and reappears with a new company name. After having gone through a lengthy legal process we came to know, through friends in the exterior and through internet that their shares were steadily losing value and that there were a number of creditors that had provided them with raw materials and the reactive materials for the company's production who were practically made fun of (deceived) by this company because they left lots of debts. In all of the legal negotiations, the only one to show his face was Randy Martin, as the principal shareholder, and he never declared bankruptcy at any moment and always sought ways to appear as though they were not bankrupt, paying the payroll even though these workers were not coming to work. There were a series of situations that we could practically compare with situations that we know of in the mafia. A new company name appeared that is now called DESAMIN; Desarrollo Minero Nicaraguense, something like that, right? These leaves a lot of people looking for them so that they can get paid for the obligations that they had as MINISA and as Greenstone. What we understand is that in the case of Greenstone, the public face that they had was Randy Martin and Tom McGrail. Tom McGrail is the actual general manager of the mine in La Libertad. The mine in La Libertad went through a very difficult period because with all of this disorder that occurred during the time of the labour stoppage, they achieve a considerable separation up until two months ago when they reactivated the company because who was providing them with the raw materials, it has not been easy for them and additionally there is a conditional new loan from a bank in Miami, the Milton Bank. This is who sends them the quantity of money they need to once again start up production but they send this with a great deal of care/caution. This is not like when Greenstone first came with fresh capital of more than US\$100 million, which instead of investing in the infrastructure of the mine and the plant, they had an exaggerated payroll with people brought in from all over the world with salaries that are like present government functionaries of US\$15,000 – 20,000 per month. And sometimes they would even come with their whole family from England, Panama, Canada, and the US and from everywhere. It was an incredible management of funds just for La Libertad to try to have without any problems, the right to exploit Cerro Mojon that has a mineral reserve of practically 30,000 tonnes that they had planned to exploit for seven years. As the manner in which they have exploited has been irregular, they have not advanced. We could say that approximately 25% of the reserve has been exploited. Really what is not justified is the manner in which they spent so much money in the initial stages. It appears that Greenstone was not a company with experience in exploitation of ore deposits but rather, people that would buy concessions in certain places and once exploration had been carried out, their mission was to negotiate this area with certain mineral resources and to sell it to others who would take charge of the exploitation. With great ambition they come to this mine where it's very easy to have a lot of information about the richness in La Libertad. It was of interest to them and they contracted specialized people to advise them and instead of being a company who would explore and sell concessions, they decided to dedicate themselves to exploitation and this brought them to ruin. They brought in people who did not have this expertise or the technology necessary to use the new methods they were bringing in. They bought mines in Panama and Honduras and wanted to look in Costa Rica but they were not allowed to work there. They also wanted to buy a mine in Santo Domingo but it was not possible. In Santo Domingo there was the company Focal that was also Canadian, and they tried to get the exploitation vein and to sell this to Greenstone. Greenstone was also going to give money for this. All of a sudden all of this capital that was being used in a very unusual way – for us it was incredible to see how they tried to do so many things; constructing houses, renting houses, remodelling houses, workers being brought in from various places, if the conditions of houses in La Libertad was not adequate, they would be moved to Juigalpa, paying enormous sums to have protocol houses all over the place, pleasure trips, a series of things – we saw all of this and it seems that they got this money from a bank. We don't know if that bank was in the United States or in Canada. Well, the important thing was to consider how was this going to bring progress to the community. Of all these things that I'm expressing to you, we saw zero development in our municipality. The roads are destroyed because there were a great deal

of the company's vehicles, both heavy and light, that circulated here. When the company was at its best moment they would give gifts that came with conditions and we can say that to some extent some of our municipal authorities also allowed themselves to be deceived a little bit with offers that they did not make them live up to at that moment. When the company had sufficient resources, there were gifts offered to make social improvements, for example to improve the health centre and the institute (high school) and the primary school, to make a children's nutrition centre, which still exists. But there are no works of real impact. Of the taxes that they paid to the central government, it was a minimum part that came back to us that would not even pay the salaries of the workers in the municipal office.

The impact of the mine is great and there are 1,000's of tons that during the winter (rainy season), the rains carry all the discharge/wastes that is eroded from the great movement of the soil by the company and it can't be resolved with only certain measures of retention which they call micro-dams. Every time that there is a spillover, the filth pours down into the river, which, as a consequence, begins to lose its volume. Gradually the river becomes more like a ditch. On the other hand the company has tried to show its concern for the environment by planting plants, both ones that are precious as well as others which don't have any particular relevance but rather, simply, to create a forest. There are just a few that are precious that could be of some use in the future. Thinking about it, however, the most relevant will be if in a few years, the mine, which was Greenstone and is DESAMIN today, deepens their installations to reach from 350 to 500 feet, they will then be at the cold level that has to do with water and they're going to be well below the level of the river and the streams that feed into the river. Practically they will all be absorbed into this great well that will then be there and in another 15-20 years we will not have water even though this is one of the municipalities that could export water. We have so much water but it is not being sufficiently utilized. That water that we have in the system is not sufficient even to bring it to our homes and this means that it is no longer so abundant as it was 20 years ago. We can also talk about the deforestation that we've had. I can remember 20 years ago all of this area that is now the mine site, it was all forest. You can see that this whole community is made of wood because the forests were surrounding it. And if we talk about the climate, this has changed. Before this use to be a place that would have only two months of summer (dry season) and the climate was fresher (cooler) because now we have lost the height of the cordillera (mountain). Further away we have the cordillera (range), "Picachu" and closer, we have the cordillera, "San Juan". San Juan was exploited in the 50's up until now and we lost approximately 500 feet of elevation and in Cerro Mojon which 3 or 4 years ago had an elevation of 380 feet, more than 150 feet have been lost as a product of all of this movement of soil with the open pit mining. I'm always curious about these things and I ask the engineers questions. Really we have not been able to acquire certain information about all of these transactions that there have been with Greenstone until now that there's a new company called DESAMIN, to find out what are all the steps that they took to avoid/escape, and I would say that at certain moments they even avoided justice/the law. I think they were acting illegally.

They used the drop in the world price of gold as a supplement because when we asked them why, they said it was because of the drop in value and afterwards they related it to the natural disasters but practically it was all just a pretext to avoid international obligations that they had.

Q - What obligations are you referring to?

Javier - What has been mentioned a lot are the obligations that they had with loans that they had from banks and that practically at the international level they were bankrupt. Nationally, it wasn't like that because legally we talk about the Labour Code, which is in effect, and which establishes that three months after a company has stopped production, there has to be a special justification in order to continue in that state. Then they requested an additional three months and three months more and this is how it went for a year and a half and still they did not declare bankruptcy. There must have been some special effect to maintain them at this stage. During this year and a half, in order to avoid declaring bankruptcy, they maintained payment of their workers because if they hadn't the State would have intervened. They didn't, however, pay anything to the small-scale miners.

They announced bankruptcy in August or September of 1999.

Q - Did they then sell the mine to the McGregor family?

Javier - There are various associates; I can't determine how many. I personally came to know many of them, although not their names, when Greenstone came to form this mine in November of 1994. The majority of the shareholders withdrew after witnessing the failure and the only one to stay were Randy Martin. He was the only familiar face and he continued supporting because, supposedly, he was the largest shareholder. We have information that he has US\$55 million invested

in Greenstone when he was invited to become an associate here in Nicaragua. So when they find themselves alone after all the others have withdrawn, this is when they start looking for new investors. This is when some nationals, like the McGregors in Nicaragua come into the picture. They bring economic oxygen. Likely McGregor appears only as a “prestanoombre” (borrowed name) but not with injectable capital but rather to provide a greater credibility before the government that was getting suspicious about the situation. This would make them seem more trustworthy and show that they also wanted to include national associates. These are the things that have stood out the most. We’ve lost contact with a friend in the United States who was doing a thesis here in La Libertad and he kept us informed via internet of how things are going.

This is the situation in rough brushstrokes.

Q – Someone has told me that Randy Martin was a mine administrator here for Greenstone in those first years.

Javier – No, he’s always been the president of the board of directors of Greenstone. He would only come here routinely to supervise but always lived outside of the country. He would travel every two weeks or every month. He lives in the US. Since he had US\$55 million invested he did not want to abandon the mine. There were others who abandoned the association and lost US\$20 or US\$30 million but not him, he continued to defend the mine because he won a trial case over those who withdrew so that they gave him La Libertad so that he could continue. So it’s him and the new investors that he has behind him. There are national investors but we don’t know the details.

Q – Have you heard of Hemco?

Javier – It’s practically the same thing that happened in Bonanza. Greenstone was the head office and they mention Hemconic like a branch of MINISA/Greenstone. It’s a way to give the name a Nicaraguan identity. We see that there’s an intermediary that has to do with someone in the government. The government is very tight-lipped about who makes up these Anonymous Associations (i.e. S.A.). To get this information would be like the Minister of Finance giving information now about the state of the banks that are going bankrupt. They say that the President himself is involved in this business of the mines. (“se maneja”). There is no official proof of this, but considering all that these people have been permitted to do with all kinds of manoeuvres like changing the company name, reappear with a new identity and leave all kinds of creditors deceived – with all of this, there is a probability that there is someone at a higher level involved.

Q – What reflection would you offer with regards to the distinctly different relationship that Santo Domingo has developed with international mining companies?

Javier – Despite the fact that these two municipalities (La Libertad and Santo Domingo) live on mining activity historically – Santo Domingo use to be a district of the municipality of La Libertad, the culture of La Libertad has been effected by all of the foreigners that have come here throughout many years and the attitude of both municipal authorities has been very passive, complacent or subordinate to the orientation from above, from the Central government and did not make use of their autonomy. I worked for Focal in Santo Domingo as a personal security guard and I witnessed that the municipal government wrote a letter and said no to Focal and that they would not be permitted to explore in the territory and would not be given a concession. Focal spent more than US\$100,000 in a legal battle to try to resolve things in their favour but they were not successful. This shows that autonomy functions when it’s made reality. Here (La Libertad) there’s been more complacency. If a trans-national company comes to exploit the mine, here they say they’re going to pay taxes, so they give it to them. There were also trans-national companies that came to sell their services to this mine and they were obligated to pay taxes. Even with all this, the company did not become reality.

Q – What future do the small-scale miners have in this community and how is it possible to break out of the historic cycle that you have described?

Javier – We, the small-scale miners have struggled really against the wind and tide, as the saying goes. In the first place, not until 1994 we were able to become incorporated (personified juridical) and become an organization that truly represents the interests of the small-scale miners. Definitely what there has been one sonorous “NO” from our government, which has a negative effect and the financial bench at the national level never has had an interest historically to finance this type of activity (small-scale mining) because it is supposed that for them, there is a risk to invest or give something where they have no experience to finance this type of activity. In the last few years, what we’ve been exploring is the possibility that through non-governmental organizations, that have a minimum relationship with this type of activity

in their countries, and who could give us some financing, knowing that they could provide a great deal of relief for many collectives without causing an impact on the environment.

Also in this area of the environment, we have been identified as the principal causes for environmental contamination but this has been nothing but abuse on the part of the trans-national companies to put us before the law. The truth is that historically, the small-scale mining has not affected great movements of soil but rather their work has been selective. As a product of this work, they accomplish maintaining a stable economy in the municipality because when a trans-national comes to invest, it's certain that they invest millions of dollars but when they go, everything here is left in broken pieces; the commerce doesn't function. So the majority of people survive as a product of the activity of small-scale mining. For this reason we are looking to find out how to establish contacts. The president of the cooperative was invited to a conference recently in one of the states of Mexico and he spoke about the perspective that small-scale mining could have at the international level based on the experiences that exist in Peru, Bolivia and Mexico, which is where small-scale mining has been developing technologically.

So what we feel in summary is that we should look for immediate alternatives in the short term, and the municipal government should contribute by accompanying us, as we are an important sector, to have some kind of alternative once the mining activity of the company comes to a halt. Because as we observed during the work stoppage that happened for almost two years, there was no other alternative of what to do so collectives of small-scale miners formed to return to our traditional, artisan methods and it's then that some groups now are constructing once again small machines which we call "rastras" that can process one or two tons of ore per 24 hour cycle and that help to resolve, perhaps not in a really substantial way, but really does give an economic answer for our municipality.

So it is there that we have also been sensitizing the national environmental agency, MARENA and now they have a certain fund that can be destined so that the small-scale miners can build some micro-processing plants where there can be financing from those who are in charge of protecting the environment; some international environmental organizations. This does not imply stopping the open-pit mining so that it won't contaminate the environment but rather present mechanisms to invest so that an impact in the environment is not created. For example, in a micro-processing plant conditions could be created with filters etc. so that the wastes don't end up contaminating the rivers. What mechanisms could be used, for example, to manage mercury, which is one of the materials most used globally? Not that an environmental organization should stop this activity but instead, how can we neutralize this chemical because we can't stop the survival of some people for whom this is their only means of survival. This is the reality.

So practically these are the conditions in which we are working lately so that our cooperative can improve its level of organization, that we receive more training each day and that it be an organization that's open to listen to the suggestions of organizations that have to do with the protection of the environment and how to preserve the environment. Also we are trying to sensitize the municipal authorities so that they also will have an attitude of progress and development for the well-being of the people of La Libertad, and that they also be a point for soliciting from other national and international organizations. They should insist that La Libertad survive with or without trans-national companies. This is our greatest desire.

### ***Interview with Denis Urbina, Mayor of Santo Domingo – Interviewed in La Libertad***

Denis – I'm happy to have this opportunity to give you a bit of information about Santo Domingo and your small-scale miner brothers in that community. They belong to the Santo Domingo Cooperative, which continues to work well. It's becoming more difficult for them to access the material (gold ore) because it's very deep and I don't know if they've had some thoughts to negotiate with a trans-national company but, in this regard, we'd have to carry out a consultation with the community based on the experiences that we've witnessed in other municipalities such as in La Libertad. What we would like is that they always have this resource for their work because this is an economic source, which maintains the municipality of Santo Domingo. If I were to make a decision one day, as was made here in La Libertad, as the mayor I would have to consult with the community first because things have to be looked at from different angles so that we don't lament the decision made, afterwards. Because what we would like, is that the small-scale miners always have their work and to be able to live from mining, as they always have.

Q – If the decision were to be made in Santo Domingo to allow a trans-national company to come in to mine, what conditions would you establish that were not in place here in La Libertad? What lessons have you learned from the case of La Libertad and what other demands might you make?

Denis – I'd like to clarify that as the mayor, I have no role to play within the internal decisions of the small-scale miners' cooperative. They have internal, private laws, which I am respectful of. But as the head of the community, I do have a lot to do and I have to take into account the opinions of the people and consult with them so that what has happened in La Libertad, where a group of small-scale miners have been left abandoned, does not happen in Santo Domingo. They now no longer have the source of employment that they use to. It was given up too easily. We want to see and create better conditions for the municipality of Santo Domingo which does not mean that we'll oppose development of the mining sector but rather, to strengthen and assist it and to provide it with better technology so that the small-scale miners can continue with the work that has maintained them for so many years. Nor are we opposed to anyone coming to our community – quite the contrary. Visitors are welcome to see how we can work together to help the municipality without doing any harm to it.

Q – Earlier you were talking about the problem of water contamination. What plans do you have in Santo Domingo to improve this situation?

Denis – We're going to have a meeting with MARENA, the Ministry of the Environment and all the institutions to look into the situation of contamination of the river because the Siquia River is also getting a bit contaminated and some communities like Ayote and Rama where they are installing hydraulic plants. We have to look at how we can prevent the contamination from entering the river. These hydraulic plants are to filter the water and there's one installed in Ayote and they say that they will install one in Rama but I don't know if they are in that process yet. Ayote has its plant at the edge of the river with wells that capture the water from the river; then its filtered and purified and goes to the population. We want to save the water and to have it protected for the future.

Q – I would like to know your opinion of the new Mining Law. Does it include everything that it should?

Denis – I'm not familiar with this law in its totality but laws that are approved should be respected and measure should be taken against the contamination. I don't believe that the Mining Law takes anything away from the small-scale miners but rather to strengthen them because it's a programme of the government, which we should follow in addition to taking measures so that there isn't much contamination. The government programme is supporting mining and has created new laws for mining and these are being applied.

### ***Interview with Mario Lazo, Ex-Mayor of La Libertad – August 11, 2001***

Q – What is your opinion of the effect that Greenstone has had on this community?

(Ecumenical church service begins across the street and creates a background of organ music, singing, clapping and tambourines that lasts throughout the interview)

Mario – My personal opinion and through what I experienced with the Canadian company, Greenstone, is that it was, is and continues to be a project that has brought considerable development to this municipality. In the first place, it generated lots of employment, especially locally and this has permitted an improvement in the quality of life of the citizens here. Many miners have been able to improve their homes and have been able to send their children to school. The mining project has also helped some social works such as the opening of roads of penetration in the municipality; direct support of the municipality through a donation of a garbage truck; support for the municipal environment commissions; support for the children's nutrition centre for poor children and support for the digging of a well for drinking water. There have been a great number of contributions that have improved the social-economic situation of the municipality.

Of course we cannot just speak about the things that are pretty because I think that every project also has its negative side. In this case, we can think about a certain environmental deterioration such as the sedimentation of the waters of the Mico River. Since this company began working, we have noted that the volume of the river has been disturbed a bit by the sedimentation from the mining wastes. On the other hand, we could also consider the effects that there have been on the

properties. Before there were cattle ranches there and now there are a great deal of mining ruins which are sterile waste materials. Now the panorama which use to be pastures, is this view of waste, which is leaving this area aseptic because of the sterile nature of the waste that's collecting there. Parallel to this, there has been reforestation that has been considered within the project as an important part to minimize the impact on the environment.

This project has been harmed by the administrative management of the company, which has not been adequate, and at certain moments this has led to failure of this project because if there were 300 or 250 workers before, now there are only about 100. This has been a strong negative impact for the economically active population that develops in the mining company. On the other hand, the economic resources that were collected by the municipality in the form of taxes, I think at this point it's about zero. There has been a tremendous delay and the expectation of the municipal government was to improve its income so that it would be able to carry out more works of development to benefit the population of La Libertad. This is my opinion with respect to the mining project.

Q – With the new company, DESAMINIC, what do you hope from them that perhaps did not happen with Greenstone?

Mario – In the first place, I think that this new company that is springing up again as a process of change and as something that is part of an evolution; its administrators, I think, should have the obligation to call a meeting at the municipal level, inviting all the sectors to explain to them what their policies of mineral exploitation are and what their objectives are for the municipality. The former company held a municipal meeting at the beginning, so I think that this company should do the same thing, giving the population an opportunity to ask questions and present their concerns so that this mining process develops with the approval of the population. This would be healthy because we, as a part of civil society, have only noted that they are cutting back on their personnel and that there is not a good result in terms of the recovery of gold and that the economy is in a process of sustainability, looking for a balance between investment and gold recovery. So I think there needs to be this process of community consultation between the administration of the mining project and the local population. I don't know to what degree the municipal authorities have had a meeting with the mining company because the government, via these authorities also has the obligation to express the policies and criteria of the mining company with respect to the development of La Libertad.

Presently, I am collaborating with the Municipal Environmental Commission in a very sporadic manner. I am also involved in the Development Committee but this committee is presently a bit disintegrated. It seems that there has to be a new meeting called by the present municipal government for the civil society to organize this committee, because each time there is a change in the government, there is also a change in the structures of each of the committees which form the social base of the municipality. My only contact now with the municipal government is as a member of the Municipal Credit Committee. I'm president of the Social Investment project of the municipality and so each month I have this contact with the municipal office. I have personally also expressed my willingness to advice the mayor but up until now, he has not wanted my help.

Q – What future do you see for the small-scale miners who are such an historic part of this community? According to the agreement that I've read, that's proposed for the small-scale miners, it would seem that they are only being allowed an income of subsistence and are being invited to disappear themselves. The other parallel movement is the construction of processing mills, "rastras". How do you see this situation?

Mario – First of all we have to consider the level of technological development globally and that many countries where there is mining, they have achieved more advanced technological levels for small-scale mining. With regards to the small-scale miners in La Libertad, there was an expectation created with Greenstone that they would purchase a considerable quantity of ore at a very interesting price – a high price. It was thought that there would be a sub-project for them within the larger project in which they would have their leach pad (cancha de liquidacion) with adequate technology but this was not fulfilled and right now they are very restricted. In La Libertad, we are aware of the great sacrifice and enormous effort that they make to extract this ore to sell it.

I consider that there should be interest on the part of the central government to negotiate with this company so that they can prepare a system of liquidation with their own resources and that the government guarantee them their own concession within the mining territory so that they can work without the danger of being suddenly excluded from this territory. We know that at the level of the local municipality and in the La Libertad society, there is a great support for this sector because it has been a pillar of the local economy and we consider that it is an historic patrimony that belongs to the small-

scale miners. Even though it's true that there have been concessions granted by the central government, this does not mean that the small-scale miners will be replaced because there is a population that appreciates this sector.

I consider that this group – this sector with a considerable number; about 300 small-scale miners – that represents a very interesting value for development locally, has rights by their nature, to exploit this resource in the way that they do, extracting small amounts and with great effort and sacrifice. There are an enormous number of secondary veins, which are the ones that the small-scale miners are interested in, that can be worked for 500 years to exploit this resource, according to the criteria of certain miners locally.

Q – My next question is to reflect on the experience of Greenstone when they first came and had very unique and interesting policies, compared to other mining companies, in which they had a special relationship with the community, published a newsletter, began a social fund coordinated with the municipal office etc. I remember, as well, when I interviewed you and you had a lot of hope for this relationship and that it could result in investments that would ensure work in the future. I think you talked about orchards of fruit trees, chicken production projects and various other projects like this, that are more for the long-term to provide work when the company leaves or when there no longer is gold. What is your reflection now on this experience?

Mario – It was a dream. When I assumed the responsibility of directing the destiny of this municipality within my government plan, I'd considered supporting the agricultural productive sectors. Since this was a company with an enormous economic potential – we know that this is a large company globally, with considerable capital – and a social fund had been promised for local development in order to carry out small projects to benefit poor families and vulnerable sectors, as a government we had this concern, but at the time of executing these funds, it was not possible. I said to others, that at the administrative level, the mining company never administered these resources well because it seems that they were never able to recover the funds that they had invested, so the social fund that was to be designated to the local government was reduced to droplets. It was given in minimum proportions and it was used for infrastructure such as the opening of roads and opening some short entrance roads and other small costs like helping sports activities, supporting children and supporting the high school with a fence that was put around it. So the quantities of financial support were always insignificant.

The company had talked about a fund of US\$100,000 per year. In a year, maybe we saw 20% of this. So these other projects that had been foreseen to sustain the economy of the poor sectors of the municipality, these were not possible. I was able to achieve some productive projects with support from State Institutes, for example, support from the Institute for Rural Development for an agricultural technology project but the mining company did not help us in this way. They simply set up tree nurseries where we know they planted about 80,000 seedlings but these were ornamental trees, precious wood and others but not fruit trees. If they helped in agricultural projects, the help was minimum and to certain individuals.

Q – I'd like to ask about the environmental impact that's possibly the most serious, and that's the contamination of the water. I was in conversation with the small-scale miners and we were imagining the future and imagining the river when the depth of excavation reaches the water table. Perhaps we will see the day when water has a greater value than gold and La Libertad will no longer have water. Are there certain preventative measures that can be taken now? Can the situation be rescued or has the damage been done and there's no turning back?

Mario – With an invitation from Greenstone, I visited their mining operations in Santa Rosa, Panama. They were extracting ore from a depth of 400 metres and the result was an artificial lake that had been created. Probably they were going to develop a tourist project there and have an ecological park and boats for the lake. If there is contamination with toxic substances, even if it's not cyanide but rather derivatives of petroleum from heavy machinery that entered there to work, this water would then be inhospitable for species of fish. These would be waters that would be unsuitable for tourists to bathe in. These would be waters that could contaminate other sources of water. For this reason, I don't see anything positive in carrying out this type of project. It would be very optimistic to think that an artificial lake constructed by means of this kind of exploitation, would result in good conditions. Like St. Agustin said, "seeing is believing". I think that ideally, by my criteria, the government should contract the services of environmentalists so that they can evaluate the final results – and not only environmentalists by also mining experts perhaps from other countries where there have been alarming results. They could be contracted as consultants to change this idea of forming an artificial lake, which is what is being contemplated here in La Libertad, as well. This artificial lake would harm the waters at the head of the Mico River. In this case, in my opinion, once the exploitation has come to an end, the pit should be filled in with fertile soil that is not

contaminated. This way we don't run the risk of creating an enormous lake with a great volume or index of contamination, which could be fatal to local sources of water.

Q – Do you think that the government is prepared to apply this kind of pressure or that MARENA has the power needed to impose these controls on actions taken after the mine closes?

Mario – This is why I said that there should be a municipal meeting so that the population can express this concern to protect local resources. This would be attended by all of the organized groups such as the association of cattle ranchers, the local environmental commission, the municipal environmental commission, the teachers, the small-scale miners etc. so that they can make a call not only before the company but also to MARENA and State institutions so that they carry out a study that satisfies community concerns because, after all, we stay here while the big companies leave. They leave with good resources and leave behind an environmental deterioration that perhaps will not be recoverable.

Q – In those final stages of Greenstone in took a considerable period of time, I understand, before they declared bankruptcy. The community did not understand what was happening and for the small-scale miners, it was a very difficult period for about one year and a half when they didn't receive any pay and had no opportunities for work. I don't know very much about the laws in Nicaragua, but I wanted to know your opinion whether the process they followed in changing their identity from Greenstone to DESAMINIC, was legal.

Mario – the Company, of course, had very good contacts with the local government, which I headed up at that time. They always reflected a regeneration of their labours. There was a stop in activities to repair or change machines, repair equipment, establish new work proposals to enter into activity with a greater push and in this way they maintained a certain level of activity. Now I look back and feel that this was a trick so that the population would not be alerted and so that the workers would not form expectations to act against the company. They always talked about a work stoppage in order to reconstruct what had deteriorated. However, they have the ability to carry out transactions with other companies and at a certain level, they abused the generosity, the nobility and I think also, the humility of the population, in doing what they did. They left a tremendous economic emptiness in the population and also participated in the economic deterioration of commercial activity. Those who had contact with distributors, stores and businesses, would talk about the mine starting up activities again after this period of work stoppage, which was needed to make improvements in working conditions. This provoked instability in the population. The company would have been more serious had they said, "Look, for economic reasons, we can't continue to manage this project and we're going to negotiate with other companies." This is what they should have done from the start.

Q – What about in legal terms? Was what they did legal?

Mario – I think they acted in accordance with the laws. There is a mining law, which encompasses these companies and it is a law that's more than 50 or 60 years old. It's a very old law. At its core, it favours the mining companies more than it favours the community. It grants all the power to the investors. I think it's a way to attract investors to the areas that they'll exploit to generate a work force and development. The law provides many options and opportunities especially to mining companies. The law in this sense benefits them too much.

Q – I think there was a new law passed recently and it had some articles that the government tried to veto that had to do with protecting small-scale miners. I understand that pressure applied by organizations such as Centro Humboldt and others that are in the Mining Alert Network were successful in re-establishing those articles. I've certainly also heard the complaint that the law benefits the companies and investors more than protecting Nicaraguans.

Mario – I don't know about this new law.

Q – You've reminded me of the analysis that I've often heard from people here. Considering the excessive waste that they witnessed in Greenstone's operations, with large salaries for those foreign workers and the poor administration, it seemed that the company could not be profitable. These observations have led people to believe that Greenstones' intentions were not to be involved in production but only to open the mine, give a good image internationally, sell shares and to then sell the company. As they could not sell it, they then began to work in production.

Mario – Yes, I have heard this analysis as well, from miners, small-scale miners and people that have some mining vision. They have said that Greenstone is not a mining exploitation company but rather, a company for exploration. Practically

this is why they failed. On the other hand, they contracted some miners with notable experience but they had very high salaries compared with what was being generated economically and this favoured the economic degeneration.

Q – My last question is whether you would consider that Greenstone has a debt to this community in some way.

Mario – I think that it does because, first of all, all the payments in terms of compensation were carried out with great delay. The small-scale miners were paid for their ore, after a very long delay. This new company, DESAMIN, seems to only be paying half salaries, as well, which is to say that it does not satisfy the difficult effort made by the workers. On the other hand, there is a notable and discriminatory difference in salary for local workers with a vast experience base and who are very capable. Someone from the outside would receive a salary from US\$5,000 up to US\$20,000 while a national would have a super low wage of about 20% or 30%. From this perspective, it's noticeable that there is a discriminatory attitude. Also there was a policy they employed to trick us. We have to speak clearly. They tricked the population with their work stoppage for restoring equipment. This also left an enormous weight for clients and stores. I think that Greenstone has a high index of responsibility for this local economic deterioration.

Additional comments:

We made certain commentaries about the plans of the revolutionary government with regards to the work plans of the mining industry. I very much liked this historic project of the revolution because it included some social vindications for the Nicaraguan population. This is a population that had suffered because we lived with a dictatorship for 50 years and a system that could be considered a little repressive. Becoming familiar then with policies of social development and economic development and environmental development etc., it was very attractive. As this political system developed, there were expressions of another feeling, which did not correspond with the idiosyncrasy of the people. This generated greater conflicts and greater disagreements in the population and this project began to fail because it did not respond to the populations' expectations. This created an enormous division in the Nicaraguan family; great bellicose conflicts that left the whole country in mourning and today there is a lot of resentment between brothers.

So what happens with the mining industry? There is a panorama that's like paradise because they describe the mining industry as something that will elevate the quality of life in La Libertad, improve the economic quality in the municipality and that will offer great help for local development. When it begins to develop, there is economic extravagance that is considerable and there is social injustice with the workers, beginning with the discrimination that I commented on, with substantial salaries for those who come from outside and minimum wages for capable workers locally. The level of carrying out projects locally was minimal. An environment of uncertainty began, with less confidence in local development and insecurity. In summary, this mining project, in my opinion, has been a failure. After four years of exploitation, we would have liked this population to be better off. We would have hoped that all of the roads would have been paved by now. Perhaps these small projects that I thought of could have happened, such as the chicken farms, pig farms, beehives, family gardens where many poor families could produce food – but none of this was possible. There is discouragement and uncertainty. Our expectations were not fulfilled. We always said, "How lucky La Libertad is to have the biggest mine in Central America." And now it's the greatest sadness in Central America.

I don't know how this new mining project will develop.

Q – Hopefully the people of La Libertad will not allow this cycle to continue to be repeated.

Mario – The small-scale miners are very intelligent and I have asked them why the cooperative doesn't contract the services of a sociologist who could orient them. Their work requires great physical effort in which they are burying years of their lives in such difficult work only to then spend their economic resources on liquor and parties and unnecessary expenses. A sociologist could orient them and help them to think of social development projects and economic development projects with a vision to a better life in the future with greater stability, in which they are guaranteed a more dignified life. They would have better housing conditions and other options for survival when this mining resource comes to an end. They could have a vision of not only having a small parcel of land where they can plant but also a small factory, perhaps, of soap, toilet paper or whatever.

Q – What about a municipal jewellery workshop? This could also draw tourists here. The people are fascinated to learn of the mining tradition that's here. People would come here to learn, visit the ore-mills ("rastras"), buy jewellery made here, see how it's made, visit the sites where the small-scale miners extract ore etc. It's fascinating. I believe this is also a

resource and that this could attract people. This could be a type of tourism. The small-miners say that the gold reserve in the mountains here is great and that it could last another 500 years. Not as long, of course, with the type of extraction carried out by large companies.

Mario – When the San Juan mine began, I had not even been born yet. At that time La Libertad was renowned as a very important mining community in Nicaragua but the level of exploitation is not stable because the international demand for this metal fluctuates. A time came when this fame of La Libertad was lost and mining exploitation was ended and the people began to migrate to other areas. This town converted into a ghost town without any value and without any people. People from other areas came here to buy land and farms to start cattle ranching. Luckily, this community was able to survive with these two pillars of the Nicaraguan economy, which are agriculture and cattle ranching. Afterwards, there is a resurgence of mining and we can say that there are three important economic pillars. I think that small-scale mining is much more important than the mining company because the company comes for 3, 4, 5 years and when it finishes, they leave people unemployed. (tape ends)

## ***Interviews in Bonanza, Nicaragua***

***Eugenio Pao, representative of Centro Humboldt and former FSLN mayor – August 16, 2001***

Q – Eugenio Pao, could you please paint us picture of the context of Greenstone's involvement here in Bonanza.

Eugenio – First of all I'd like to explain what we have planned so that your visit could be fruitful, as well as your investigation. One of the stages could be the relationship with the presence of Greenstone and the relationship of the Neptune Mining Co. In what conditions did they find the community at that time when they were waiting for someone to take over the mine? A second part was the change from Greenstone to Hemco and then a third phase with Hemco in process, exploiting.

When the Neptune Mining Co. left, logically, the people remained with what might be called a vice (habit) in that there were a lot of good services, a good commissariat. Even though there were no unions or worker organizations, there was – in quotation marks – good treatment of the workers, in the sense that they had their own hospital, good salaries, had good production (from the mine), good plants for ore processing and could count on various services. There were these openings for them and a good relationship between the company and the workers. But when the revolution triumphed and the company disappeared, there was another moment, before the arrival of Greenstone and that was when the mine was in the hands of the State (nationalized). And logically, the services for the mining community continue in this new situation, with food baskets given, credit, incentives, brigades that are created etc. and there is a picture of shared responsibility to guarantee the production. In addition, the workers had to defend the hydroelectric plant and the means of production, facing the threat of Contra, counter-revolutionary groups that were present around the mine.

Then in 1990, the mine is privatized by the government of doña Violeta Chamorro. First of all we thought it would be Hemco but then we found out that it was Greenstone and there had been a certain hiding of information on the part of the State, to not reveal who the owners really were of the mining concession. Walter Smith came to confuse the people. He came to create expectations. He had Canadian nationality and came representing a Canadian company but I think he had been working in Colorado and that's where they found him. He thought the people that were in the community, where the same as before the revolution. He thought that there had not been any kind of change in attitude. So he came with this confusion and began to make promises that would never be possible. He was trying to maintain the economic, productive policies that the Neptune Mining Co. had had. But the circumstances were different now and it was another moment. People were thinking differently and they had knowledge of unions and the workers had been organized, which was something that had not existed previously. He began to interpret that investment really was not desired, but this was not the case. What the people wanted was that he talk about the reality of things and since we knew that many people were being confused, we tried to prevent disillusion and chaos in the population. As time passed, he was able to convince the State that the work of Greenstone was not possible in the plants that they had. They disregarded the obligations that they had; they should have lived up to these. This had to do with the fact that the mining area before was a camp and since October of 1987 we became a municipality, so the treatment had to be distinct now that we were no longer just a mining camp. This was not a very different situation. This is where the conflicts began. Who's responsibility was it to assure the

services and what are the obligations of a company within a municipality? Previously, the maximum power over a concession was the mining company and it was the Guardia at this time that kept guard. They were everything; they were the authorities. But now there was an authority within the juridical domain and within the administrative domain, within the constitutional framework, and that authority was the mayor. How were these things going to be combined? This was a new model that Walter Smith could not assimilate, so Greenstone felt obligated within its consortium to reorganize. This created a situation in which signatures were changed but officially, in the papers, Greenstone is always there. If the papers are reviewed, it's possible that the name of Greenstone still continues to be there but it's played out as though it were Hemco Nic. No one has made it official, on the part of the State, to say that these signatures were given at this time and within the legal matters of the concession, Hemco assumes responsibility.

We think that there was some kind of shady game being played, in order to evade fines and taxes, which arise from the concession when you're not able to live up to what's been proposed. There are requirements that a concession has to meet and when you don't comply within a certain period of time, there are fines and other pressures. To evade these things of taxes and payments, they changed the rules but none of it was done publicly or officially. Hemco also had to fulfill these requirements or it had to provide the opening to see if there were others who'd like the concession. There really were interested parties, for example some French as well as Spanish investors. What was suspected here in the municipality was that there wasn't sufficient economic capacity on the part of Greenstone but yet, parallel to this, Save the Children came onto the scene and they mounted a meeting with the municipal actors.

What we thought, was that Save the Children came to clean up the image of the Greenstone company and this is how we see it in the minutes that we have about the projects that Save the Children started to have in the municipality. However, they did also serve as a bridge so that Greenstone could understand that it wasn't that we didn't want them there as concessionaries but that there should be more and better communication with the population.

In the population, there were coordinators of local organizations, representatives of the civil society and there were distinct ways in which there could be citizen participation because we saw that the principal economy of this municipality is mining but industrial mining was having problems because of the price of gold on the international market. And for that reason, the only alternative that remained, was the artisan small-scale mining, which in this case had to do with great quantities of *guiriseros*, with almost 3,000 collective groups that were selling their ore to the company. They were doing this before Greenstone had the concession and there was the appearance of a new model of processing which was the "rastra" (ore grinding mill), which are throughout the municipality. These "rastras" began to have their presence in 1990.

Within this whole package and within the grand concession of the company, in addition to the rastras, the *broseros* and the *guiriseros* there was also a small concession for the development of the small-scale mining, which was known as the DPM. So within the big picture, there was this tiny fly. This was a mistake of the government to grant this small concession within the large one. They had this also during the government of Violeta Chamorro. So there was all this friction that caused a lot of tension and there was no interest to solve it so that everyone could work.

So in this way, Save the Children played its role. Some projects came that were coordinated with the municipal office and when things pacified, these continued under another programme in the same way. Also they helped a lot to carry out a social-economic study to help push forward projections. But what we noted was that their role was principally to give a positive image to Greenstone.

Q – And did they accomplish that?

Eugenio – Yes, they did because, also, afterwards there were changes in the personnel of the company and Tom McGrail came and this provided a new opening and taking into account certain decisions. For example, the energy problem – it's true that the company supplied it but who was using it was the community. The company barely has 120 workers and we're talking about 350 workers in a community with 8,000 inhabitants, so it's a minimum number that they are obliged to attend to. So it had to be understood that the majority of the population was outside of the company, considering teachers, health workers, business people, small-scale miners. So with this understanding, he came and there was a good relationship. In addition, there were advances made in the regulation and control of contamination of water bodies. Principally there was the treatment of the oxidation lagoon, which was established without the specified technical norms and the model had to be changed until they were able to set up a recycling system. So this has been improved.

But there are other things that once in a while escape the system, when they make the open cuts into the veins ("tajos"), cut off the top and then there's no treatment to prevent the sedimentation from affecting third parties, as the law requires. Still needed is to work on repairing the topography and the affects on the forest. They've reforested, they have seedling nurseries, so they've made some attempts but in other areas, not recuperating the areas that have been directly affected by the work in mining. What they've done instead, is to compensate the affects on one side for reforestation on another. But we see that they are much more open and willing because at one time they were practically closed and wanting to do just whatever they wanted without any preoccupation about what is happening with the flora and the fauna and the lives of human beings.

So in this sense, there was a different moment and we visited some points where we could dialogue with some people and hear their respective opinions, principally in two communities which were Santa Rita and Panama, because they have carried out the development of their work with open pit mining in the northeast direction, which runs along the surface. These are the communities that will be affected next, in addition to some principal rivers such as Bitinitar (?) and the Sucio River or the Tunqui River, as it's been known historically, but because of sedimentation and fecal materials and garbage that are dumped by the population, it's now called the Sucio (dirty) River. This has to do with Indigenous communities that are further down within the municipality, where there are 6 communities (Mucusua, Panulina, Calmata, Likiuas), without counting those that are within the territory of La Rosita, which are Santa Marina, Fruta de Pan and Wasakin. In addition there are Mestizo communities that are along the same river.

So, we could say that this offers you a general introduction and we can begin broadening this. I have something written, based upon the information that was sent to me by e-mail but because of the electrical problems, I haven't been able to get this for you.

Q – Could you explain a bit about the final stages of Greenstone's presence here? What is the analysis that the people have of the reason why they left?

Eugenio – There is very little information. We only now in general terms, at the macro level, what the causes were. Smith, who was the director of the company at that time, could not assume the responsibility and the role, so he was changed and they sent Tom McGrail who was somewhere else. But, officially, we don't have a document that would give us the reasons for why there was a signing of signatures passing the company from Greenstone to Hemco. There is a consortium of the mines that they have and all of a sudden there was a separation of shares, a separation of capital to the extreme that in the international stock market, as a company, they did not even reach one penny, to interest anyone in them and they fell so much that there was a separation of capital and the investors no longer had interest in them. But as there is very little information, it's difficult to confirm things but we can say that there was a change in signatures. It's the State that has to inform us, according to the laws and the constitution. They have to tell us, as the maximum authorities, what is happening and what actions are being taken. These changes in signature happened in 1998.

The entrance of Save the Children, for us, seemed to fall at a strategic time, in terms of their role to clean Greenstone's image. Of course there were other values that were important to us such as promoting a youth recreational centre which provided youth training so that young people would steer away from drugs and put more focus in their studies. This was very good.

There is another moment that we should also look at. That was when based on the price of gold, they began to form joint micro-enterprises. In this sense, now they are selling electrical energy to the municipal office who then sells it to the population. The municipal office receives it at one price and then sells it at another, to the population so that they can recuperate part of the capital. Another example is the gravimetric plant that will be managed by the guiriseros, which is within their own plant, which was an old installation which was used when it was IMINE or ENHMI (?) (National company of hydrocarbons and mining) in the 80's and 90's, on the part of the State. In the plant, there was a mining company from Bulgaria that was working and advising the State company. They were working in the poly-metallic area, at a mine called Vesuvius. This means, that this plant remained as an installation and it was reactivated, to put in a gravimetric plant that the organizations of guiriseros would pay for, little by little.

The guiriseros are in three organizations; one is called MINERBON; COOPEMIN; ASPEMINA and another that's independent. This gravimetric plant is now in an evaluation process to see if it's profitable or not. It is being evaluated to see if it's production rate is good and if the guiriseros can be convinced and so that little by little the rastras can be

disappeared. Today they are having a meeting to evaluate this but they haven't invited us – I don't know why. There has been an experience with this in Santo Thomas and it didn't work and so certain adjustments are being made here.

So as micro-enterprises they have the electricity, the gravimetric plant and a third one is selling products to the workers. The little money that they gain from their production, then, they would have to rotate internally so that they can subsist. This is like the dynamic they've established at other mines so that they don't lose the concession and have to leave the country, they committed themselves to produce for 5 to 10 years. Greenstone didn't do this; they used a different strategy to stay in this municipality.

Q – How does this gravimetric plant work? Does it use cyanide or mercury?

Eugenio – It uses mercury but within a system that prevents contamination. I can show you the design that illustrates the process. It really doesn't represent any danger because it recycles in the recuperation system so that the mercury does not go into the environment or into the water. Gradually, then, the rastras can disappear. We have to accept that the rastras are affecting the water sources. In the tour that we'll take you'll be able to observe this.

Q – Is there not a way to construct the rastras so that they don't damage the water?

Eugenio – It's possible. Various efforts have been made by ASPEMINA and the Technical Secretariat of Bosawas to demonstrate some different models. We've had the designs and everything but when it comes to the point of constructing it, though, that's when there are the fights and there's jealousy. Each group wants to be the absolute owner. We had the proposal into FADCANIC and the appropriate funds to promote a new model, which was ahead of what the company is now presenting, but there was bad management of the capital and the project left our hands. We're trying to open up the willingness again via a new organizational structure, and a new political model so that the people that are managing this can be trusted.

Q – This is very interesting because it's distinct from the experience of the small-scale miners in La Libertad. Here there is an effort to promote small-scale mining and in La Libertad there are only efforts to make them disappear.

Eugenio – For us it's difficult because within the strategy for development that we have, the top economic activity that we have is mining. The other one that we have is forestry but in the long run we don't have the human resources and there is great pressure on our forests from Siuna and La Rosita. Internally in our municipality we have the area of Bosawas and in the buffer zone there are two reserves with two protected areas that are Banacruz and Cola Blanca. Internally, the municipal environmental commission designated a biological nature corridor. So we have to think of another option which is not forestry but that is broad and sustainable.

We are trying to promote agro-forestry. Though our practices direct us towards forestry, we are trying to develop agro-forestry so that we're not left with a desert. We also have to protect this municipality because it's from here that the Wawa River gives rise and flows to Puerto Cabeza. Also the Bambana River starts here and flows to the Atlantic. And three of the national rivers that supply three watersheds, also come from here. We want to protect these things in our municipality even though we don't receive any support from National or Regional offices. This is just an expression of the interest locally in human existence and the other living things that accompany us.

Q – If I were to ask the people locally for their impression of Greenstone, if it was positive or negative, taking into account all of the different impacts, what do you believe they would tell me?

Eugenio – There would be equilibrium in the answers because they see the advances that the foreign companies bring. There is a longing for foreign companies. If you talk to the new generation, the answer would be negative because they say they are studying, they graduate from the institution (high school) but there are no technical careers in mining and even if they were able to study this, there is no work in the company here. On the other hand, if you talk to someone who worked 25 or 30 years ago, they would say, "the foreign companies are good, they're the only ones that have given us work because there have not been any other companies". The only thing that's been here is the mining. So it depends on the generation that you consult and within them you'll find a balance of opinions.

Q – What about in terms of the impact on the environment?

Eugenio – As I'd told you, they've made great efforts and they've improved as a result of the complaints and the pressure. They created an environment office and the municipal office sought them to participate in the Municipal Environmental Commission. They also invited them to participate in the Development Committee. So they are playing their part, since Tom McGrail came. Before that, this was not happening. The fellow that runs that office is attending a meeting today about how to manage forest resources. So there has been a change in attitudes. This is very positive. It depends on whom you talk to, to identify the parts that are positive, although there are also errors, which result from who is carrying out a specific civil work or some determined project. There is always something that escapes us, because as human beings, we have the tendency to commit errors but we also have the tendency to want to improve. The environmental office set-up by Greenstone continues to function with Hemco and supports the Ecological Youth Brigades.

We understood that the McGregor family was represented within the consortium but now they are only and exclusively on the Board of Directors of Hemco. The problem is that we don't know who forms the Board of Directors. There is a lot of hidden information; there is no openness and we don't have access to e-mail to search for this information. We think they're the same people here as in La Libertad or that wouldn't have moved Tom McGrail from there to here. There is information that escapes some times for example when someone asks where Tom is and we're told that he's resolving a problem in La Libertad. So we think it's the same people but with a different company name to avoid responsibilities or obligations.

Q – It seems that the situation in the two communities is very different. The people in La Libertad analyze that Greenstone's intentions were never to enter into production but rather to sell shares and then sell the mine. They were forced into production when they couldn't sell the mine. It seems that the intention was different here.

Eugenio – Perhaps it was the same but what happened is that it felt the same in the sense that there was the same situation with bad administration. There were administrative personal who were causing them wasteful economic loss and they were not investing in production. So it seemed that they didn't have the capacity and there were also pressures from the workers, making demands so it was Tom McGrail who came to calm things down. So I think they had the same strategy here, as it was all in one concession for Greenstone. There was no difference.

Q – So Tom McGrail is popular here.

Eugenio – Yes, as a strategist and in confronting situations of pressure.

Eugenio – Let me explain the different organizations of small-scale miners that we have here. The first one to be formed was ASPEMINA (Association of Small-Scale Miners). The guiriseros have never really had a single organization that brings them all together but the idea of ASPEMINA was to train and to change the technology of the small-scale miners. Afterwards, through the company, there was interest to form a cooperative of guiriseros who would be the ones to sell the ore to the company, creating a certain division of class. As there are various organizations of guiriseros, it was more conflictive for the company to deal with all of them. This gave rise to COOPEMIN, which is a cooperative of miners, which is intimately related to the mining company, Greenstone or Hemco. Afterwards, ASPEMINA when it changed its mission, converting into a small business, it began to lose associates. Then a third organization gave rise, which was contradictory to the interests that the mining company could have and it was called, MINARBON (Mineros Artesinales de Bonanza).

So this is the way in which the forces are divided. Recently, the lowest attempt amongst the organizations of the guiriseros, is that the company has brought together a group, which they call the Independent guiriseros. There are three kinds of programming and for the Independents, it's an employee of the mine that directs these and so they cannot be called independent because they don't make their own decisions.

So the guiriseros are divided up into four groups, which means that there is neither unified criteria nor pressure on their part. This is a strategy that has been played out by the company because they have been strongly pressured because normally when the guiriseros provide ore with high gold content and are expecting good production, and good money to cover their needs, they suddenly realize that the gold content has come out low, which is popularly called "barrillos", when they don't get anything. They are not permitted to carry out another analysis. Tomorrow when we have meetings with representatives of this cooperative, you will discover that there is a closure and a negation of information from them. They (the company) take away their right to realize demands for something that they are selling. They make them sign papers and many times they don't know what they're going to do.

With this “barrillo”, they find that they get a greater benefit from this ore if they take it to be processed in a rastra instead of selling it to the company. As they say, “there’s no other tree to hang yourself in”, as the concession belongs to the company. They tell you if you’re taking ore out of there and you’re taking it somewhere else, they’re going to chase you from the point and then you’re not going to have access to taking out ore. So you have to bring the ore to the company and then bring another ton or two somewhere else, secretly, so that you can subsist. They oblige them to do things that are incorrect because there is no confidence in the commercializing. Normally when there is supply and demand, there needs to be confidence in the two sides that are negotiating but this openness is not there so that things can improve. This is the trajectory of the guirisero in relation to their organization.

Fifteen kilometres west from here is Vesuvio and Constancia which is an old mine and there is a group there that has a concession and they’re called DPM (Desarrollo de la Pequeña Minería – Small-Scale Mining Development) but this now is a micro-enterprise. There is a group that is associates and that have shares and they’re trying to enter into a competition of micro-enterprises, which is the direction, that all of the guiriseros should be going in. They should be seeking their independence so that they can make their own decisions and have their own concessions and their own administration of their wealth.

***Interview in Bonanza with Angel Blanco, President of COPEMIN  
(Independent Cooperative of Small-Scale Miners)***

Angel – To describe the situation of the small-scale miners to you, I should begin by explaining that we have signed a mercantile contract of buy and sell with Hemconic represented by their president, Tom McGrail. This was signed in July 12<sup>th</sup> of 1999. We have now had two years in this contract. We have had some problems with this contract. The company has not been paying the value of the gold (the “ley”) per ton of ore. At times the value that they determine is not in agreement with the value that’s been calculated by the small-scale miners. They don’t pay what we feel that it’s worth. We lack an independent chemical laboratory (assay) because we really don’t know what value they’re paying us – what percentage of richness there is in the ore of silver and gold. We’re at an impasse as this is the only alternative that we have to work in mining within the concession, because the concession is part of the Hemco company. According to the State and the Mining Law, this belongs to the company.

We lack an independent concession so that we could have the best technology to extract the gold. We don’t have any financing from any organization in order to improve our technology. We have made an effort to elaborate projects but we have not received any response. When we look at other countries, such as Peru and Ecuador, their small-scale mining is very advanced. Here we are still primitive using what we can – a metal bar with a sharp point, a pan etc.

Q – When these projects are elaborated and support is solicited, is this a coordinated effort between the small-miners groups?

Rafael – Certain things are coordinated. In terms of the contract with Hemco, it’s only two cooperatives that have this; COPEMIN and MINARBON. 300 heads of collectives are grouped together in the Independent cooperative. Each collective has four associates. We don’t have any guarantees, as this is a contract of buying and selling, so when we have a labour accident – and we’ve had cases where miners have been buried – the small-scale miners don’t receive anything. We don’t have life insurance and we don’t pay a quota to INSS (Nicaraguan Institute for Social Security). We’ve solicited to become affiliated and to pay the percentage that’s needed to be insured, but we haven’t be accepted by INSS, which is the government. We don’t have any protection.

The contract was signed 18 months ago and really, the period that it covers has now ended. In the last clause, however, it says that it’s renewable and we’ve maintained this and it’s been supported by memorandum that we’ve received.

With regards to the environment, we do not have access to any kind of technology that would allow us to lessen the impact we have on the environment. Regarding all of the residues, such as mercury etc., we have to be clear, since many years ago; all of the rivers have been contaminated. We don’t have financing or support from any organization to improve the technology, with regards to the process and mitigating the impact on the environment.

Q – Is there a higher level of consciousness about the dangers of mercury and efforts made to lessen the escape of mercury from the rastras?

Angel – Yes, but just with one specific method, which is called the “retorta”. This is something that was made in Bosawas and it was given to the owners of the rastras so that more of the mercury could be recuperated and not enter the rivers. But it’s difficult because many of us work with a “molinete” (small mill) and we don’t have any kind of protection. The company only covers its workers with regards to basic services but those of us who are covered by this contract, we don’t have the food baskets, we don’t have medical services, we don’t have any physical protection devices, nothing. The workers receive emergency assistance, if there’s an accident, in the military hospital and the company pays for this. We, however, live with what we sell to the company, as though we were selling in a market. We’ve had meetings with the company to see if we could receive some of these social benefits but it’s been difficult. They just tell us that they are in an economic crisis, that they are just surviving and that they don’t have resources.

Q – Is that true?

Angel – What I’ve seen of the company’s production figures, it looks like it’s pretty good. They tell us that there not in a position to provide us with any social benefits.

Q – What do you think is the contribution of the small-scale miners to the total amount of gold that the company extracts?

Angel – We don’t have access to this information. They have this information and we’ve solicited it but they won’t give it to us. This is a strategy of theirs.

Q – This would be important information to have in order to determine how much negotiating power the small-scale miners have.

Angel – Between the 3 cooperatives, monthly, we produce about 3,000 ounces. So this is the statistic that COOPMIN has, in accordance with the value that we calculate. The company, in order to determine the bonus for workers, they have a table that shows the monthly production goals. Right now the goal is from 2,000 to 2,800 ounces. They had it at 1,500 then raised it to 2,000 and now they’ve upped it to 2,800.

Q – So the small-scale miners produce more gold than the company?

Angel – Yes, but clearly if you ask them this question, they’ll say it’s a lie but this is the statistic that we have.

Q – If the small-scale miners were to stop working, then, the company would only be producing half of what it now produces.

Angel – Yes, 50% and we don’t receive any benefits despite the advantage that they have from our contribution. In addition, they would like us to disappear. The other problem that exists is the Mining Law, which does not contain a single article that protects the small-scale miners. The law directly is intended to protect the national and international businesses that are in the concessions. Within the 6 articles that are in the present law, there is nothing that mentions our right to exploit, although we are autonomous and native to the Atlantic coast, according to law 28 of the Autonomous law. The executive (government) had some changes made to this law but none of the articles contemplate the small-scale miners.

There is a proposal to have a separate law covering the small-scale miners. Yesterday we had a seminar with Eugenio Pao, to talk about the projects that we could present to the National Assembly with the view that a law be introduced to benefit the small-scale miners. This was not done but perhaps in the next year.

Q – What would you like to see included in this law for the small-scale miners?

Angel – There are proposals for changes to the Mining Law, which include:

1. small-scale miners having the same rights to exploit the small deposits and veins within the municipality in which they work
2. to improve the technology used by small-scale miners to process the raw material
3. to have life insurance equal to any other worker in the company

What happens here is that we get buried under 15 tons of earth, we die and they just give us coffee and bread (for the wake) and that's all. The family remains without any protection.

I've been working in mining for 16 years.

Q – Throughout all of these years, have things improved or become worse? You've seen many different moments. When was the best time?

Angel – I think it was the best with IMINE in the 1980's. We saw the most positive results. We saw the production and we sold the production. But in these current years, we don't know what the value is that we sell and what is the value that they pay us and what is recuperated. We don't know anything. The calculation is done on the basis of a table of averages; average values of gold content. We are not allowed to be present and witness the analysis that's done of the ore. There is a clause in our contract, which states that they won't accept our presence in the room where the scales are located, that are used to weigh. They are supported in this, by the Mining Law, the Ministry of Commerce and Industrial Promotion and AGEO (?) that state that the company has all of the rights as owners of the concession. That's were I saw what the Mining Law was all about.

Q – So is there is a suspicion that the company is robbing the small-scale miners?

Angel – We suspect that they're not transparent because if they wanted to they could show us the proof for the value that they calculate. They pay us for an average gold content value, rather than for the ounces of gold that have been recuperated. This is where the whole sector of small-scale miners is being robbed by Tom McGrail. What he says to us is, "I have a contract of buying and selling. If you want to sell to me, do it and if not, Shit! Go to the rastra. All you represent is 10% of the production. This concession is mine and I pay my taxes to the government." This is the figure they give us but we know that we're closer to 50%. As the Mining Law does not protect the small-scale miners, we're on our own.

Q – What contributions have these companies made towards the development of the community?

Angel – To date we've seen some benefits in terms of support for a new hospital but really what we have here is the problem of electrical energy because the people question this. Companies come to exploit our wealth and within the agreement for the concession, they have to guarantee all of the basic benefits for this community; energy, health services, social works, construction of houses etc. But really we haven't had any of this. Nothing. This is what they have to live up to, in order to obtain a concession.

When we, the small-scale miners solicit some support because of an emergency and we need to borrow some money, they tell us they don't have any. We have to find help from somewhere else.

Q – Legally then, the company has to provide these services for the whole community or just for their workers?

Angel – No, it's for the whole society of Bonanza, whether or not you're a worker in the company. Because they are taking away the wealth from here and we don't know how things are going to be.

Q – Do you have any idea of the size of the gold reserve here?

Angel – These are statistics from the exploration of the concession and they are secret. But the information that we have is that there is a large reserve here. The problem is, however, that they don't want to invest in exploration or exploitation. They have concessions for exploration and for exploitation. They use the small-scale miners to carry out exploration. There are times when we discover deposits because of the experience that we have.

Q – What do the small-scale miners earn on average, per month?

Angel – This depends on the average gold content value (the "ley") that they pay us. In general we have 10 tons per collective and the value oscillates between 0.50 ounces and 1 ounce per ton. An ounce has 30 grams. But the company does not pay this value; they pay 0.30 to 0.40. The small-scale miner takes home an average of 1,200 córdobas per month.

This works out to about US\$100. If we were paid for the actual quantity of gold that is extracted from our ore, we would earn more.

To live with this salary, we use a system of credit because out of this 1,200 cordobas, I also have to buy explosives and sacks and all of the other materials and tools that are needed.

Q – Does the company assist with any of these materials?

Angel – Nothing. We have to buy all of these things in the market. The only problem that we have is with the explosive, dynamite, because the company insists that the only ones authorized to sell this is the government. This is because of the attacks in this region. So we have a shortage of explosives and we have to get in from the black market, paying 100 córdobas for each explosive.

Q – How much does that leave from your salary, for the use of the family?

Angel – In general, it leaves about 400 córdobas per month. This is to cover food so that another 10 tons of ore can be extracted by the group. And this is taking the risk that we're not going to get anything. Maybe the value will be as low as 0.15.

Q – Does that happen frequently?

Angel – Yes. So we accumulate a debt with the stores and sometimes they apply 5% for the products. They have to wait until we're paid for the next delivery of ore.

Q – I'm going to share a criticism with you that I've heard several times, about the small-scale miners. It's said that they receive their pay and then they just spend it all on alcohol. They fight for better pay but then this is all that they do with it. What's your opinion of this commentary?

Angel – This commentary in this community is very dangerous. The information that you have about this is true. I think this is as a result of a lack of orientation or some seminars about these effects and the impacts that this can have in their families. We have to look for a method to orient them so that the money they earn is not wasted on alcohol and parties. There are cases where the day after a pay is received, there's nothing left. They don't even have money for food. This is true but in some cases, not in all. About 25% of the small-scale miners drink. Some drink because it's their tradition and for others it's to forget about their problems in the family or in the community. They think that drinking will solve things but, instead, it makes things worse.

They have to have some kind of psychological treatment or orientation so that they'll learn about the effects. There are no AA groups or psychological support or any other kinds of organizations to help them. It's not like in Managua and on the Pacific side of the country where there are programmes for drug and alcohol addiction. There is no organization that has taken interest in these issues here or to organize seminars about this. We have talked about this need because there are times when we earn a bit more, like 2,000 córdobas and there are a lot of "coyotes" around who ask you for money to buy alcohol and before you know it, you have nothing left for yourself.

Q – Maybe the women should be put in charge of the money.

Angel – Many like this but then there's the criticism that the man's being controlled by the woman and how can this be, since it's the man that works? There's this aspect of machismo. But I think the better plan would be what you've suggested and to not be controlled by what people say. But if we don't bring money to the home and there's nothing to eat, how are we going to be able to work. There are no revolving loan funds or anything like that.

Q – Do the cooperatives like yours have regular meetings?

Angel – Yes because that's our policy. I'm the president and we have a board of directors and we meet monthly or every 3 months to inform the members of the buying and selling transactions between Hemco and the cooperative. This is in a general assembly. They collect dues of 2% of the total production, so for every 100 cordobas, each member gives 2 córdobas to the cooperative. This 2% is to pay the president, the treasurer who witnesses the sample in the laboratory

process, to pay for the office, to pay the secretary and to buy paper supplies. There is no social fund because we barely cover these costs that we have. Sometimes we collect 800 córdobas and when the gold content is high then we also collect more, up to 1,300. At these meetings we just talk about work and the technological and geological mechanisms to extract the vein. We don't use these as opportunities to do any type of education although this could be done. We need some organization to provide us with workshops.

Q – Of the most recent companies that have been here – Greenstone and Hemco – do you have the opinion or impression that they have a debt with this community?

Angel – No. I don't have any information about this. These last years that Greenstone and Hemco have been here, the situation of the impact on the environment has improved a little. The techniques have improved but there are times when there is an impact on the environment, in the case of the open cuts (of veins) because there isn't reforestation. There are various locations that are deforested.

Q – I want to return to the point about the salaries which you said are about 1,200 cordobas. How large are the families of the small-scale miners?

Angel – There are an average of 6 members per family. With this salary they can't cover their costs and they have to find income from other sources. In our family, my wife also works, washing other people's clothing. This is just to survive because we can't cover the cost of the basic basket, which contains 53 products and costs 1,600 cordobas. This is the information that we have from the union. Sometimes the children go out without eating; maybe they'll only have coffee and bread.

Q – If you could send a message to Canadians about the mining companies that have been here, what would you like to tell them?

Angel – The message that I'd like to give to the government of Canada as well as to Canadians would be that they be more concerned about the transnationals that exploit the mining concessions and here in Nicaragua, specifically the case of Hemco. We should be given the basic benefits; electricity, housing, health care, education. Guarantees should be given to the small-scale miners who have no protections from the foreign concessionary. Canadians should also be concerned for the safety of the small-scale miners. We really don't have any benefits and we are the ones who are selling material to them. This is the message that I would send to the government of Canada. We should also be assisted to find a way of improving the technology of the small-scale miners and in this way, to have some advancement in the society in which the company is working, in this case, Bonanza.

The salary of a worker in the company ranges from the basic, 360 to 480 córdobas per week plus the benefits, which they receive. They receive their basic basket of supplies, health services, education, loans, emergency support and other benefits. I worked for the company for two months in 1999 in the department of the processing plant. The problem was that when the ore was being reduced (crushed), we were paid 2.25 córdobas per hour and we had no other benefits or incentives. The miners that worked in the subterranean area did. They demanded of us to repair the crushing machine. If I'm doing this work, I also have the right to benefits or discounts (bonificacion) but they didn't pay this. When the boss saw that I was organizing the workers, they had a bad impression of me and so when I went to sign the list, I was told in the human resources department that I was on contract for 3 months and that it had ended. The boss had told them that I was organizing the workers and "of course I'm going to demand my rights", I told them.

There are two unions but right now the leadership is being challenged. There is one leader who is on the side of the company and the other who is on the side of the workers. This is a hot issue right now. Juan Lago Hernandez (SINTRAMIN) is the one who supports the workers and the other union is SIOM (Independent Union of Mine Workers) that supposedly supports the company. So right now, there is this contradiction between the two unions.

At that time no one in that crushing department received benefits. Now they do because they are applying a rule based on production. The whole department gets this now but they have to work hard for it because it's based on production. If they recuperate 2,000 ounces per month, they get 10% (? – maybe 2%) more in their salary. Before it was just a flat 2.50 córdobas per hour and they didn't look at the production.

Q – What is the struggle of each of the unions with respect to the company? What would they like to gain?

Angel – From what I’ve heard, they are only fighting for the company’s rights and not for those of the workers. There are complaints about this. The two cooperatives, COOPEMIN and MINARBON have good contracts with the company but ASPEMINA does not. There are problems between MINARBON and ASPEMINA but these are internal problems that I don’t know very much about. ASPEMINA represents the miners who have rastras and they don’t have any agreements with the company. The strategy of the company now is to get rid of us because we are demanding that they guarantee benefits for us. That is what the two cooperatives are fighting for now but we don’t have any future because the laws do not protect us.

Q – Can you tell me about your personal history?

Angel – I participated in the Sandinista army. I was a first lieutenant, as a company chief of a combat troop. I completed my secondary education and I am a medium technical administrator and I was an assistant accountant in the Bank of the Americas which is located in front of the National Assembly building in Managua. I was mobilized in 1991 and from there I was retired. Now I’ve come to where my family is and I’m thankful to God that I got away with my life. I was injured in the war and here I am working with the small-scale miners and struggling.

I’m going out now to explain to the small-scale miners about the gravimetric plant because this is what the company and the central government would like. They say we contaminate the most. They tell us that the gravimetric plant will lessen the environmental impact and benefit us more but that’s not true. We will be worse off in terms of quantities of ore as well as the amount of gold that’s recuperated. It’s better for us to have a buying and selling contract or for us to find another mechanism. The majority are not in agreement with the gravimetric plant. I’m going to make an exposition about this right now at the work sites because I can’t do this in an assembly here in the community because we did that last month and politics started to get mixed in. I am what I am, Sandinista or not, but work is work and I’m very neutral in this regard. Oil should not be mixed with water. Politics is politics and work is work. So now we’re going to talk about the pros and cons of this gravimetric plant. It’s about an hour’s walk away.

***Interview in Bonanza with a Woman Guirisera from Rio Blanco  
who was processing her ore at an ore-processing collective***

We have here a “mortero” and “molinete” or “picador” which are used to crush or break up the ore.

Q – How many women are there in this collective?

Woman – I don’t know how many have stayed on but I think there’s only two.

Q – Do you have to pay to process your ore here?

Woman – You have to pay, according to the amount you’re processing. You have to pay 10 córdobas (US\$.75) for each pail full.

Q – How much gold do you extract per pail?

Woman – Sometimes we don’t get anything.

Q – So much work for nothing! Have you been doing this for a long time?

Woman – Four years.

Q – Is this what your family lives on?

Woman – This is what we live on.

Q – Your husband as well?

Woman – No. He left me.

Q – Oh, those men are bad, right?

Woman – Yes. That’s how they are.

Q – Mine hasn’t left me yet but perhaps one day. (laughter) So you take the ore from there and then put it into the “molinete” (little mill)? How much gold are you getting out of this ore? Are you getting something?

Woman – Nothing, just two tenths. I don’t know how many grams that would be. It’s just a little bit, like this.

Q – Would that be like one or two grams?

Woman – Yes.

Q – Do you sell it then and how much do you get?

Woman – Yes, about 20 córdobas (US\$1.50).

Q – How often are you able to extract this amount?

Woman – Each day.

Q – Can your family live on 20 córdobas per day?

Woman – Not at all! It’s just barely enough for food, that’s all.

Q – Do you have any other income?

Woman – No. Just this.

Q – How big is your family?

Woman – There are seven children.

Q – Are there many women who work like this?

Woman – All of them. Practically all of the women here work in this.

Q – All of the women in Bonanza?

Woman – The women here in Los Cocos (outside of Bonanza).

Eugenio – There is one person who’s responsible for this project. She comes and each person pays 10 córdobas per pail full.

Q – They only extract gold worth 20 cordobas, so they’re paying half of that for the processing.

Woman – Yes, that’s right, it goes in the payment.

Eugenio – How much does a penique of gold sell for?

Woman – 120 córdobas (US\$9).

Q – How much is a penique? It looks like about 5 grams. Is that right?

Woman – I don't understand that measurement.

Q – And I don't understand “peniques”. Have you lived here for many years?

Woman – No, we came here from Rio Blanco about four years ago.

Q – Why did you come here?

Woman – I was told that there was more work here. Life is more difficult back there.

Q – Harder than this?

Woman – Yes (laughter), so we came here.

Q – Is it better here?

Woman – A little bit.

Q – There's no gold in Rio Blanco?

Woman – No, there isn't any.

Q – What kind of work did you do in Rio Blanco?

Woman – Whatever. We looked for whatever we could find.

Thank you.

### ***Interview in Bonanza with Members of the Coordinadora Civil (Civilian Coordinating Committee)***

Woman – We have a very big worry in this municipality because here it can be said that this is completely a mining sector and the trans-nationals, wherever they've come from, it's always the trans-nationals that come to exploit the natural resources as much as the human resources and as you can see in this community, there is nothing. There is no sewer system, for example. The companies that have come here have not left anything.

However, since you're in a hurry, we're going to elaborate quickly. Our rights are being violated because the mining company. It's been more than 60 years since they have given us this benefit (electricity), which by right has been earned by this community. While it's true that they pay taxes, all mining companies, according to what's contemplated in the law, have to leave social benefits in the place where they are exploiting. The natural resources are being exploited here and, as I'd said, the people are exploited and what remains, is the exploitation and the waste and also many ill people, who are as though they were dead while they're alive. These are the people who have silicosis. There are young people who are only 33 years old who have retired because they are ill.

Q – How many cases are there of silicosis?

Woman – There are many. We don't have the count but there are many. Many of them are young and are ill. So we can say that this community is a community of retired people, former workers of mining companies and sons of the retired and sons of workers and families of workers. Even though the agricultural frontier is expanding, the majority of people are those who are in mining. The mining company is exploiting the natural resources as well as using the rivers to generate electrical energy, which is what they supply to us. This electricity is not from a diesel generator, but rather from the natural resources, which are ours. Now they want to charge us for the electricity and are carrying out a negotiation with the municipal office, which is Sandinista.

This presents a great problem for us. If all of their lives they have enjoyed these resources, it is not just that they come to tell workers now, who have been with them for 49 years, which is the case of my husband and many other workers, who have received a miserable salary for their entire lives with this company, that now they also have to pay for the electrical energy. They have not thought of the impact that they are causing in this population. The disagreement, therefore, is generalized in this community. If it's true that the company is going to charge 47 cents (Nicaraguan) for the energy, the municipality is charging us 1.50 (one and a half cordobas) per kilowatt.

We consider what they are doing to be unjust. This is why we've presented information at the national level, at the level of the Sandinista Front, at the governmental level and with all of the organizations to see what they can do to prevent this from happening. Because we are not prepared, nor is the community of Bonanza, to permit more of this abuse. This is a right, which we have won, and there is no reason why we should have to pay for it.

Q – What I have heard – and I'm not speaking in defence of this view – is that they say they are charging the minimum and that this will create a fund that is available for other community projects. So this is what they tell me is behind the idea of charging for the electricity.

Woman – There cannot be development when they are squeezing the community. There can be development when there are new negotiations and the community is not affected. Because we'll have development here but it will impact greatly on the community with the cost of electrical energy. Now they will charge for electricity and then later it will be the same for water, so we are not in agreement and neither do we consider this to be a support. When we look at what the company charges and what we're charged and clearly the difference is a profit for the municipal office. There cannot be development in a community when they are being squeezed.

This is a mining community and the company has not opened up new sources of employment although they promised to when they signed. Instead they have thrown many workers out into the street who then, have had to turn to working as guiriseros. I am talking about Hemco. Many of these guiriseros, work for one month, accumulating debt in various places and then it turns out that there was no gold in their ore and are only left with a great debt and no earnings. How are these people going to be able to pay for electricity? There are pensioned people here who earn 200 córdobas per month (US\$15.40). How are they going to pay for electricity? Really this is just a dream. We live at a great distance from big cities and here; we have to work out how to resolve our own problems. This is a very big problem that I am presenting to you.

Man – Despite the great riches that this country has, it's considered one of the poorest in the world. According to documents that I saw in the municipal office, 72% are experiencing extreme poverty. This is the level that we have here. This means that out of 1,000 homes that have electrical light here, 700 will not be able to pay for this service. The other thing that I wanted to add is that the business of this company is not to sell electricity but rather, to exploit the mining resources such as gold, silver and a few others that are stipulated in the ministerial agreements. It's our opinion, then, that they are violating these agreements. The Canadian, Tom McGrail's words were also that he did not want to make a business out of selling electricity to the municipal office, but if we calculate the cost of the production of each kilowatt of energy, which ranges from 10 to 18 cents Nicaraguan (US\$.0077 to US\$.0138) and the 1.50 córdobas (US\$.1154) that they want to sell it at, clearly it's a big, juicy business that they want to have. This community, as we've said, is not prepared for this.

It would be like drawing water from a stone because this community also has an economic recession caused by the same injustice that the company applies here, beginning with the treatment they give to the guiriseros. Maybe you understand this or maybe you have not heard of this, but what this means is that there is no transparency in the negotiations with the guiriseros. They don't give them the real results of the chemical analysis and this is affecting this population, as of five years ago when Hemco came here. So we feel that this recession, which has also been caused by the company has brought this community to the extreme poverty that it is experiencing.

The other thing is that the majority of elderly in this community are descendents or generations of the first miners who were here – that first came here. They have, therefore, inherited the weight of poverty that began with our ancestors. We, as well, don't feel that we are capable of paying for this service. We feel that this is a right of ours, earned by our fathers, grandfathers and by ourselves through our work for this type of company. This processing plant was destroyed three times by the counter-revolution (contras) and it was this community that reactivated it. It was reactivated by the technicians in this community. We have a historical right, which we have earned, as well as a current right.

This company, as well, for the real costs of each kilowatt is not so that they can say, this costs them a lot and define it such that the municipality has to design projects of progress when they are not going to get this. The conditions of poverty here are extreme and have been caused by them as well as other organizations that are lending themselves to this kind of game. I want to be very clear in this regard.

Q – What are these other organizations?

Man – I'm not going to mention the organizations but I want you to make many notes on this. A very extreme line has been developed here in the area of environmental conservation and this is also affecting this community. If this perspective is developed, at least they should look for alternatives to counter the impact because they can't come and tell us that the guiriseros are contaminating here. We are very clear about this but the question is also that we must look for alternatives for the guiriseros. There have been studies made here but they have not been implemented according to the recommendations. So there are very personal interests that are also affecting this community and I'm going to say that the position taken by Centro Humboldt is not very good and the position of Bosawas is not very good. They are developing a strategy that really is affecting us very much.

Q – Are you referring to the position that they take in criticizing the guiriseros and their use of the rastras and how these affect the environment?

Man, Victor – Yes, with the small-scale miners but not only them. Also I'm referring to the agricultural sector because they point out the deforestation, the contamination with mercury and other elements. We know about these things and we are against contamination but what are the alternatives? If a policy is developed that is too extreme in this area, we are not doing anything, either because the people turn to social survival. The municipal office can produce 100 endorsements, 100 ordinances but none of them are applicable because the people have to eat. Centro Humboldt and Bosawas have positions that are too extreme in the area of conservation. These are things that should be applied but not to the extreme of eliminating the guiriseros and the campesinos. Where will we get our food?

Q – So what you're saying is that they can talk about these things but they have to also consider the context.

Man – Yes. There can be holistic development but these organizations must also be willing. If they want to do things, the way they want to, they are not doing anything so great. Let's begin with the problem of energy. This is affecting us a lot. There is a lot of tension. They have already cut the electricity of some people here, they've threatened to cut the electricity of some other people and they're also blackmailing and pressuring the people. We are against this. Sixty years of electrical energy practically converts into a tradition and we feel that this is a historical right that we have earned. To tell us from one moment to the next, that they're going to cut off the electricity, is a blow to us. We pretty much protected that plant 24 hours per day, during the time of the counter-revolution and many friends of ours died there. We also protest that. It's the policies of the government that sells the company but they don't pay any attention to the population. This is not our fault. They can't just wash their hands and say that it's the government that wants this to happen. If we have to go against the government we will but we can't pay for electricity. They can come and cut my cable or put in a metre but I'm not going to pay them. My grandfather gave his lungs to the mine where he worked for 40 years. My mother lost her youth to the mine and worked there for 40 years. I claim that right, as we all do.

We are suffering from extreme poverty here. Although they want to privatize the electrical system here, this service cannot be paid for. This could be the first place in the world where it is said that the community must be given electricity. The social weight of all the work that's been done for so many years, has been generated by the mining company and this social weight is all of us. And it is the elderly who are pensioned, retired with silicosis, tuberculosis and mutilated and the orphans of people who died in the mine as well as the orphans of those who died defending the plant. There is a great sector here that claims this right, for this reason. These are our own resources. These are our rivers and we don't know under what conditions they have been negotiated. Why can't they give this service to us free, even if it's negotiated so that it is guaranteed to several generations until there is economic recuperation in this community. This company promised to invest US\$75,000 but how much have invested? This company has closed down many sources of employment. This, as well, is causing a lot of damage.

There have also been a lot of people who have immigrated to here as fruit of the great poverty in other areas and this is now an additional social weight for the community. We are not making demands for them, we are demanding for us. If

they want to charge them for electricity, they can go ahead and do so because they're from outside of Bonanza. The natives of Bonanza, however, who are the sons of the old miners, should not have to pay.

We know that to produce the electricity is not expensive because we know the people in charge of the plant and they tell us how much they earn, how much it costs to clean the transmission, how much the maintenance costs etc. For the lack of transparency that the company practices in the payment to the guiriseros for their ore, and the illegal reduction in ounces of gold, this should pay for the electricity that they give us.

Woman2, Gladys – The problem is that Eugenio is with you all the time. He doesn't leave you for even one second and so one can't say everything that should be said because he's there. You feel pressured because of his presence. The main intellect behind all of this is Eugenio and his wife, Juan Sabao, Gregory Downs of CEDEHCA and the vice-mayor, Alfredo Moreno. It's a small group who know perfectly well that when they sell electricity, it's they who will benefit the most.

There are people, for example, don Ramon Tobio who says that if he were to be interviewed he would ask Alfredo Moreno, Eugenio and the mayor, to see if they know who the person was who put in the first light bulb in this community. Because they were not even close to existing then. It's been 60 years, as has been said, since we've had electricity. These names that I've mentioned are the main knives in the community. They are the ones who are sticking the knife into us so that people will pay for electricity.

Look there are pensioned widows here who only receive 150 córdobas (US\$11.53) per month. Can they pay for their electricity? If 20 córdobas are taken, then they're left with only 130. You know that no one eats with just 150 cordobas. They tell us that there will be exceptions but at the time of collecting, there won't be any exceptions because we have seen this on other occasions.

Marina – As civil society, the day that the agreement was to be signed, we occupied the municipal office and delivered a letter to the vice-mayor, Alfredo Moreno who then was acting as the mayor. The letter demanded our rights and he said that he could not desist in this project because the mining company had placed such a shiny business in their hands that they could not waste it. At this moment, Victor Amador intervened and he demanded our rights and said that they could not desist because they were the municipal government and that they were acting according to law 40, which is the municipal law. The projects should be made in accordance with the reality of the municipality in which we live and how we live. This municipality is in extreme poverty so if there is a project of social development, I ask the question, "what will this project bring for social development?" If there is no injection of money, there can't be any social development because there is no work here. Right now to live here, I have to sell raffle tickets.

Q – Does the mayor answer these questions?

Marina – The only answer that he gave was that he is only interested in collecting the municipal taxes whatever that would take.

Q – What did he say would be done with these taxes?

Marina – He said there would be social development in this municipality. But I repeat, this project cannot have continuity because who, with what, is going to pay. We told them, "you want this project so that you can carry out social projects but first you have to give work to this community". When they guarantee work then they can promote whatever project and we would be the first to support the development of this municipality. All the trans-nationals that have come, have only come to exploit and they've never complied with ministerial agreements. They have never left anything here. We are against the activity being carried out by the municipal government. We are not going to permit this project with the conditions that it now has.

Man2 Antonio – I think that my friends have presented the situation that we are facing. The truth is that we are a community where the voice of the poor is not heard. We have had thousands of meetings, not only with the municipal government but also with the company and with authorities from the central government and non-governmental organizations that tell us, in parenthesis, "we're going to help you" but we've been in this struggle for about a year. This means that at times we feel that our energies and efforts have been left to the sidelines because really not even 10% of what we have to say appears on paper. There is no answer to the demands that we make.

A very specific and clear case is the struggle of the guiriseros. Since 1995 when ASPEMINA was formed and in 1999 when the cooperative MINARBON was formed, as well as COOPEMIN and Independent, with the civil society and really the majority of people here in Bonanza, who in one way or another survive from this activity, we initiated a struggle of historic vindication for guiriseros and the community of Bonanza. Traditionally we are miners since 1880. Centro Humboldt or Bosawas cannot tell me, was the engineer Mairena said we are an ecological community of conservationists. This is a farce and this is what Victor said. This is a lie because what we are is a community with hunger and we have to work in one-way or another, to maintain our families. We don't honestly want to convert our community into a forest. We are against extremist measures that think first about the tree that is in nature and doesn't care about the hunger of the people. There are people here who struggle to be able to give food to their family where there is a child that says, "I need milk".

We have made thousands and thousands of proposals in search of alternatives but each day, the doors are closed to us. Each day we're martyred and alienated by company authorities at the municipal and regional levels. There is a savage corruption that exists at the level of the central government. They are the ones who have power to kill those who have nothing.

We presented proposals with regards to the Mining Law to all of the authorities. Centro Humboldt played out a farce. They told us, "let's go fight. Let's go find funding so that a commission can go", and we fell into the trap. The law came out exactly the same and all of the small-scale miners are at the mercy of the mining company and the authorities. This is painful. I'm telling you that things have to be put into their place here and we're going to struggle. If we're going to die well we're going to die as well. That's what I've got to say.

Woman – We need to speak clearly here. Centro Humboldt has played a very negative role here and we owe it to them that the Mining Law now favours the trans-national companies and not the guiriseros who are experiencing hunger.

Q – What are the things that you would have liked to see in the Mining Law, that were not included?

Man – Those of us in the civil society and in the organizations of small-scale miners, since 1996, we reviewed the law from 1965 in which did not contain any rights for small-scale miners. Everything was for the trans-nationals. We began to work on a proposal in 1995. In 1996 it was presented and shelved. We did another in 1997, 1998, 1999, 2000 and the last time was in March of 2001. Supposedly we had the appropriate channels; FESEMINE, Alerta Minera and Centro Humboldt who were going to be our channels in Managua to support us so that the National Assembly would at least accept 80% of the proposal we presented, which contained our demands with regards to the Mining Law and how it affects small-scale mining. The last proposal that came to us was the one from the Chamber of Mining, which to us was absurd.

The Chamber of Mining is a consortium made up of people with money and without scruples who included within the law that there was no reason to include small-scale mining, as though we were not Nicaraguans. We're on the Atlantic coast and, as such, we enjoy a regime of autonomy and historically we have ownership of our resources. These men, these professionals which I say within comas because to me, they are vulgar, they take the luxury of saying that the small-scale miners should be disappeared when they don't even know that in the municipality of Bonanza there are about 6,000 small-scale miners that survive on this. Nationally there are 40-50,000 small-scale miners but no one talks about a project for small-scale miners. They do, however, take the luxury to criticize us for the contamination and suggest that we be disappeared. Where is there a proposal or a strategy for developing small-scale mining where we can have an idea of what we can do realistically? They always come here to tell us that they're trying to do something for us and then from the back, they are stabbing us. What is that? It seems that we're not Nicaraguans. We don't want to continue with this. If we're going to struggle, we're going to struggle. If the Mining Law is passed, then we've been stabbed and we can thank all of these organizations.

We are, unfortunately, here on the ground and we don't have money to travel to Managua as we barely earn enough to maintain our families. We can't go to the National Assembly to tell them that we are small-scale miners and we don't want this law. But those men who supposedly speak for us in Managua, and who are on the side of the poor, at the time that the law was being passed, they shone for their absence. This is unjust. In their reports they write, "We work with the small-scale miners". We do the work and they spray on the perfume at the time of giving any interview or writing a document. We see the reality here, however, especially in Bonanza where there are so many people who really go to the mountains and go 100 to 200 feet deep where they have to use a pump to get air and they have no protection, because there has never

been a project for them. There has been nothing from the environmental organizations and even less so, from the government. The document that doña Petrona was showing, from the municipal office, is a proposal which practically recommends the eradication of small-scale mining. “Is the municipal office going to feed us?” I ask, or is the central or regional governments? Is this development or progress? No. This is enslaving and killing your own people so that they can be well off. This is not possible.

The law came out three years ago but there are very few people who know about it. Even this information is hidden from us here. I also wanted to place an emphasis on the so-called social or municipal development plan that the mayor wants to carry out. With all of this that is happening now – charging for electricity and the application of a taxing system, the municipal office and the municipal authorities do not have the moral fibre to say that they’re going to promote development works. The majority of people in the community do not want to have anything to do with them. When they say that they’re going to use the funds generated to promote development projects, that’s false. The other thing is that there is no transparency in the administration system of the municipal office.

Manuel Ramirez (IPADE) – I would like to refer to the selling of electricity by the company in coordination with the municipal office. In the first place we have to learn the details of the ministerial agreements but it has been difficult for us to get this information because we don’t have the economic resources necessary to mobilize. We do know, however, that this is not the mandate of the company to sell electrical energy. In the second place, they are exploiting a natural resource, which is of this municipality and that is the water of the Pis Pis River. This is where they get the water to generate the electricity. As you are visiting here, we think that you should give attention to this and review the ministerial agreements and look into how this company is appropriating these natural resources, which are ours. This water for the company is like blood is for us. You can’t take away our blood. It’s true that this water passes through the turbines and comes out in an equal quantity but if the company had to invest in fuel and not use this, it would represent another expense for the company. Companies in the past have always considered that the use of this water was compensated for by providing electricity and water to the community of Bonanza. There are some men here who have some official documents, receipts, in which the company takes on the responsibility of providing electricity also to Siuna and La Rosita and for even greater reason, for this community of Bonanza. This is hurting our human rights as well as a tradition that is older than half a century.

Neither is this company living up to its social responsibilities. We know that there are miners here who are renting a house and it is the responsibility of the company to give them a room but they have not done this. We could analyze how many houses the company has made for their workers. There aren’t any. We could also look at what kind of health care is being provided and education. We could ask MINSAs about the quality of water. It’s contaminated. So, as we see, the company has not assumed its responsibilities nor has it made investments nor received the number of workers that it should. We demand that the ministerial agreements be reviewed as well as the responsibilities that the company has towards this community.

Woman (Marina, Pres. Transportation Coop) – A little while ago, the municipal council formed a social development committee and we want this to be very clear. They formed this committee with people who work in the municipal council and only about 5% from the civil society. The documents produced will then be used to seek funding from NGO’s. We have not been counted in, in this process.

On the other hand, we want to be very specific. We don’t want Eugenio Pao to be representing the civil society of Bonanza, in Managua, as he has always done. Right now we only have Petrona Rosales as our representative. Only she can represent us, or alternatively, someone who she authorizes. This would be a process with transparency.

Man – This document says “strategic, participatory process of participation” and what doña Marina said about the election of the municipal development committee is a fraudulent, rigged election, which lacks transparency. What they’ve done is shameful. They delivered the documents to the Civilian Coordinating Committee, one day prior to the elections and these had to be reviewed along with other documents. Then they went with about 50% of the municipal workers to elect the members of this committee. The names of the committee members were not ahead of time. The committee does not represent the majority in this community nor the organizations and this is why we say that they hold a position that is extremely environmentalist and all of the strategies are directed towards conservation. There is no holistic development. We think there should be representatives from the all the sectors and not an election that was determined ahead of time.

Those participating in this discussion were:

Petrona Gonzalez – Coordinator of the Civilian Coordinating Committee

Victor Amador Wilson – member of the Civilian Coordinating Committee

José Antonio Siles – President of the Association of Small Scale Miners (ASPEMINA)

Luz Marina Talex – President of the Transportation Cooperative

Ramirez – IPADE

***Interview in Bonanza with various people affiliated with the DPM  
(Desarrollo Pequeño Minero) mine operation in Vesuvius.***

***Interview with Miguel Suarez Zelaya, President of DPM***

*Interviewer preamble – In this slope that we're looking at, there are about 150 small-scale miners who work there, according to Miguel, and process their ore at the plant that we were just visiting. There are also others who come and rent these services and pay 40% of the gold that is extracted from their ore. We just came from the plant where we saw a group of guiriseros who extracted a ball of gold that weighed approximately one ounce. When they sell this they will get about US\$266 according to the international price of gold. So from this, they will pay 40% to DPM.*

Miguel Suarez Zelaya (President of DPM) – The ball actually had 100 grams, as it now stands in the amalgam state, but when it's processed it will be reduced to 31 grams, which is equivalent to 20 "peniques". We have 45 members working in our cooperative. There are 14 active associates and the rest are workers and we've had this concession for 9 years.

Q – How did you acquire this concession?

Miguel – It started with a small group, who were the guiriseros from Bonanza. We approached the government and we were able to acquire this concession legally, complete with all the documents and we've had it now for 9 years. We've been working for these 9 years and now we're more involved in small-scale mining. DPM was the first to initiate small-scale mining. We could say that it was the head that started things off here in the municipality of Bonanza. After us, came the others who are the guiriseros that work with the boxes, pans etc. but DPM was the one to initiate everything.

Q – Did DPM exist prior to the concession or did you begin 9 years ago?

Miguel – Yes, we began 9 years ago when we legally acquired the concession. We had a lot which produced ore, using the box ("cajon") method and that was from the vein "Maya" which is located not far away. We could extract several ounces, up to a pound of gold and we decided that it would be best to have the concession legally.

Q – Are there other small-scale miners that have their own concession?

Miguel – No, there aren't any others, just DPM and Hemco, which have concessions.

Q – How do you work with a "cajon" to extract gold?

Miguel – A box is made from a board and there are strips of wood that are used to trap the material. At that time, that's how we worked but as the advancements developed, we bought this system of (bateria de mazos) pounding mallets. The "cajon" also utilized mercury. We never processed our ore at the company's plant. We used this cajon process and that's how we've survived here.

Q – These tailings that are here from the plant, what happens to that?

Miguel – Hemco buys it. It has enough gold for this to be profitable (to process) for Hemco.

Q – Is there mercury that escapes from the DPM plant into the water systems?

Miguel – There are traps to stop this from happening. We take out the tailings and what remains higher up, we clean with detergents and we apply bleach to get rid of the contamination. MARENA (Ministry of the Environment and Natural Resources) has come to do tests and we've been found to be clean. We also have more traps down below where there are two more tanks that retain water. When the water comes out of the last one, it's clean.

There are small-scale miners who extract 5 or 6 ounces of gold and sometimes more. This is not monthly but rather, from the processing of 10 tons of ore. So they can get 5 ounces of gold in one day from 10 tons of ore when the vein they are working is a good one. Sometimes the vein turns out to be low at .25, which is one quarter. We call this 5 peniques. So it depends; sometimes the vein is good and sometimes it's bad and it comes out quite low.

Q – I imagine then, that they're earning well. What do they do with this money? Do they make improvements to their homes?

Miguel – Yes. What happens is that many of the youth here throw themselves to the vices. They extract their gold, sell it to the merchants and then they buy alcohol. They have parties on Saturdays and Sundays and then on Monday they don't even have a cent. They can earn up to 2,000 córdobas (US\$154) in a week. We have met many times as a cooperative and discussed this problem but they don't understand and it's difficult to change their way of thinking. This is their way. We don't see any improvements in the community, for this reason. Everything is just wasted. In our company, however, we clearly do see improvements and we're on our way up. We've built up a lot since we started. We're setting up a washer for the tailings and we hope to recuperate more of the mercury and to lessen the contamination.

### *Interview with Justo Hernandez, Treasurer of DPM*

When the government privatized the company, which was State-owned formerly, there was a Mr. Smith with Hemco who wanted the small-scale mining to disappear. We were successful in not having any problems with him and the Canadians came to take charge of the company. We had problems with them but as of a year ago, the relationship with them is different. We have a good relationship with Tom McGrail and we are negotiating the tailings of what we have processed. We sell this to Hemco. We now have a relationship of company to company and we have a better relationship now. The other small-scale miners sell their ore to the company but who knows, with the new laws, how this relationship will be in the future. The mining law is very rigid and as Hemco is the only one that has a concession here, I don't know if they'll give space for the small-scale miners to work. We're not paid that well for these tailings but at least we've been able to negotiate something for the tailings that we've been accumulating. This opened up a space that had been closed between DPM and Hemco. Now there is a relationship that's favourable for both sides.

In DPM there are 11 members, 5 of whom are on the Board of Directors. There are also 24 workers who maintain the plant. There is an average of 55 guirisero collectives that come to process their ore at the plant. Each collective has an average of 4 members. The sites that are being mined are, Vesuvius, San Antonio, Heliotropo...

Q – The miners seem to be earning quite well, given the high content of gold in the ore. Do they invest this money to make improvements to their homes? I see that the houses here are quite humble.

Justo – The houses that you see are not just houses of people involved in mining activities, but there are also people, Miskitos, who have come from the Rio Coco area. They have small houses. They don't come with the idea of building their house and staying. They're here just temporarily to work. There are people that come from many areas, to work here and then they go back. They come to make money to see what they can do in the future. So what you see are not houses like in Bonanza, made from wood and zinc.

Q – What is the relation between DPM and the other small-scale mining cooperatives, such as MINARBON, COPEMIN etc.?

Justo – These men are the directors of the guiriseros that deliver ore to Hemco. We don't have any kind of relationship with them. They are cooperatives of "broseros" (extractors of "brosera", ore) and the ore is very hard. It's very hard and they deliver it to the company, Hemco. They can't process it themselves in a batería or in a rastra because it's so hard. We

don't receive any benefits from the company, such as access to their clinic. The small-scale miners don't have this either. The poor guiriserero, if he gets buried, he has to look for someone to help him. The company provides no benefits.

Q – Have the members of FUAC bothered you?

Justo – No. It's been a long time since we've seen them around here. There was a time when they came around here and took a look around.

Q – Before DPM acquired this concession 9 years ago; did you have a different relationship with the company? Did you sell ore to them then?

Justo – We sold ore to them then. In 1990 this still belonged to the State. In 1994 is when it was sold. DPM started up in 1992 with the assistance of an organization, NGO, which financed us. It was an NGO called, "Education and Leadership" and they provided us a loan, which allowed us to set up the ore reduction plant (batería de mazo). The guirisereros began to organize and to deliver their ore to us, for the service that we provided. So this is how we have operated, providing this service to the guirisereros. We were the first to start selling ore to the company when it was IMINE. We were the first "broseros". I worked for the company at that time with a tractor. A fellow that was there took a debt of 30,000 córdobas and through Ivan Lara, he was able to acquire a contract and sell ore. Like that, he was able to pay off his debt. Then came the organization (NGO), which saw the needs of the guiriserero group that was here that didn't have money to set up a plant. This organization financed us. We were 25 guirisereros in total back then. Many of them left because they saw that the situation was very difficult. There were then only 11 of us left.

In the '80's when the mine was nationalized there were no guirisereros that sold ore to the company. There were just artisan miners that panned for gold. They panned in the rivers and looked for thread-like veins (hilos). They didn't crush the ore. They would extract rocks with these small veins and break them, use a mortar and then pan it. That's what the artisan guirisereros would do.

In 1980 the DPM group began to work here with 15 men, on the Mayo vein. There is still a fellow, whom we call "Raulón", that worked on this vein, which was very rich. They took rocks from this vein and put it through the "cajón" (box), panning it. That's how they lived.

At first there were just 25 guirisereros and now there are about 3,000.

Q – How did the numbers grow so much?

Justo – It is a result of the necessity. People become guirisereros because there are no other options for work. Hemco is not going to hire 3,000 people. Back then, there were more opportunities for work in Bonanza. The company (IMINE) had more than 1,000 workers. Now the company doesn't even have 500 workers. So all of the other people have a necessity for work, as well, Bonanza is being invaded by people who are coming from outside of the municipality. It's not the same. Back then there were 1,000 workers and very few guirisereros but now there is no work and people are migrating to Bonanza, so it's the other way around. The source of work here in Bonanza is that of a guiriserero.

Q – Do you have any experiences to share of Greenstone's involvement here?

Justo – No. We have a good relationship with Tom McGrail. We only know Tom. We don't know Randy Martin. They say that the McGregor family has shares, but we don't know if this is true.

Q – What do you have to say with respect to environmental impacts of mining?

Justo – If we are talking about deforestation, small-scale miners are not causing much of this because they don't have any large machines like tractors. All the small-scale miners do is make a hole and go deeper, from 20 to 50 feet. There's no other damage. If you look at the deforestation over there, that was from the Neptune Mining Company. All of that area that's been unearthed, that's where the guirisereros work currently but the destruction was done by the Neptune Mining Company and not by the guirisereros. They practiced open-pit mining.

If we talk about contamination with mercury, that is an issue for the small-scale miners although now there are measures like the “retorta”. We put the amalgam in the retorta and the mercury is removed. At a forum, Hemco wanted to accuse us of contaminating with mercury but now with the delivery of our residues – the tailings – there is no mercury. First of all they accused us of contaminating but when we sold them our tailings, no mercury showed up. They were surprised.

Q – The relationship between the company and the small-scale miners is an interesting one. Much of the gold that they extract comes from the ore that’s purchased from the small-scale miners and yet, the company does not benefit them in any way and even makes an effort to get rid of them. It is complicated to try to understand this relationship.

Justo – Yes, this is what we were talking about. The small-scale miners don’t receive any benefits. The company right now wants to get rid of some of the rastras. What, then, is the small-scale miner going to do? Hemco is proposing to set up the gravimetric plant where the guiriseros can process their ore. But this plant is not an answer for 3,000 guiriseros so what they will do is lessen the guirisero activity. A small plant will only be able to process about 30 tons of ore per day, for example. So that’s 30 tons for 3 collectives daily. Right now, Hemco is receiving ore from 11 guirisero collectives daily. So in Bonanza we’re going to be left with only 3 collectives. 8 collectives will have to disappear. This will cause a conflict and competition between the guirisero collectives as well as weaken them in their struggle for better conditions.

Q – What do you think is the future of the guiriseros in this municipality?

Justo – It would be for their future (the company’s) to make the guiriseros disappear.

Q – Do you think there could be other organizations, as there were in the past, which could support the guiriseros?

Justo – This would be the most feasible, for example if there were support for ASPEMINA, MINARBON and COOPEMINA, who could organize into a united force and receive financing from someone for a mill or for a crushing plant (batería de mazo) so that the guiriseros would have a place to process their own ore. The plant proposed by the company, does not provide an answer for them.

Q – I have heard that they are not in agreement with this gravimetric plant. One of the reasons is because it only recuperates 65% of the gold content in the ore.

Justo – That’s right. DPM recuperates about 52%. The tailings contain 48% and that is why the company is interested to purchase it. If we had more and better machines, we could extract a greater percentage.

A service we provide for the community here at our office is that we have a TV with antennae. Community members come here and can watch the news, the soap operas or a movie. There are about 50 people here daily (heavy rain in background). DPM also supports different community activities. We provide the meals for the teachers and the nurse at the health centre. This clinic belongs to the State. We provide this support with meals so that they don’t have to take this money out of their own pockets. The government (MINSA – Ministry of Health) does not recognize this expense.

Q – Is this work dangerous? I see that you have a large Doberman and that you’re armed.

Justo – (laughter) Well, you know that here we don’t have any security provided by the police or the army. They’re interested in the armed groups but they’re not interested in the activities of gangs. There have been some gangs show up here, so what one has to do is buy your own gun to protect yourself.

DPM is only working 30% of the concession because we lack resources. We need another batería (crushing machine). We’ve been hung up with the service that we provide for the guiriseros. For this reason, we’re unable to process the ore that we have because we have a minimum capacity for processing. We have our ore piled up over there. We stopped processing our ore 6 months ago and the work at the vein. We dedicated ourselves to selling the tailings to Hemco. We have our ore there but we can’t process it. We need the money that the guiriseros pay us to process their ore. So we are now trying to create the conditions to put in another batería de mazo (crushing machine). In this way we hope to have greater income so that we can make a greater investment and use more of the concession. We have to do this, because with the new mining law that’s coming in, it says this. This will be a requirement or they could take the concession from us.

This new mining law does not at all help the small-scale miners. They will apply the same conditions and requirements to us as concessionaries as are applied to the big companies who have a lot of money. This would also affect the small-scale

miners in Santo Domingo who also have their own concession. Hemco had problems when the price of gold dropped. The law presents difficult requirements for exploitation. If these aren't followed, that's it. The law talks about the artisan miners but there is no mention about how the law how benefit them. There is nothing there that says this and this is for the small-scale miners. We are small-scale miners although we are also property owners. We don't have capital.

Q – Maybe you need to sell shares for your company on the Nicaraguan Stock Exchange (laughter).

### ***Interview with Ramon Zeledon, small-scale miner.***

Ramon has just extracted a ball of gold weighing about one ounce. 40% of this will go to DPM and he will remain with 60%. He will earn about 2,000 córdobas approximately. You live here in Vesuvius. Do you have any plans for this money?

Ramon – I'm going to buy provisions and continue to work. Also I'm going to send money to my sons. I have 3 sons and they're all studying at university. Two are engineers and the third one is still studying in Managua. I pay 3,000 córdobas monthly for just the one that is still studying.

Q – Will they return here to Vesuvius?

Ramon – They come to visit but they don't want to live here. They prefer to be in Managua or Matagalpa. They don't want to work in mining as they have their own careers. Only I work here.

Q – Your sons have benefited from the success that you've had with mining.

Ramon – Yes.

Q – What do you say about this impression that some have that small-scale miners earn well but that they don't take advantage of this income. They waste it on drinking.

Ramon – Here the majority have a lack of understanding. I don't do that. I smoke a little but I don't drink. Every once in a while I might drink a beer.

Q – Why don't others take advantage of the opportunities like you do?

Ramon – It must be because they lack understanding, I guess and because they've never left here. That's what happens. I've been to the United States, Mexico and also to all of Central America, working. I worked in Los Angeles for 5 years. I was going to go to Canada as well but I returned because I wanted to attend the graduation of my son. I've been working here as a small-miner for 2 years. This work gives me what I need to survive. It's good. I'm thinking of leaving again. I was earning pretty well with US\$9 per hour when I started and then was making US\$14.70 by the time I left. I'm earning all right here as well but I'm going to go again. I didn't get a visa because I didn't write down the right statistics on the application. I did it wrong. I'm soliciting it again though. I have a job waiting for me.

### ***Interview in Bonanza with Francisco Rizo Díaz (Law student at UNAN, carrying out a case re: property claims)***

Francisco – I worked for 4 years for the company HemcoNic with responsibility for the property (real estate) in Bonanza, La Rosita, Siuna and also, to some extent, in Puerto Cabezas that were acquired with the purchase of the mining concession. At that time I facilitated the terrains where the company was going to do its exploration. This was at the beginning when they acquired the concession in 1990. They received this concession for exploration and exploitation in Bonanza, La Rosita and Siuna. For them to be able to enter, explore and exploit, they had to purchase the land from the owners so this was the work that I did. I bought the property so that the company could easily penetrate the territory. Afterwards I didn't really like this because, as a student of law, I understood from the contract signed with the government that they came to exploit but not to become owners of properties or farms. So all of the farms where they were paying were being noted in the list of property registry. The one clear example, which was the reason for my resignation, was my

father's farm. It has 400 manzanas of land. They bought the right there and I was the one who wrote up the agreement and it wasn't until I was in Bluefields that I realized that it was being written up in the property registry. There was a friend of mine there, Dr. Geraldina Watson, who use to be my boss. She was going to register the property but I don't know anything about this since I was working in Bonanza.

Q – You thought that the company was simply purchasing the right to explore on the properties and that they weren't going to become the owners?

Francisco – Exactly and this would last for the time that they are present on the terrain. Agreements were made with almost all of the landowners but they evicted them, they left and then the company took possession of the property and had it registered. They evicted a lot of campesinos that were within their concession. The company paid them for the improvements on their property and then they had to leave because the company stayed there. The properties then appeared with the name of the company. The owner of the property could no longer enter there. On my father's farm, which is 400 manzanas, they made agreements and promises that they would explore. They explored but didn't find anything on the farm and so when the exploration was complete, my father didn't leave. They told him that he could stay and that they would only be exploring in certain areas. If they were to exploit, then they would pay my father a bit more and he would have to leave. This did not happen. They didn't find anything and they violated the agreements. They left the property and registered his farm in the company's name. They left the property and when my father complained, they told him that he should not do anything and that he should get off the property and that it now belonged to the company, as it was registered in their name. This was HemcoNic, which is the same as Greenstone. My father's farm is now a part of the concession. Although he still has his land title, the company registered it in Bluefields, in their name. They wanted to evict him but he has stayed there on the property because he has about 60 animals there and the agreements that were signed stated that he could raise his cattle and do what he wanted there. All of a sudden a letter arrived that said he had to leave the property, but he didn't go. He has this problem still but there isn't a conflict yet.

So I left the company and now I'm studying law. When I graduate, we're going to resolve his problem so that he can recuperate the farm, or rather that he be paid for the real value of the farm, as he has stayed on as the administrator of it. They pay him to look after the farm. We will look for a better settlement rather than being evicted and that's that. I know of 6 other cases like this that were done in the same manner. They have come to me for help, but I keep telling them to wait until I graduate. There are no lawyers here. There is not one single lawyer in the zone. So the company here is the law and they do what they want. They impose and that's what's done.

The company has not yet had to answer for this illegality because the people here are poor and to hire a lawyer means paying 10,000 cordobas. If we ask a lawyer from Managua to come, they'll want to fly with Costeña, stay in a hotel and only eat chicken. The people can't afford this. There is no legal office here and not a single lawyer here in Bonanza. I began to study with the idea of being able to help these poor people that really need it. I'm gathering documentation. I have records of the agreements that were made with the property owners but now the company just does what it wants to.

What improvements have they made here in Bonanza? None. They promised the regional government that they would repair this road but now you can't even walk on it. If there was some construction project that was to come to the Municipal office, it went instead to the Regional Council and it never came to Bonanza. What have been the benefits? A lot of ill people with their lungs affected; they're constantly laying off people; it's not a stable company and they've never had labour stability. Now there's the problem of the electricity. They want to charge for this. There is an agreement in CONAP in which the company assumes the responsibility to supply water and electricity. This is an historic agreement. This is the only benefit that we've been left with but now they are charging for the electricity. So what is it that they're going to leave for us who are native to this municipality? The only thing that interests them is to take what little wealth we have here and to leave us here with our arms crossed. There is a commission that is in charge of this – a municipal commission. At some moment they're going to protest the increase in electricity costs because this violates the initial accords. The articles of these accords have been read from the paper, on the local radio station. There are various electrical metres about now.

When the time comes, I will have support from many sides, including the director of the college where I'm studying. Two or three other lawyers will also help me in Managua where it will be formalized, although I will be in charge of the work here. This will also be published in the newspapers so that others can know about this. Some of the authorities were in favour of this because they'd be working with the company and this would give them some stability. For some it's convenient but for the great majority, they are not in agreement with paying for electricity.

We had two programmes here in agro-forestry that were financed by the American embassy. I managed these projects. We also worked with a priest called José Leonel Mena in Bonanza. We carried out the project through his organization that was legally constituted. In his capacity as a priest, he managed the economic part of the project. He was not executing the financing as had been stipulated in the project. He was violating the bi-party agreements of the project. I met with the directors of the association and I explained to them that they could not purchase even a tape recorder, if the approval was for a television. The North Americans are very organized in this respect and USAID is the most organized that I have worked with. They don't let even a penny pass without being accounted for. The transnationals work in their own way but these people are very organized.

They let the priest know that he was doing things that he shouldn't be doing. He wasn't paying the salaries for the workers in the project. If the salary for a campesino was 2,000 cordobas, he only paid them 1,000 and made them sign as though they'd received the full amount. They then came to me to complain. I then went to him and complained and he exploded. "I'm a priest and I can do what I want to do." I told him, "No, we're harming the campesinos." He is a millionaire. There were many, many complaints that came in. He was angry with me so I immediately requested an audit because they might accuse me of being an accomplice as I was managing the project. The North Americans came and they detected this problem as well as other things that I was not aware of. They closed the project, as a result. He had me imprisoned by paying the local judge. I don't have proof of this but that's according to what people have told me. So I was detained. As I was studying law, I defended myself and the embassy provided me with a lawyer. I then told everything and he was run out of Bonanza, ordered by the Bishops. Then I went to the Auditor General and I went to the Vicarage and I was successful in having him removed. The project was stopped. The campesinos look for me and they're interested in having the project continue. It's not their fault that it was stopped. I don't have an organization that this project can be funnelled through but I've been talking with Eugenio to see if we could do it through Centro Humboldt. They told me to look for a local NGO that functions in Bonanza because if I start working on getting legally constituted, it will take at least 6 months, so we'll not get anything done in this year.

Q – Why would this priest want so much money?

Francisco – If you were to sit down with this priest, he could make you cry with so many lies. He invented a story here about 200 children, made orphans by Hurricane Mitch, that he brought from Waspan and that he said he was looking after. He said that the church had an association to look after them, and I don't know what else. He's raising funds throughout Europe. He's originally from Bluefields but has residence in the US. Right now he's in Miami, fundraising for these orphans that don't exist. He doesn't live here any longer because he was forced out. He went to a Vicarage close to Leon and I don't know how he convinced this other Bishop but that's where he is. He continues to have contact with Bonanza. We sent a letter to the authorities and I went to visit the embassy but I didn't want to have anything published in the newspaper because he sent threats to my house. He said that if I published something, he would have me killed. He's made himself a millionaire with his fundraising in Miami, Los Angeles and New York. He brought TeleMundo and UniTelevision (two Spanish TV news programmes) here. He's an astute man, when they came he gathered up the small children on the streets and said that these were his orphan children. These programmes taped this and he started to tell them a long story about these children. He developed dramas. He got a Miskito woman from the Rio Coco area to say exactly what he told her to say when they asked questions. They told the story and made the film crews cry. He made them believe that these were children that had been brought from the Rio Coco area but they were from Bonanza. He passed on the list of all of the children but he used the real surnames from here. I got this list and I brought it to the municipal office and they were all registered as being native to Bonanza.

He brought transport truckloads of donations from the port at Corinto and through the customs that contained clothing, shoes, medicines, and money. He has a bank account in the US. He never brought anything here. He maybe brought a t-shirt for the children. The donations that came for the children, he sold. They were for the orphans but there were no orphans. He just pretended that he was running an orphanage and that's how he made money.

So I uncovered all of this with the Bishop, with their superiors, with the Ambassador – they were going to remove his US residency. The film crews of Tele Mundo and Uni Vision came here on various occasions. With this agro-forestry project, we had a Campesino Fair for organizations so they could see the progress of the project and all of the things that had been produced. The journalists attended and other investors and they were told that the orphans had made these things. They were told that all of these things were what the orphans had produced with the help of the US. Everybody here knows this

story. This priest came here to offend Eugenio as well because he wanted the organization to help him and to say that there were orphans when this was not true.

He also angered the mining company. He went to a tree nursery of the company and took pictures and then went to USAID to ask for money for this nursery project that he had. They gave him a lot of money for this work. I didn't know about this, so when the auditors came and they asked me questions about the nursery, I took them directly to the company. They asked me why I did that. The priest had taken money for this nursery as though it had been his project. I told them everything that he had done wrong here. We had a meeting with Tom McGrail. He went to visit all of the institutions and if they didn't say what he wanted them to say, he offended them. He (the priest) went to talk to the people at the Human Rights office and he offended them. He went to get support from the Municipal office and to all of the institutions and they all turned their back on him until he was giving communion in the street. Finally I was able to get him removed from the community but I spent a month in prison. It wasn't until I'd done all of my paperwork and was able to get released as innocent. When I was released I immediately began to make my rounds and was able to get the priest removed from here. On the same day, he was removed. But it seems that he's still fundraising for the orphans in Bonanza. About 15 days ago in a European programme, he appeared giving an exposition of his orphan children. Just for this interview, he was given US\$10,000. The Bishop was in the US and saw him on this programme, as did the officials of USAID. Everyone knows this is a lie but the information has not been distributed so that everyone can know and not continue to be swindled. He'll go anywhere to get money and when he returns, there are loads of containers of donations that arrive at Corinto. He has the buyer ready for the arrival of these donations and nothing reaches Bonanza.

The people who make the donations come here to supervise and he gathers up children from the streets and tells them to say that they're orphans. He makes his presentation and these investors leave feeling good about the work. He explains that the children have been adopted by families in the community. It's a lovely story.

### ***Interview in Bonanza with Gregorio Downs Selva, Municipal Coordinator of CEDHCA (Human Rights Centre for Autonomous Citizens)***

Gregory – I'm also the secretary of the Municipal Environmental Commission. I have had expensive experience in mining. I worked for 22 years with the Neptune Mining Company and the State mining company during the time of the revolutionary government. Afterwards I was a manager of a micro-mining company called DPM and directed it for 3 years. From these experiences, I've come to know a lot about mining especially about industrial mining but also small-scale mining.

I'd like to talk about the impact of the current mining companies. There was a strong struggle here for the arrival of Hemco because after the triumph of the revolution when the mine was nationalized, all of the mining communities started to have a very different experience with respect to mining. Before this, everyone was a worker and worked for the mining centres but could not work as *guiriseros* because this was prohibited. With the revolution, this opened up, with the State company working and the small-scale miners carrying out a parallel extraction and selling their ore to the company. In my opinion this was something that was very positive for the community because the community started to generate money for their own socio-economic development.

Considering the characteristics of those who were directing the Hemco Company, they likely could not get along well with the community and they had some conflicts, which meant that Hemco could not work in Bonanza and they had to sell their rights. This was bought by Greenstone, which then mounted on top of a programme that was here. Some promises had been made by Hemco about the rights of concession. They had signed some accords with the State and so Greenstone, as we understand, assumed these. Within these accords there were some very good things like the support for the construction of a new hospital. This is something very positive. At the beginning they also established a special fund to provide aid for the poor. There was a team that was elected from the population so that they could evaluate how this fund should be used. They also improved the medical attention for their personnel in the company via some very good doctors that they brought in. These are the positive things.

Also the contamination by cyanide stopped. It's not being released in such great quantities now. These are things that cannot be stopped quickly, from one day to the next. The Tunki River was being contaminated for more than 40 years and today the contamination is minimum although there have been some moments when there has been leaks. Once we were

having a baseball game and we had to look for the man from Centro Humboldt because someone came to the office to denounce that there was a great quantity of fish that were dead in the Tunki River. It was a Sunday and there had been a leak. These things, however, happen infrequently. There is a very good project of reforestation to replant the areas that had been cleared by the Neptune Company and the State company (IMINE Bonanza). The great open areas that they left are now being reforested and fertile soil is being brought in for this. So I think there have been some things that are good, although it's my opinion that it would be better if they worked the mine as a subterranean operation instead because it's less destructive and contaminating. But the laws are very weak, and it's more profitable for industrial mining to work in open cuts (tajos), although they should continue to study the possibility of working underground which is the best way for the population. There is something that's bad and that's the salaries because while it's true that the government establishes the wage scale, the company should create its own incentives for its workers to stimulate them. Thank God, that after 22 years of working in mining, I've come out of it safe and healthy but not everyone does. There are many that have their lungs destroyed and they get tuberculosis, which is not considered a work-related illness in Nicaraguan laws, even though the majority of miners get TB. So they end up sick with silicosis, tuberculosis or with severe accidents that cause them to lose a limb or there are cases such as mine, in which I worked with a machine called the Buffalo and to this day I can hardly hear; I feel like I have a little bird in my ear. The laws do not recognize this as a work-related problem so I cannot be compensated for this. We are in agreement that the low price of gold does not permit many things to be done but it would be good for the company to make plans to invest in their workers, when the price of gold does improve. Looking at my example; I came out well and am working, doing something that benefits my community, but there are many that have already died. Their widows, their children and their grandchildren are here and they're not doing anything and just have their arms crossed. Some of them beg for a living. There are some for whom I've sent letters on their behalf to the company, requesting economic support to solve some problems they have. I tell them their story that this was an old worker of the company's and because the salaries were always so low, they were never able to save anything. I worked for 22 years and I have a house because after those 22 years I had the opportunity to leave the country for a period of time. I was contracted by a company to work in Venezuela and with that money I was able to buy my house when I returned. If I only had the money from the years I worked in mining, who knows where I'd be now with my wife and children.

The workers don't have good salaries but the professionals do. They should also consider paying the salary in dollars, even though on paper this is not permitted. The salary that they're paying today, are salaries that were approved in 1990. They just approved a new salary scale but it did not benefit the miner. The wage is between 360 and 480 córdobas per week (13.38 córdobas per US\$), which makes 1, 440 to 1,920 córdobas per month (US\$107.62 to US\$143.50). That's very little money.

Q – What is the contribution of the small-scale miners to the total production of the mining company? Someone told me that the company extracts 2,000 to 2,800 ounces of gold per month but that the small-scale miners extract 3,000 ounces.

Gregorio – They make a good contribution. I would be lying if I told you that the company extracts this amount of gold. It could well be that they extract 1,800 ounces because the range of extraction of the company is about that. There is always the amount that they extract and then the amount that's contributed by the small-scale miners which probably isn't 50% but more since they're extracting from very rich veins. The ore that the small-miners bring for processing is very rich because they want to be paid well. The company works with ore that has gold values above 0.20 but this production is more expensive for them. The most economical for them is the guirisero, who is considered a sub-employee of the company. He does not have any social security benefits, no fixed salary, no food basket and no other special conditions.

Q – If the contribution of the small-miners is so significant how is it possible that they don't enjoy any benefits and they even want them to disappear?

Gregorio – There is something that has to be understood. The business of gold, aside from the fact that the company has to show which is the one that helps with the hospital and repairs the roads etc., when we are talking about the small-scale miners who are the ones that are producing the gold, that miner does not receive anything. I was a guirisero and a leader for 3 years. In those 3 years I learned what their work is and how they destroy their body to do this work. The production of gold by the guiriseros is a business for the company, which is called buying and selling (compra venta). The company says that they will buy and they have a chart of prices. They say, for example, "we'll buy this ore that has a value of 0.30 of gold and I'll buy it for 240 cordobas". There are no opportunities for work in Nicaragua and the miner is going to do whatever he can to bring food home to his children, even though that just covers today and tomorrow there's nothing. It's a business. I can't say that there's something wrong happening with the application of the laws because I've never seen this. The poor guirisero always complains because they know the quantity of gold that their ore contains through a sample

test that they carry out and when they bring the ore to the plant, another sample is taken and another value is determined. Some bring a ton or more of the same ore that's been sold to the company, to a rastra to be processed and then they sell this gold. There are 5 or 6 people here that live on the buying and selling of gold. They buy it at a better price and right away and this is a good business here. The company pays after 15 days. This is gold from the same veins, not from different ones.

Q – Could the company function without the small-scale miners?

Gregorio – At the present time the company does not have the capacity to function without them because the investment in machinery and other inputs has not been great enough. They are just recovering capital. They are at an impasse right now. They are at a period of time that we could call a standby. The people are working but there was a time when they sent their workers home for a vacation because they didn't have the money to pay. This is because of the price of gold. DPM almost went bankrupt because of this. Only the directors stayed working. They didn't do any extracting but just sold their services.

Q – When the gold price improves, is there then an improvement in salaries and benefits to the community?

Gregorio – I think this should be the policy of the company. Historically, however, I have never seen any of this here.

Q – In 1995 the price of gold was above \$350 and now it's at \$266. How have the conditions changed in relation to this price?

Gregorio – The price of gold has to be related to the quality and quantity of the ore that the company processes. It depends on this, what the company can improve or not improve. They have a plant that is older than 40 or 50 years. I was born in this community and since I was little, I've always seen this same plant. So this plant is obsolete so that one mill can process 350 tons perhaps in 24 hours. If tomorrow the price of gold improves but they don't have the capacity to process more, they're not going to produce more gold. So they're not going to make more money, either. Logically, they have to change their technology. There are 104 veins here. I worked in the geology department and we were prospecting these things. They still have to be studied to change their category from category C. They know they have a gold content but they don't know the depth so a geological investigation has to be carried out to determine their value and then they have to increase their level of production. If they don't improve their level of production, they'll never improve their profit.

Q – I understand that when Greenstone came they promised to improve the technology of this plant. Did they do that?

Gregorio – They made some changes for example, the cyanide waste now does not fall directly into the Tunki River. It falls into a lagoon and precipitates out as sediment and the sun degrades the cyanide. This is the oxidation lagoon that you've seen. The plant, however, is in the same condition that it was. There was another plant on the side before that was used to process poly-metallic ores and now they've made a small plant there for the guiriseros and I think they're working there now. What else is new? They brought 3 new Yuki (?) trucks but only one of them is still working because everything gets destroyed here. There is good machinery but if there'd been good production levels, they probably would have replaced them but things have been so bad that they haven't even been able to buy parts for the 2 trucks that are not working. We can't demand that the tree give milk when it's summer. It does this in the winter. So we can't tell the company to comply with their promises when they have so many things against them; a reduced gold price, low gold content values in their ore, don't have sufficient reserves, an obsolete plant. They have to make an investment here of about \$4 million in order to get ahead.

Q – How much has Greenstone invested?

Gregorio – I think the investment was very little. I can't tell you how much, but it's small. They have invested just to keep what they have, floating so we don't see anything new.

Q – I don't know if you have the same analysis here of Greenstone as they have in La Libertad. They say that Greenstone never had the intention to enter into production but rather to start up the mine, sell actions and then sell the mine. This would explain why they wouldn't be interested to make investments that would improve the production.

Gregorio – Yes, that's what they say Greenstone does. A Panamanian friend says that that's what they did there. It was not the same situation here. It's different here, because if it was the same, and they wanted to sell the mine, they'd have to get

it into better shape. Because if I want to sell this house, I have to make it beautiful. I have to paint it etc. so that tomorrow, you or Eugenio fall in love with it and want to buy it. Hemco bought the property of these three mines, from the State for US\$9 million. Greenstone apparently paid US\$6 in cash and US\$3 in kind. I don't know if they've finished paying. What they bought in Siuna was the plant and everything that functioned in it, they brought here. The miners took the wood and now there's nothing there. What was in La Rosita was also brought here so in terms of structures, there's only a hotel left in Siuna. So it's difficult, then, to do a good business here. I would put my name on the list to buy it now and I don't have any money. But as I don't have any money, I know I can buy it because it's not worth anything in the condition that it's now in. No one would give anything for it now because you'd have to invest a lot of money. The plant needs an investment and it would take 3 years to recover that investment. That can't happen from one day to the next. The turbines are older than I am, without telling you my age. If it was their intention to make improvements, we haven't seen the results here.

Q – How much of their resistance to investing do you contribute to the political instability of the region with the armed groups that are here?

Gregorio – The armed groups that are here, are minimal. This doesn't give a situation of instability or of war in the country. This creates some instability in Bonanza, La Rosita and Siuna, which is the mining triangle where they operate. They don't attack property. The kidnapping of Guarduchi all of a sudden was a coincidence, although they said that it was well planned but I think that things were different. They took him and I don't know if they got money or not but they did hand him over on the basis of some agreement. Since then they haven't come to bother the company. So this is not a great worry. The bosses are out there working in the open cuts without a whole lot of police. This is in contrast with Hemco who walked around with a bunch of soldiers. They'd contracted the army to protect the company because they were afraid of FUAC. Now these groups are not FUAC, they're called something else, "remanentes" (remnants).

The reason for not investing is because they can't present a guarantee that they can produce. It's like I said, there are 104 veins here of C quality, which they know. But they don't know what the vein has below. The investors need to know that there is a certain amount of ore with a certain content of gold that will produce a given quantity of gold that will sell at a certain price. They don't know the size of the reserve here.

Quality C means that they only know the superficial quality of the vein. From every 20 feet they take a sample superficially. Quality A is when they've tested it with perforations and the vein has been proved. Quality B is when not all of the information is yet known.

Q – If you were able to give a message to the Canadians about the impact of the Canadian mining companies here, what would you most like for them to understand?

Gregorio – It would be good for Canadians to come to get to know my country and to find out the quality of people that we are. We are people that give and we are a friendly and loving people. I would like if they could find other areas in which to invest in this zone, perhaps in the mining triangle. We have very beautiful things to show you aside from our mountains. We have the Biosphere Reserve, Bosawas, which is one of the largest reserves in Central America. We have beautiful rivers and we have indigenous communities that still preserve their language and their own idiosyncrasies. We have many things to show. What happens here is that the government does not have the capacity nor the quality or the intention to help these communities. We have many things to give. We would like many people to come to see us but they should come to leave something, not only to take. That's it – they should come to leave something. If they want they can lend us something, it doesn't have to be given. There are many things that we could give. There are crafts, like this from the Mayagna, made from natural materials that they prepare. We have jewellery.

The Canadian community should also know that we are the owners of great riches in terms of gold. We are right now that richest community with respect to gold. We would like Canadians to come here to invest in Bonanza and that we are prepared to work with Canadians. We have already had some experiences. The Canadian ambassador was here and met with many people and this was a good experience. The consul was also here and he worked with us. This friendliness that we've been shown by the consul, mainly, who came to Bonanza and worked with the children in the CDI (Infant Development Centre) has transmitted to us, not only the intention to negotiate but also that the love that we are able to give, can also be reciprocated.

## *Interview in Bonanza with Marlene Chavarria, Contractor for small-scale mining*

Marlene – My name is Marlene Chavarria and I'm a small-scale miner or guirisera. I deliver the ore to the company and when the gold content ("punto") is good, we process it in the rastra where the gold is extracted using mercury. We take the ore from the work site and we deliver it to the company and I think that if the ore is good, they pay for it. But guiriseros need a lot of help and this company should support them more. The company doesn't help them in any way. The only thing that they do is receive the ore, process it and pay the normal amount. I just received a payment. I think that they pay a fair amount but they don't give any benefits to the small-scale miners. The company is supported by guiriseros, in fact there are more guiriseros than there are mine workers in the company. They're the ones that maintain this company and so they have the right to some kind of benefits from the company.

Q – What kind of benefits for example?

Marlene – I think that medical attention for the guiriseros because they don't receive any kind of attention now. If a guirisero has an accident, the company doesn't help in any way. Whereas if one of the company's mineworkers has an accident, they're transported and given all of the support they need. They also have life insurance that the company pays for. We don't have anything like that. If I have an accident, the company won't even lend me some money so that I can be transported to the capital city.

Q – Are you a member of a women's cooperative?

Marlene – Yes, I'm the member of the Board for women guiriseras.

Q – Does this cooperative have a social fund?

Marlene – No it doesn't. We just earn a little bit and that's just to maintain ourselves.

Q – How many years have you worked as a small-scale miner?

Marlene – I've been doing this for about four years.

Q – Do you maintain your family with the money you earn from small-scale mining?

Marlene – It's only to help them but it can't really maintain them. I have four children and they have many needs and they study. I can help them partially but not support them with all that they need. I can't give my children everything that they need.

Q – Approximately how much would you earn per month?

Marlene – I can't tell you because there are times when you get a good pay and that's when they (the company) give you more programming.

Q – What would be a good pay and what would be a poor pay?

Marlene – For me, I haven't had a good pay. It's just been a little bit. The thing is that I don't work alone. I'm a woman. I have an extraction site and I have to pay a man to go in there and extract the ore and I have to pay someone to haul it up in sacks to the road where it's loaded onto a truck. I have to pay that man so that he'll take it to unload over there at the company's scales. I can't do this by myself. I'm a woman and maybe it's because of a whim, I'm a guirisera but I have to be like this in order to work. I'm capricious. But there's no woman that can do all this work without help. It is very heavy work.

Q – What is the part that you do, of this work?

Marlene – I'm a contractor. The extraction site is mine and I help to crush the ore and fill the sacks. I help to load up the men who are going to carry the sacks but I'm not going to go into the mine. If I were to work two days in there, I'd wake

up sick the next day with my lungs in bad shape or something. That's very heavy work. It's not work for a woman. There use to be lots of work. When this Canadian company came, they laid off personnel and especially all of the women left and I was one of them. They didn't fire me though; I quit because the wage was very low.

Q – Which company was that?

Marlene – It was 4 years ago, so that would have been Greenstone. They laid off a lot of personnel. I was working there then. I worked for the company for 13 years. When this company came, that's when I quit because they laid off a lot of workers and for the others, they gave lots of work but the salary stayed the same. I felt like there was too much work and that they were killing me. I decided then to work in another way and not just donate my sweat for the benefit of others.

Q – At this time, what work were you doing with the company?

Marlene – I worked in the carpentry workshop. I was the one received the wood and did the inventory. Afterwards my workload increased and I felt that I couldn't do it, so I quit. I think this is the way they pressured people so that they would leave.

Q – Was the cooperative of women *guiriseras* formed with the women that left the company?

Marlene – Yes, we decided to try working in a different way. Not everyone joined. Others worked on their own and others worked as domestic help and those of us who are more capricious or who are *campesinas*, turned to small-scale mining.

Q – Do all of these women work as contractors then?

Marlene – Yes, that's right. The majority make an effort to work in this way. The company put up blocks and cut back on the schedule for ore deliveries from small-scale miners, so what could we do when we were cut off from selling ore to them? This was something they took away from us. We had the ore ready so we bought a contract from someone who doesn't have their own extraction site. They would have a contract with the company and we would buy that from them so that we could deliver our ore. Otherwise we would be stuck owing money to the person who extracted the ore. It's very complicated here.

Q – How many small-miners does the company have a contract with?

Marlene – I don't know.

Q – The company doesn't buy ore from just anyone then, rather it has to be from someone who has a contract?

Marlene – Yes. I don't know what they do to get these contracts because I don't go to the company to ask them for a contract. They could tell me they don't have one and I've got my ore sitting there ready. So, instead, I find someone who has a contract but doesn't have the ore and they sell me that contract. We call this a “*programacion*” and that's like an appointment, like you'd have with a doctor. I have to go to the Independent union first to see Armando Rocha and then they programme you to deliver your ore. There are two other unions; *ASPEMINA* and *MINARBON* and one can go there too to get a programme. These are unions of *guiriseros* but they don't offer any benefits for them. How can they? They receive 2% from the *guiriseros*, of what's extracted. For example, in my case, they took 83 cordobas. They take a little bit from each one and in this way, they collect enough to pay for a secretary and the director of the union who has to be there attending to the problems of the *guiriseros*. There is another person that they pay there so that things don't go wrong. They also have to purchase paper supplies and the cleaning. The ore is processed in the company's plant.

Q – Do you also process a certain amount of the ore here in your house using a “*molinete*” (small mill)?

Marlene – These are some sacks of ore that we've been accumulating because as September approaches, this is a time when one thinks about their children. So we're collecting ore, little by little. When we see that the ore is good, with a high gold content, then we put this aside to have it processed in a *rastra* or in a *molinete* (small mill). This is ore from a rich vein. We take one or two tons of this to the *rastra* to be processed.

***Interview in Bonanza with Gregory Downs Rocha, Environment Office, HemcoNic;  
also member of the community's Environmental Commission***

Gregory – In the history of mining in Bonanza there is a “parting of the waters” which occurs in 1995. 1995 is when Hemco started to operate the mine. Greenstone was a Canadian company that entered in the first five-year period, starting in 1990. Greenstone fails and Hemco took over.

Q – Why did Greenstone fail?

Gregory – It appears that they became de-capitalized. They brought in foreign workers from Canada. There were people here who were very specialized. They were paid high wages. Imagine if a chauffeur came from Canada, he would have to be paid the same salary that he would receive in there. This is what increased the costs of the company. The company became drained of capital and Hemco took over in 1995. Hemco is a company with variable capital with Nicaraguan investors as well. Greenstone was then no longer involved. From this point, the history of the mine starts to be told in a different way.

I know Tom McGrail, who is Canadian, Leni Kolkin who is Nicaragua and the McGregors who are Nicaraguan. There is capital invested from several countries but the only one who comes around is Tom McGrail.

So the history began to change at this moment (1995). They started to do work with the vision to protect the environment so that all of the mining activities would adhere to the environmental laws, national norms and international conventions. This was a process that could not take shape from just one day to the next. We're talking about supporting 70 years of past mining operation during which time there were no controls for environmental quality. So when Hemco assumes the mine, they begin their operations in adherence with these laws and norms.

Greenstone also made some efforts in this regard but at that time, we didn't have this vocation nor did we make these demands. So at this time there was an arbiter and an institution, an organization and there are more people who are academically prepared in the area of environmental protection. There is also a greater social conscience about this.

Q – So within those few years, 1990 to 1995, there were such significant changes?

Gregory – Yes. Hemco begins to operate with a distinct legal identity. There is a distinct conscience here in the municipality. There have been seminars and there are organizations that work on environmental themes. There was a conflict at that time about the operations of the company because they did not want to be monitored etc. We could say that there was a lack of maturity on the part of Hemco. At that time there was no coordination between the organizations like there is today. Now the organizations that are present here have a point of convergence and we help each other with problems related to the environment and natural resources. This situation is distinctly different. At that time, it was not like this. There was a distance between the institutions.

Q – How was this new relationship achieved?

Gregory – It developed with time. After five years, we can feel that things are changed now in this year. Perhaps there's greater maturity now and we know that we can't just continue along alone with this company. They know they have to extend their hand to other organizations. We can't be the ones just operating by ourselves. That's bad. There also has to be someone there who says when things are going well and when they're going bad. We began to participate in community consultations.

Q – When did the Community Environment Commission begin?

Eugenio Pao – In the initial stages, without any knowledge of the regulations of the General Environmental Law, there was a willingness of the company, on the part of the municipal office. This was in 1980 to 1989/90 within the same strategy that forms Bosawas (Biosphere Reserve) and there was a Board of Directors from the municipal office within Bosawas, that participated in meetings. They spoke then already of setting up an office and starting a pilot project. So the municipal office of Bonanza advanced more rapidly than Wiwili or Siuna where there are offices of Bosawas. Then the law came in and there were conditions for the municipal office, with regulations from MARENA, to set up the Environment

Commission. It started up in a more strengthened way, then, in 2000 with specific training and a definition of concrete work to be done.

Q – It's directed by MARENA then?

Eugenio – Yes, by MARENA.

Q – Has the environment office of the company existed for many years?

Gregory and Eugenio – It was set up halfway through the period when Greenstone was here. They started to improve the infrastructure and set up environmental supervisors. This was a new model. 1990 to 1992 was a time of transition and the government was preparing the conditions for privatizing the mine. The concession was approved in 1994. In 1998 the mine was taken over by Hemco.

Gregory – So things have been changing for the better and it's evident that now the company is making investments in environmental protection to the order of about US\$10,000 per month. We carry out monitoring through the Aquatic Centre of the UNAN (National Autonomous University of Nicaragua). They're the ones who carry out the monitoring for the company. They monitor the water and measure many parameters. They measure cyanide, cadmium, copper, oil, grease, whole solids and in suspension and heavy metals such as lead etc. The US\$10,000 pays for salaries. In this department we have nine people working. There is also a teacher who works here and he gives classes on the environment. There are six workers who do maintenance work, checking the filters that trap the sediments and the hydrocarbon traps that are set up. They collect the toxic waste that is generated. We do all of this kind of work. We also carry out reforestation. When more people are needed, we contract them. For example, right now we need to hire ten people to clear an area where we will be planting.

Q – Does the teacher teach the workers of the company?

Gregory – Yes, that's right. There is a programme of talks about environmental protection. This is also on the radio. For example, in the mechanics workshop where the vehicles are maintained, they use a lot of oil, grease and lubricants. These are hydrocarbons that can't just be dumped over the curb. So our mission is for this teacher to go to them and to explain what measures should be taken and why burnt oil can't be just thrown out and instead has to be put into containers to be kept. When the ground is contaminated with oil, it has to be collected up with sawdust or sand, scraped and gathered up so that the water is not contaminated etc. Each person has his or her area of activities.

Q – If there is ever an emergency when, for example, there might be a leak of cyanide, does the budget allow for a response to this?

Gregory – Yes. There is extra money, above the US\$10,000 available for cases such as that. For example, in April (2000) I elaborated a contingency plan for occasions when there are tropical storms and other times when there is strong precipitation that can lead to a spill, tanks breaking, a pump or tubing breaking etc. This contingency plan detailed the measures to be taken, the people to be phoned and how we should act in order to deal with the problem in the short term. This type of event can happen in various parts of the infrastructure of the company. There is the processing plant, for example or the oxidation lagoon where you visited. In the plant there is a system of canals that contain what there is a precipitation tank or example or an agitator. It would be about 80 cubic metres of solution. This stops it from escaping. Then there are two pumps that these canals are connected to and the solution is pumped into another tank where it is treated. These are measures that have been implemented over the last few years. There was the day that the tunnel caved in at Salto Grande, for example; there had been a big storm the night before.

They know what to do; they have two-way radios etc. As the level of the solution with cyanide rises, and when it reaches a certain amount, then there is an alert that sounds and we are called so that the appropriate measures can be taken.

Q – What are the measures that can be taken?

Gregory – One of the measures that can be taken, for example, is to turn on the two submersion pumps that we have to pump the solution into a treatment tank. When the cyanide has escaped, we treat it with sodium hypo-chloride.

The oxidation lagoon has a system of filters and the pulp falls out at one extreme of the lagoon and the materials sink to the bottom. The solution then flows to the tank and there's a backup pump there that pumps it again into the process. In this tank the solution has 20 ppm of cyanide. No tank is hermetic so we have the tank that's at the bottom as well, before the river for whatever escapes. We monitor and we have a laboratory here. There is a hatch so that the solutions can be monitored. We take periodic samples and in this tank at the bottom there is a cyanide level of .2ppm. The national norm for cyanide is .1ppm. (.1 milligram per litre). The solution in the last tank has .2ppm but once we've determined the amount of free cyanide that it has, we apply sodium hypo-chloride and water. After that we can release it into the river and there's no problem because it's been lowered to below the national norm to .1, .08, .03, .01. At these levels, organisms can tolerate it.

Q – What level is it at now?

Gregory – These are the results of monitoring that we carried out last night. We do this daily. The solution that comes out of the process, when it enters the lagoon with pulp it has 153 ppm of cyanide. In the lagoon there are various natural processes that occur that break up the cyanide – degradation by sunlight, for example. Sunlight breaks this link that free cyanide has.

Q – How much time does this degradation by sunlight require?

Gregory – We haven't calculated this. At the tailings box (at the first point of coming out of the plant) the level is at 153 ppm. and in about 3 hours, more or less, it has dropped to 120 ppm. In 24 hours, we've experimented and found that it drops to 20 ppm. This has happened as a result of degradation with sunlight and mixing with fresh water. Rainwater will also breakdown the bond between the carbon and hydrogen.

Here are the canals that we have around the plant and there are a lot of pumps that push the solution in tank number 5, number 4, and for the agitators etc. There is an incredible system of pumps.

Q – There's the list of all the programmes that you carry out here. There's a programme to bury contaminated substances, plan to collect junk, a bat programme ... what is this bat programme all about?

Gregory – There's a plague of bats in the houses. They go between the roof and the ceiling.

Q – The gravimetric plant is mentioned here as well. This is what they're proposing that the small-scale miners use. How do you see their acceptance of this plant?

Gregory – One sector has not really been attracted to this. There's one sector that opposes it and another that has expectations. Until it's up and running, we won't be able to give a conclusive opinion. There are certain expectations, though, because in the gravimetric plant includes technology that will recuperate more gold and this will mean that the small-scale miners will greater benefits.

Q – They say that this plant will lower the level of gold recuperation. That's their argument.

Gregory – Yes, but they say that the technology that they're going to use there, will permit a recuperation of more than 80%. There are some guiriseros that say that it could be less. Until it's running we really can't say who's right. There are expectations anyway and we can say that if the small-scale miners use this, then they will impact the environment less. Right now the activity of small-scale miners generates contaminants, mercury specifically. But they have no other alternative so we can't be judging them because how else are these people going to eat? In the watershed of the Pis Pis River, for example, they are causing a tremendous impact.

Q – Has the company never considered assisting the small-scale miners to improve their technology so that they can be more efficient and cause less damage?

Gregory – I think that the answer is in the gravimetric plant because the idea is to minimize the impact of the activities of the guiriseros with the quantity of mercury that they use.

Q – The other option would be to pay the small-scale miners better so that they would not have to take ore to be processed with mercury in the rastras. As I understand, it's because of necessity that they use the rastras. The company does not always pay what they think they should be paid for their ore and they have to wait for one month to receive their pay. This then forces them to use the rastras and to get what they can. If the company were to lower the necessity of these small-scale miners by paying them better or improving their benefits, it might be an answer.

Gregory – I was talking with an engineer about this situation. In the deposits here, the gold is not pure, there is a certain quantity of impurities, for example, silver. Also there's copper. Usually the gold and silver are together. Silver has a low value in the market, at about US\$5 per ounce. Gold has a different value of more than US\$200 per ounce. When they do their tests in a pan, the cord that you see, they say it's gold but it can have a high content of silver. When they do their tests, it's just done with the naked eye without trying to remove any part with a treatment or anything. I was talking with a guirisero here who's name is Roger and he told me that now he sees that I'm right. He was coming to the plant with ore that he had calculated to have 1 ounce per ton and he would be paid for .35 ounces per ton. He said that they were robbing him. But there wasn't anyone who explained this to him and how the chemical test works. When the small-scale miners do their test, the gold and silver are so joined together that they can distinguish them. They think the ore they deliver is higher in gold than it really is. The people that come to buy gold here, take away gold that has these impurities because it has a certain percentage of silver. So that's where this confusion is generated. I spent some time as a guirisero and I didn't understand this. If it shined and was yellow, I assumed it was gold. There are things like this that still need to be clarified.

Q – When we visited the DPM operation, they do separate the gold from the silver using nitrous oxide and the copper also separates off as blue. So there are some guiriseros that know this and others don't.

Gregory – There are about 3,000 guiriseros in this municipality. Anyways, there are always these types of problems that get generated and the plant here receives their ore. The company is doing this project of the gravimetric plant for two reasons. The small-scale miners can administer this plant themselves as well as the calendar of ore deliveries and the payment schedule. They can sell their gold to the company or wherever they want but the idea is to reduce the load on the environment that is generated with the use of mercury. It also eliminates the problem that the company has because there is always a confrontation. There is always someone who is not happy and expressions of this. Maybe this will solve this problem. Perhaps the idea is not so much to remove the burden of the small-scale miners on the company, but rather to improve their quality of life because it's calculated that the level of gold recuperation will be high. When the plant is fully operational, hopefully this will improve their incomes and their prospects.

Q – I have heard various calculations of how much gold the small-scale miners contribute to the total that's extracted by the company. Some say that it's 10% and others say that it's 50% and even higher. Do you know what their contribution is?

Gregory – I don't know this statistic. I do think it's significant though because day after day they deliver ore to the company. It's about 10 tons of ore that are delivered by each collective so daily there's probably about 100 tons delivered. According to my own criteria, I would say that what they contribute is a significant amount.

Q – So if we calculate 10 ounces of gold per day, that would be 300 per month. The chart shows that the company projects an extraction of 533 ounces for the month of August, so their contribution could very well be 50% or more.

Gregory – No, I think it's less because there are other values. This is where the discontent comes in because a ton of ore that they weigh below, might weigh 10 but when it enters into the process, this same ton can have a variation for humidity of up to 50%. The precipitation in this area is continuous so there is a high level of humidity. Sometimes it's 70%. This is to say then, that their contribution doesn't amount to 50% but it is significant in my judgement.

Q – Given that their contribution is significant, the company has never considered extending any benefits to them such as providing them with access to the clinic if they have an accident?

Gregory – The truth is that there isn't any kind of agreement that considers this but we were in a meeting last week with the manager of administration of the company. The company will give US\$100,000 cash for the new hospital in Bonanza and as of three months ago, they've been giving US\$10,000 per month.

Eugenio – There is a bulletin that was put out by the company. The director said that this support was the company together with the State. If the State is receiving these funds at Conchita Palacios (government building in Managua), nothing will come here.

Gregory – You have a point and it would be a shame if the company is paying its taxes and nothing comes back here. They make these contributions for the benefit of the community but then nothing comes here. For example, the company brought some equipment for the clinic here and some of that equipment has already been donated for the hospital. We are sure that this at least is here in the community but I think this contribution that was requested by the minister, is just leaving here. It would be embarrassing if this support were not to come here. With this money they could pay for the services of a team of specialists for an entire year – surgeons and all. This donation was to make sure that the hospital had all the necessary conditions. The company will make use of it as well. The company is now contracting the services of doctors from the Military Hospital in Managua. All the company workers go there. So the idea of the company is that if the hospital has specialists, equipment and good conditions, then there's no further need for other services.

Q – I wonder if this would be an answer for the small-scale miners. Given their specific situation, the dangers they face and the difficulty of their work, as well as the contribution they make to the company, in my way of thinking, it seems that they would merit a special consideration.

Gregory – Clearly, from a humanitarian perspective they deserve attention.

Q – Is there some support that could be directed specifically towards them, considering the danger of their work?

Gregory – Hopefully this investment that's being made will result in a benefit for the entire community. I think that they will directly benefit.

Q – There are two environmental concerns that have been presented to us by people in the community. One has to do with the oxidation lagoon and the other has to do with sedimentation as a result of erosion in the area of the Santa Rita community, which is situated below. The river there is becoming contaminated with this sedimentation. The people that live in the neighbourhood, Concha Urutia say that they smell the fumes of the cyanide from the lagoon and they complain about suffering from headaches as a result. Is there some kind of response to these problems, on the part of the company?

Eugenio – The Environmental Commission responds to these complaints and carries out a monitoring of the situation and visits the community. In Santa Rita they first complained when excavation started on the Atlas vein and now that work has stopped and it's being carried out higher up at Tiro Negro (or Tigre Negro) there is still movement of earth and sedimentation is falling in the area that is a source of water for this community. Further ahead, at the Panama site, there is more movement of earth and we should coordinate a visit to this site. The community there is not feeling satisfied because there has not been a concrete response to their concerns. The water project that's coming with Save the Children for this community (Panama) is at that spot and it's contaminated and has sediment falling into it. This mining is happening in an open cut (open pit) where there is also oil and grease. It is not covered up and there was a time when they were setting up a system of retention with traps and there was also a reforestation plan. The reforestation was to be a certain levels where the water was flowing.

Gregory – If the problem exists, we're going to have to attack it. When this project of the Atlas cut was done, certain environmental measures were considered so that the impacts would not fall directly on the community. The community participated in that and had proposals. The community was within the area to be affected by the project in environmental terms. One of the points was to determine how the water source that they use, would be affected. Another series of measures included providing them with employment and this has been carried out. So we have had this problem. We have made a tour and it's evident that there are areas where the current carries a lot of sediment. Within the analysis that's been done, this has been considered – to do a complete analysis of water quality including solids in sediment, solids in suspension etc. Within the national water norms, we are practically on balance but when there is a violent downpour, for example yesterday when there was one hour of precipitation that gave almost 4 inches of rain, up on the mountain that we're talking about, there is a road which serves to channel the sediments to the higher parts of the water source.

So where the people get their water is at a point that we've localized. The water comes out here (he's sketching a map) and there are these houses and the people take their water from here. There's another point here. We have had cases of direct incidence when this happens. We go there to monitor to see if there's a lot of sediment present. It could be that the

water is perfectly clear above but it's evident below that there is sediment – you can see the red stain. These are solid sediments. When we do the monitoring the level of sedimentary solids comes out to 50mg per litre. Sometimes it's a 60 and sometimes at 45.

Q – Are the people drinking water that contains this level of sedimentation?

Gregory – This water would not have cyanide, just sediments like clay.

Eugenio – You can also detect the presence of other materials that they use like the lubricant oils for the machinery.

Gregory – At this point (shows on map) there is monitoring. If there are lubricants, for example, or other metals and there are lots of sulphurous materials.

Eugenio – (an intervention by Eugenio that is very difficult to hear ... making suggestions for workshops to be held so that the community could become aware of what is safe and what not)

Gregory – This is good that we're working in a more coordinated way, inter-institutionally. We could do this because the truth is that I could go to a campesino and start to tell him all kinds of things but I would just leave him up in the air. This would be very arrogant to just cover the sun with one finger, in this way of expressing ourselves with a person who doesn't have the cultural level to understand. I could give them a speech but it would be ridiculous. I would like it, Eugenio, if we could do something in this respect to explain the national norms to them.

Gregory – Some people came to me and said, “look you have a responsibility with us and the water is getting contaminated”. So I went there to check but at the monitoring point, although there was sedimentation, it was at a tolerable level. The intention of these people was to get work. Sometimes we use unfortunate situations to benefit us in another way. There's community coordination and there was a communal leader who participated in this project.

Q – In this tank which we visited, which is the last one at the oxidation lagoon from which the water then enters the river, if there's a downpour and it flows over before you're able to check that the cyanide level is at .1ppm, what happens?

Gregory – This possibility exists. In the shack that's at the tank we have a drum for the treatment of this water.

Q – But this would depend on having a person there at that moment to apply it.

Gregory – In the contingency plan, which we have, it states that when the rain starts, and it doesn't matter what time of day or night it is, we have to have an immediate presence to see two kinds of contingency that we could have related to spilling. So there can't be deliberate spills into the water. We don't accept that.

Eugenio – What if it should start raining again like it did yesterday?

Gregory – That last tank is below the norm, at about .002, maybe. Because right now, as there's no electricity, the plant is not working so right now it's just the pulp that is falling into the lagoon but we're not sending anything to the system or recycling or discharging either. Within the contingency plan, if there is a tropical storm with 10 inches of rain falling per hour, we could have a case where the lagoon wants to spill over and we can't permit that the lagoon spill over the curtain. There is a filter that, if something like this happens, we put a treatment there and another one in the tank, which you went to look at. So there is a filter that connects to the lagoon. The lagoon has two dykes, one major and one minor. We made a filter because the precipitation is very high here; we're in the tropical humid zone. We can't permit there to be a spill over the dykes. So we have a filter, which is 130 inches, and that system begins about here (shows on map). There is a system of river rocks, which helps the water to oxygenate and this dilutes the cyanide more quickly. When it reaches here, there's another similar application of sodium hypo chloride given. The idea is that the 20ppm, will be .2ppm when it reaches here. So when the water goes into the tube that's there, we could have a flow of about 50 litres per second when it's raining. This flow then further dilutes. If we follow the fanning out of this controlled spill, 50 metres ahead there no longer is any cyanide. This has been calculated in the contingency plan.

Q – When it leaves the last tank and enters the river, it can still be .2ppm.

Gregorio – Yes, but according to our calculations, with the flow of the river it gets completely broken down from .2ppm or even 10ppm, within 50 metres. This happens with the movement of the water. There are statistics from 1978 when they did a study to monitor the water quality and there was a comment that all of this process, which is now in place, didn't exist and the discharge went directly into the river. In Bambana, which is 48 km downstream on this river, they found a concentration of cyanide at 78ppm.

Eugenio – In 1978, 13 children died in this area. In was denounced by community leaders. The Neptune mining Co. was here at that time.

What worries me in some cases is, for example, IPADE and the Coordinating body is visiting the community of Panama and so they have the ability to understand the issue of measurements, controls and norms that exist. It would be good to visit these communities and have some kind of meetings to explain the projects, as was done in the case of Atlas which was presented. The final results, however, were not presented. Equally in this case, written communication was sent to only some offices. Really we don't know when it started, how it's going and about the distinct monitoring moments that are done by MARENA and what the results were. This would result in better management because there's always talk that is without any sound basis and without knowledge of the case.

Gregorio – Yes, I think we're going to have to do this, perhaps next week. Because the last time, the person who was monitoring said that we should go there and I don't know what happened. I couldn't go. He looked for me and I said, "sure, let's go" to see this case because if we let it go for too long and can get complicated. That would be bad for the work that we are developing, to all of a sudden do something bad.

Q – Do you have any response for the people who are complaining about the fumes that are affecting them from the lagoon?

Gregorio – The truth is that I've heard concerns of this sort, but nothing concrete. In this lagoon, I've designed a windbreak curtain. The geography of this place is that it's a micro watershed and so the winds from there pass over various houses. If we put the windbreak curtain here, the winds will then go over top. It will create a buffer. There is a direct affect right now because there is no block for the wind. So we're going to plant eucalyptus trees there. This is an exotic species for this area but it grows quickly and absorbs a lot of water. It will serve two purposes, then – to maintain the water level of the lagoon as well as to break the wind. It can also provide us with firewood. It's a species that's very tolerant of high salinity in the soil and soils that are very compacted etc. We're going to test it out here. Tom McGrail said that he didn't want to have anything to do with this species. There are many people who speak badly of eucalyptus but with controls, it is a noble species that can be used for good purposes. We can also study its viability as a species here and maybe have plantations of it. The vocation of this area is forestry.

Q – Why don't you bring species that are native to the zone?

Gregorio – We have them here and we have a plan to plant 50 hectares in 5 years. We already have 27 hectares planted with species of the zone. Since last year we've been putting this reforestation plan into practice with germoplast brought from other parts of Nicaragua. The intention was good but when I came I told them that this was not correct and that we had a rich biodiversity right here and it would be ideal to collect the seeds right here. We could buy it from the campesinos. If they're going to cut down a tree, pick the best tree and take the seeds from it. We've already bought mahogany and laurel seeds. We're looking for hardwood species. The seeds were bought in Carazo before and I have a list of the species and where they came from. This was not successful. Of the 27 hectares that were planted, there is a low percentage of survival. We have to replant that area. We are talking about an expense but it's also our responsibility. Now the idea is to find the material from here. They brought mahogany seeds from the Pacific coast and Rio San Juan before and it did not prosper. The environmental conditions are different here so this did not have much success here.

Q – Will the windbreak not just make the fumes fall on houses that are further back?

Gregorio – No. It will have dissipated more by then with the wind. Nor is it constant. When there is no wind, and the lagoon is calm, that's when the vapour is detected. When there is a flow of air, however, that doesn't happen. We go to the lagoon periodically to monitor and make sure animals don't get into there. Last time 4 cows got in and they died.

Yamila – There aren't many warning signs posted.

Gregorio – There were more but there's been vandalism. They use the posts for firewood and the metal signs might be used for cooking, to repair their roof or to make a guirisero pan. We have paint and everything here to make signs with and there is a watchman there permanently.

Q – Can these fumes cause a type of acid rain?

Gregorio – No I think the level is too low. We have two apparatuses to monitor air quality but they're broken right now. These are part of a meteorological station that we have. It functions with computer software. The software failed but the motoring of air quality that took place has a filter, which has to be sent to the US to get the results. The pollution that's there cannot cause acid rain because it dissipates. Cyanide plus water does not form an acid, rather it dissipates it. Acids that might be used in the processing stage are used in very minor quantities.

### ***Interview with Rafael Gabino Gutierrez Baez of MINARBON, Bonanza***

Rafael – I'm 52 years old and I have 25 years experience in small-scale mining. I'm from La Libertad, Chontales and when I came here to Bonanza, I joined the cooperative of MINARBON. At that time they were making arrangements with the company to form a cooperative of small-scale miners and we entered into a negotiation with the company so that they would buy the ore. We are exploiting the small veins that are not profitable for the company to exploit. We made arrangements with the company that they pay us according to the value of the mineral that we deliver to them. At the beginning we were doing well because the values of the mineral that we sold to HEMCONIC, were very good but as of one year ago, the values have been dropping. It seems that there are certain connections that are not satisfactory to us, that the company has not wanted to have the good will to account for why the values are dropping and what is the economic cost that they charge us for processing the ore. They pay us 21 days after we deliver the ore. They do this at our sacrifice and they pay us with their profit. I believe that the company has sufficient capacity but I think they just don't want to. From my experience, I think this is the case. They could pay us, one week, say, after we've delivered the ore because we're miners for them. This would be enough of a delay in pay. We exploit the ore for them but we don't have any benefits from them at all. The company is inconsiderate, they don't pay for anything. We pay them, for the sharpening of our tools, we pay for these things.

We think that they should consider us more because what they are unable to exploit, we do it and also thinking about the economic needs that we face. These oblige us to work for them even though we see that we have lots of disadvantages. Hemco has not wanted to do anything to favour us. We have solicited to see if at least they could provide us with medicines from their clinic, even if we paid for them. But they would not even approve this.

From my experience, I see it's profitable for them. It's true that we are within their concession but there was an agreement about 5 years ago with the last company (Greenstone) that we would exploit the small veins and deposits that were not profitable for the company to exploit with their machines, and sell this to them. So there has been this agreement with them but gradually they have been disfavouring us. We know that the mineral that we deliver to them is a classified mineral that is specifically collected and has a single value. What they exploit from the pits is all mixed up while what we exploit is only from the vein and has its value. The ore that has a minimum gold content is not profitable for us, because they pay in accordance with this value. Last year we had some lack of control with them because we wanted to put someone in to monitor the chemical analysis. We are not satisfied with this analysis but we are adjusting to the ways of the company because we are obliged by our needs. The situation in our country is very critical and the situation here in Bonanza is chaotic, for everyone in general. So we have to bow down to the company because we don't have another alternative.

We would like them to have a bit more conscience and recognize us in some way. In what way do I mean? When we get sick or break a foot. There have been many who have died and it's us who suffer these deaths, not the company. Miners have been buried alive. Last year there were three who died. These deaths were from amongst the guiriseros, not from the company. They don't even provide a casket.

Q – What is the cause of these deaths?

Rafael – The cause is that they don't pay us the real amount for the value of the ore that we deliver. So we end up being very short economically with what they pay us. If we had sufficient money, we would cut wood to have boards in the mine that would prevent a collapse but because we are economically bad off, we can't do this. We only have enough for the subsistence of our family, the schooling of our children and other costs. We don't have money to cut wood and secure the mine and so many times, we take the risk and enter the mine as it is. That's when there have been these deaths. Maybe it's raining and we're working with a mallet at the top of the mine and it collapses. The three people that died last year, died in this way. One person died in 850, another in Cerro Pelon and another in Hialeah and the company does not consider all of this. We always deliver ore to them that is classified; ore that is very carefully selected.

Q – Have you done studies of this ore to find out what value it has?

Rafael – Yes, in El Tesoro we have a vein that runs from the northwest to the southwest and this vein has 95% gold and 5% silver. Approximately this would give 1.25 ounces of gold per ton. This would be about 40 grams per ton. A penique has one and half grams. An ounce has 31 grams. This is very good ore, that's why we call it "classified". We use a method with a gold pan and a mortar to crush the ore fine and this is how we analyze a sample and work out the value. There are a lot of guiriseros that have a lot of experience in this.

Unfortunately there has never been a non-governmental organization here that could help us. If there was an organization, we could show them that there are areas that could produce in great scale. Here we have DPM – perhaps you haven't gone there. It's at Vesuvius and they use a (bateria de mazo) mallet crusher (mill) and it's very good. This is the small-scale miner's. They are earning more because they have this crusher, which was financed by a non-governmental organization, and they installed this plant and there it is – functioning. It generates work with some extracting the ore, others working the machinery etc. Even though the mill crushes the ore and in the following stages of the process, gold is drawn out, there is still enough in the sand that is the end product and the company buys this. This residue has 0.4 ounces per ton of gold.

We sell a very select ore to the company because we don't want to lose, we want to gain. I have a lot of experience in this. I know how much copper, lead, silver etc. that the ore could have. Not all the guiriseros can do this but there are some. I worked in the laboratory before, during the years of the revolution (80's) and I worked on the chemical analysis with Renaldo Torres and Alan Fonesca who was an engineer in the company when it began with the buying and selling of ore. But now the situation with the company is very difficult. I don't know if the company doesn't have the capacity to provide us with everything that is necessary so that we could develop better to deliver more ore to the company, or is it that they just don't want to?

Q – So according to the analysis that you've carried out of the ore that you deliver to the company, they are robbing the guiriseros? Are they paying for low grade ore when it's really high grade?

Rafael – Some guiriseros have asked for a re-analysis. Last year, Rufino Solis who was working in El Tesoro, delivered 8.75 tons of ore and they only gave him 0.11. He asked for a re-analysis and it rose to 0.49, a half an ounce per ton. So that's where we see the proof. We don't know if the laboratory doesn't have sufficient capacity to do the analysis or that they don't want to. We don't have access to where they're doing all of the process.

Q – When an agreement is signed with the company, is there no stipulation about the analysis and the participation of the guiriseros?

Rafael – No. This is not included in the agreements. The agreements were made 1999 and they were going to put in a monitor but they only gave access to the scales. But in the process where the ore is being purified to draw out the gold, in order to work out how many grams of gold there is, we don't see this. We are at the mercy of what they bring out to weigh in the scales, that's all. This is the problem.

Q – Eugenio told me that because of this problem, the small-scale miners also take sacks of ore to process themselves.

Rafael – This is more proof that we have. We extract 10 to 15 tons of ore and of that, we'll take 10 and deliver it to the company. The other 5 tons, we'll take to process at a rastra or a pounding mill (bateria de mazo) and this will give us an ounce and a half (that's 65 grams), while with the company we'll only get 0.40 ounces – not even half of what we'd extract.

Q – What does the company say when you present them with this information?

Rafael – The truth of the matter is that we're a little bit isolated – from the laws, from justice, from the labour code – and so we have to do what they say. We're at their mercy.

Q – So there is no one to represent the interests of the small-scale miners?

Rafael – No, there isn't anybody and there's no protection. The municipal office was looking into this but then they dropped it. The small-scale miners and the members of MINARBON have been struggling and debating this so that they'd recognize what's fair, so that they'd at least give us one half of the value of our ore, rather than one quarter. So at this point, we're not at all in agreement. Sometimes the situation is chaotic and we're obliged because we're honest people and we don't want to do anything illegal or take any erroneous paths. So this is why we've just held on because we don't have another alternative although the company is not fair. I've told Alejo Liva, the vice-manager of the company and Tom McGrail, who's the general manager, that if they would like to offer some small incentive to the small-scale miners they could sharpen their tools for free but they won't allow even that – even one sharpened tool. We have to pay for this. If we want to have a re-analysis of our ore, because we consider that there are errors in the chemistry, we have to pay 360 córdobas before they'll do it.

Q – In La Libertad the small-scale miners also have many complaints against the company and the negotiations are a continual process with them. With the new company that's come in, there's been a new agreement signed with the small-scale miners and there's a long formula that they use to calculate the value of the ore and how much the company will pay for it. They also give them a quota. Using this quota and the formula, the miners are only guaranteed the minimum for survival. They can only hope to earn this minimum pay to cover their most basic needs for survival. In addition, the agreement also stipulates that all of the small-scale miners in the cooperative must contribute to lessening the numbers of small-scale miners. They are invited, in other words, to disappear themselves. Is it your opinion that the company here in Bonanza would also like to disappear the small-scale miners and if so, why.

Rafael – Of course. This is the intention of the company, to disappear the small-scale miners. They've never wanted to explain this. Last year I was in a meeting with them on three occasions and told them that we wanted to know why they wanted us to disappear. What was the reason and motive for this? Because it is fair that we should know the truth and that they should be clear with us instead of bleeding us in this way. They did not want to give any explanations. We asked for a breakdown of the costs that they cover for the processing of the ore which we deliver, because they told us that they charge for these costs and they didn't want to give this to us, either. I don't know why they hide this.

Unfortunately here we don't have very much justice, the Ministry of Labour doesn't get involved and there's no steps taken to address the reality of the situation that we're facing and that's why the company can swallow us whole. They do with us, what they decide is the best. But they have great profits because if imagine, is they didn't have good profits, then they wouldn't be interested in having us sell ore to them. When it's profitable for them, they say they should buy it.

They don't like it when we take the ore to be processed at a rastra or a pounding mill but we have to do it because what they'll pay for 10 tons, will barely cover the cost of food and we don't have any money remaining in our pockets. They also wait three weeks to pay us, so meanwhile we have to buy food from the stores on credit and wait to see what they say. For example, today I have to go to see the results of 6 tons of ore that I delivered. So let's see if they tell me that there was 0.20 ounces or 0.40 ounces – that's all. I can't say anything because if I say that I want a re-analysis because I believe that my ore has high gold content, I have to pay 360 cordobas. So what happens? The little bit of money that I might have in the house for the subsistence of my family, I have to use it to pay the company and probably the value of the ore won't increase because the result has to be outside of the range by 10 points before they'll cover it, rather than me having to pay for it. We have to pay 70 córdobas to transport each ton, we pay 2% to benefit the cooperative and then the company charges us the 1% for IGR (general tax of the republic). They also charge us for processing but they have never wanted to explain to us, how much it is that they're charging for this and what the breakdown is. We don't know what their costs are for doing the processing and for running the plant.

Q – The argument that's always presented against the small-scale miners is that they're destroying the environment with their use of mercury and that's the reason why they have to disappear. What comments do you have about that?

Rafael – Look, unfortunately the same situation or company causes this, as we don't have any other means of livelihood, we're obligated, even though we know that we're affecting our children and our general environment. The situation in which we are living, in which no body assists us in developing a different way by which to extract the gold, for our subsistence. We don't have other companies or institutions here that would help us in this way, so we're obligated. We know that our own health is being threatened when we are extracting the gold; when we are using mercury and making the amalgam. We know that we are contaminating the air and the water and that it is being introduced into our skin.

We are very clear about this but as we don't have any other means of livelihood, so just as we are contaminating with mercury, we are also risking our lives just as the many who have already died. Maybe you've heard about the deaths that there have been here in Bonanza of guiriseros for this same situation. The economic situation is so difficult here that although we know we're causing damage, we don't have any other options. While there are no other formulas of how to extract the gold, we have to continue using this method. They just talk about projects but there is no organization that has really focused on this and offered to help the small-scale miners.

Q – What if there was a project developed to promote this sector, to help you develop rastras that damage the environment less, to assist you in investing in improvements to the rastras or to use another technology – I don't know what that would be – so that you don't have to use mercury, perhaps, and maybe other types of support, like opening up markets for guirisero gold? Would the small-miners be interested in that?

Rafael – This is what we wish for and our whole lives we have desired this – to have a change so that we don't contaminate the environment, the water, nor our bodies. I'll repeat again that we don't have any other means and no one has taken an interest in us, so that we could have a better method that would not contaminate the environment. Necessity obliges us to do it this way, in other words because we know that the rastras contaminate the waters because mercury is used. Mercury is thrown into the grinding pit (tazas) and that's stirred around and that water runs into the rivers. This is very bad. The mercury can get introduced into the skin and it causes damage in many ways. When we're purifying the gold through application of an acid, we could breath in the vapour and this can affect the brain. There is something that's called a "retorta" which captures the vapour but we don't even use this here and there is no organization that has taken an interest and not even the company. We have tried to invent a number of things to capture the gold. We've used agitators that stir it up and blades so that the mercury gets mixed in by itself but when it comes to smelting, to remove the mercury, we don't use masks or goggles. We just have the flame and we're stirring it and all of this does damage to our bodies. Unfortunately, there hasn't been anyone here who would take an interest in us having a better way to extract the gold without contaminating the environment and causing damage to ourselves.

Q – That's unfortunate because I think that in Nicaragua there are experiments that have had a certain level of success. In La Libertad, for example, it could be that someone has discovered some type of filter, perhaps. There should be a way to share these experiences. There is the cost of travel and perhaps there is no help to cover these costs.

Rafael – No, there isn't. There are no exchanges of experiences. In this region we live very far away from La Libertad and the guriseros, just barely earn what they need for survival. There is no money to travel and they don't have the economic resources to come and give a workshop. There are no organizations that would provide this support. The cooperative here, just barely survives. We contribute 2% so that they can purchase paper and to pay rent for the house where we have our office and that's where this little bit of 2% is spent. Because the company has cut us to the point that we can only deliver 10 tons of humid ore, which after it has gone through the drying process, is only 9.5 tons. We have to pay for the transportation of the 10 humid tons. So there are all of these disadvantages.

Q – How many families live from the income of small-scale mining?

Rafael – Presently, there are 166 heads of collectives. In each collective there are 5 to 8 men working. We are talking about more than 1,000 men. These would be divided between MINARBON, COOPEMIN and the Independents. ASPEMINA is not functioning now. The Independents are the ones that are programmed by the company. The company has a group that Armando Rocha programmes. He gives them a programme that spells out the dates when the collectives have to deliver their ore. Weekly there are twelve collectives that deliver their ore.

Q – So there are 1,000 heads of families, which means that there could easily be 5,000 people in total living from this. Are they all from Bonanza?

Rafael – Yes, the majority. The company only has 450 workers. So the grand majority of people in Bonanza work in small-scale mining.

Q – In addition to the work that you're involved in, is there other work that's created such as jewellery making?

Rafael – There is no jewellery making here.

Q – So, who do you sell your gold to?

Rafael – Merchants come from Managua to buy gold. I don't know why we don't have jewellery making here. In the Women's House they were making jewellery but it didn't work. When DPM extracts one or two pounds of gold, they have to sell it to people who come from Managua. This gold leaves here.

Q – I understand that an advantage that the company has, in the presence of small-scale miners is that you assist them in locating where the best veins are. You help them with the exploration phase.

Rafael – That's right. We found some very rich veins in Fomley (?). There was a vein there that was at the surface and you could see the gold with your bare eyes. Immediately the company came to prohibit us from working there and sent in their tractors. So we help the company to locate these veins. We are the explorers of the best veins.

Q – Since you have been working as a small-scale miner for 25 years, you were here when the mine was nationalized. How was that experience?

Rafael – In 1986, when I came here to Bonanza, I was the first man to begin extracting ore in Hialeah. First I had a (bateria de mazo de pie) foot mallet crusher, which I made. It pulverized the rocks and then with big plastic pans, I mixed this with mercury. Afterwards, I extracted the amalgam. Here in Bonanza no one knew how to do this. They extracted gold but it was gold in alluvium. This was from the rivers and they would shovel it into a box, from which they would then extract the clean gold. This wasn't gold that was inside the rocks. That's how it was when I came here. So everyone started to learn how to use this crusher. You move the pole with your foot, it rises up and falls into the bowl and then it crushes. This creates a concentrate that's like sand. The people didn't know about this until I came and then they started to do this. Angelino from Peru took back photos of my invention because up until then, only the company knew how to extract gold from rocks. Now the people could also look for gold in the veins and not just in the river sediments, using this method. The rastras are a large cement bowls with rocks rotating around, crushing the ore.

The only support the company gives us is to allow the rastras on the concession but when Hemco bought this concession, the rastras were there already. To not create expectations. They know the economic situation that we live with and that they are not able to give employment to all of us so that is why they have let us keep our rastras there. Because it would be unjust to remove them, knowing that we have no other form of livelihood. They can't assume the responsibility of giving work to all of us for the subsistence of our families. This is a large municipality where there are more than 16,000 people.

Q – Do you have some idea of how much gold is produced and what the profits of the company are?

Rafael – I don't remember exactly. Monthly they extract about 5 or 6 “marquetas” of gold. Each “marqueta” (brick) has 80 to 90 pounds. That's 540 pounds per month.

Q – How much does a guirisero earn per month, on average?

Rafael – The basic amount is 445 córdobas per week for a miner (confusion here whether he's speaking about miners with the company or small-scale ... careful to distinguish!), which works out to about US\$120 per month. It's difficult to live with this amount, but if there's nothing else, what can we do? A family can barely live on this and we're doing very difficult work.

Q – Can you describe the kind of work that is done? What depth do the miners go down to?

Rafael – It could be 800, 300 or 400 feet deep.

Q – 800 feet? I was told in La Libertad, that after 200 feet, it becomes too hot to work.

Rafael – Yes, but here they use compressors and there’s tubing that runs up into the air. So there’s ventilation. You know the height of this mountain, which is quite high, by the mechanics workshop there’s an opening that leads underground, to the foot of the mountain and then you still have to walk another 100 feet and then descend another 100 feet. Then you can take the level (horizontal) branches. It’s very deep. From the moment you enter, there is no guide. You enter at 7am and come out at 3pm.

Q – Is it not like La Libertad then, where the small-scale miners enter with a vertical shaft?

Rafael – No, the entrance is horizontal and then they descend via the chimney and enter the different levels. Throughout all of this, there is tubing for air so that they have ventilation. The tunnel is 7 feet high by 5 feet wide. In some parts there is water. You have to use a headlamp. There are fears in being down there and it’s not where we’d like to be, but since we have families to support, we have no choice. This is how it is for the guiriseros. If you could go to the place where we are working, in a place called “Tesoro” (treasure), there is a friend of mine who is at 120 feet without a compressor. He’s breathing very hard down there, barely able to breath.

Q – What is your opinion when companies like Greenstone talk about their investments in the community like basketball courts and other social projects and how they’ve assisted the community?

Rafael – To be honest and sincere, the little bit that they’ve helped us is not equivalent to the quantity of wealth that they are taking. You can see that one worker who earns US\$120. Is this a good salary? This is not just. For a quantity of 6 or 7 “marquetas” of gold (bricks) that weigh 80 to 90 lbs each, which is then sold at a price in dollars. That’s 540 lbs of gold that’s taken out monthly. This is what the company takes out. We’re not now talking about the guiriseros. We have not been able to get this information about how much gold is extracted by the guiriseros. They don’t want to give us this information so that we can’t calculate the degree of injustice. They don’t want us jumping and asking, “How much do you get from us?”

Q – Had the company always paid a fair price for your ore, what difference would it have made in the quality of your life now?

Rafael – As you know, money permits anyone to make changes in their life, in all respects. It affects changes in the quality of your housing, the education of your children, the food you eat, your clothes – it can change the situation of a family, in every respect. But US\$120 is nothing. For a university education, it costs 350 córdobas just to register one child. I have 6 children – 5 sons, 1 daughter. One of them is an engineer; one is graduated in business administration and one that has graduated as an accountant. So there are 3 that are prepared and 3 that are still on their way.

Q – As a last question, reflecting on the experience with Greenstone in this community, do you consider that they have a debt to this community and, if so, what would be its size?

Rafael – I think it would be a debt with a very high value because just calculating the lives of the small-scale miners; there have been 6 people that have died in the last 2 years. In addition we have had 5 people broken with accidents. There is an engineer, Wilfredo Romero, who broke his foot when a mine caved in and he’s now unable to work. These are costs that the guiriseros have to assume themselves. If they can’t cover the costs or don’t have family that can help, they have to die. The company is not prepared to give even a single pill from its clinic. So if we start to attach numbers and start counting what is owed to the community of Bonanza, I think it would be an amount that is quite large. But because we have a legal scarcity here, we can’t do anything. The government has never lent us an ear. MINTRAB (Ministry of Labour) is deaf to us so we have to deal with all of this vulgarity.

Q – Do you feel any hope with this new Mining Law?

Rafael – What I’ve seen, and considered is that this law serves to lessen the protection for small-scale miners. In what respect? Because it takes the right away from us to exploit the small deposits and sandbanks that the company is not going to exploit and that would not be profitable for them to bring in machinery because it might be just 2 to 5 inches wide. The company won’t make use of something so small. With the Mining Law we are less protected in many ways. It takes rights away from us as small-scale miners.

Q – I understand that there is a separate law still to be developed for the small-scale miners.

Rafael – Yes, but this is not exercised here. If there has been some law for small-scale miners, no one here even knows about it. It's not in the company's interest that we know about it and the other organizations have not worried about us.

Q – Can you tell me about the impact of mining on the health of the small-scale miners?

Rafael – Generally all miners, after 6 months already are showing signs of silicosis – sometimes first degree but it can be up to the fourth degree. When the silicosis reaches the fifth degree, the company removes them from the mine. They say they're going to receive a pension and cancel on the payments to them. There is one large Miskito miner who has third degree silicosis in his lungs and to this date they haven't approached him. They have him detained in the transportation workshop meanwhile until they pay him. This is unjust because they pay nothing – a ridiculous amount – and the worst thing is that it's dust with oil in the lungs and this doesn't ever have any cure. The only cure is death. He works directly with the company, not as a small-scale miner.

The small-scale miners also suffer from silicosis but there is no doctor to examine us – there's nothing – so we're just at the mercy and just wait until we feel sick and ruined. At least we know what we have, because we recognize it from experience – that it's the dust from the rocks that we have in our lungs. Just as we die from accidents in the mines, we also die from silicosis.

I don't know how my own health is because I haven't had an examination for about 3 years. The symptoms of silicosis are when you feel tired, depressed and when your chest hurts. X-rays have to be taken of the lungs to be able to tell whether they've been affected with dust. The dust blocks up the lungs and doesn't allow the flow of oxygen. The State hospitals don't have the conditions to treat this or even to give examinations. They don't have any medicines. A miner should be examined at least every 3 months. In the hospitals what they often do, is give you a prescription and tell you to purchase the medicine in a private clinic. With such a miserable salary, you can't buy anything. It's terrible. We don't receive help from anyone.

Q – The division that exists between the small-scale miners probably also makes it difficult to apply for support.

Rafael – Yes. We've made several trips to Managua but with this present government, all that they're interested in is to fill their own pockets and the community can take its own risks. We have united forces to present cases in Managua but we've not had any results.

The situation of the small-scale miners in La Libertad is as chaotic as it is for us here. We're not able to communicate with each other. We heard about the occupation that occurred of Cerro Mojon but did not receive that much information about it. We had a strike that lasted 9 days and nights to paralyse the company, last year. We did this so that they would give us an answer with regards to the percentage of gold in our ore and that they recognize the amount that is really fair. Argeo came and we had this debate but Argeo left and no agreements were made with the company. What we did, was that we directors of the small-scale mining (MINARBON and COOPEMIN) negotiated with the company so that we'd at least get something, with them receiving our ore and paying us what they felt appropriate. We had no other alternative with these people, as we don't have anybody's support. That's how things are to this date. I don't know what else can happen down the road because this is taking a long time, we're now halfway through the year and we haven't accomplished anything. We're always in a worse situation.

Q – Can you describe the gold extraction and purification process that the small-scale miners use?

Rafael – 75% of the mercury is captured and 25% is vaporized with an acid that creates the vapour that gets absorbed into the skin, penetrating through the pores. This is what makes the gold paler. It doesn't return to its real colour until it's been washed with nitric acid or muriatic acid (hydrochloric acid). If you only melt the gold with a fire, it doesn't leave it with a shine. Then you have to use another chemical, like muriatic acid which also creates a vapour. You use a "spilar" (perhaps, beaker) made of glass, you put it over the fire and you add the muriatic acid and the gold. The acid turns to vapour and it's very bad. If you do this with this zinc roof, within 15 to 20 days, the roof is full of holes. So if it does this to a roof, you can imagine what it could do to a human body. Afterwards the gold is brushed with a metallic paste to give it its real shine. A toothbrush is used and the gold becomes shiny.

Q – Just as there is a campesino-a-campesino programme, there could be a minero-a-minero programme to exchange all this knowledge.

Rafael – In 1983-84 there were plans to construct a technological institute to train small-scale miners. All the conditions were being put in place to provide this training so that the environmental and health impacts could be lessened, but unfortunately, since the elections in 1990 when Violeta Barrios, widow of Chamorro won, this project was left abandoned. It was going to be built beside MIMBA in Bonanza. So there were they steps slowly being taken to develop the small-scale mining sector but with the change in government it didn't continue. This was to be one of the greatest accomplishments and it would still be important today. The livelihood in all of these municipalities; Siuna, La Rosita and Bonanza – is mining.

### *Interview with Gladys de Socorro Cruz Martinez, Regional Government Delegate in 1990-1995*

Gladys – After the electoral triumph of Violeta Chamorro in 1990, we were told that negotiations were taking place at the national level with the Greenstone Company. Walter Smith came as the representative of this company. He was here and this community hoped for things to change so that we could live better. We were told that they were coming to invest and that things would improve in this community because I think this is the last community (end of the road) in Nicaragua. We have an entrance but there is no exit. We expected things to improve but in reality things did not work out that way.

When Mr. Smith first came, we observed a small change. The workers that had previously worked for this man were benefited. Because he was here working with the Neptune Gold Mining Company and he knew many of the workers at that time. When he returned, these workers went to him to request many favours and he helped them a lot. There is a woman who to this day still gets her food basket from the present company, because of the help she received from Mr. Smith. Mr Smith left, however, and then we started to see that things changed. Now we are worse off because while it's true that the Canadians are working here, but not in a satisfactory way for the community.

First of all we have to look at the small-scale miners. These people deliver their ore to the company but they always lose out. If they deliver 10 tonnes of ore to the company and take 3 tonnes to be processed at a rastra, they get the same amount of gold from each place.

Q – So the company is cheating the small-scale miners?

Gladys – The process they use is faulty. My husband worked for 20 years in the chemical lab of the Neptune Gold Mining Company. This is where they carry out the analysis of the ore's gold content. My husband has told me that the analysis that's done now, is not the same as what was done back then. The guiriseros came to look for my husband on many occasions to monitor the analysis process but when Violeta Chamorro came to power, they didn't accept his presence any longer. So either the analysis is wrong or maybe they don't want anyone monitoring the process so that they won't find out how much gold there is in the ore of the guiriseros. It's a sad thing that the guiriseros end up owing the company.

The workers in the company have also complained about the electricity and the water. The company says that they are not responsible for providing the community with electricity but there are signed documents. This is a rich community because we have gold, silver, lead, zinc and copper. There are also all kinds of wood and we have the Bosawas reserve. The community, however, is also poor at the same time because the riches are taken and we're left with nothing. The government takes the taxes that the company pays and nothing stays here. The coordinator of the regional government said that some money from the taxes had been given to the municipal office but this was not true. The reason why you see this central road in this condition is because there is no money to repair it. We don't benefit in any way from the taxes paid by the company. The only benefit we had was the electricity and now we don't even have that because they're about to start charge 1.50 córdobas per kilowatt. We paid a minimum amount before and we didn't have metres. Those of us that are merchants, we'll have to pass on the increased cost to the customers. Meat that needs refrigeration, for example, will now be more expensive.

We would have benefits from the company if the taxes stayed in the municipality but they go to other places where we do see advances. In Puerto Cabezas, for example, I see that all of the roads are paved. I think this is because the taxes from here, end up over there or they go to the national government. But in this community where we're rich and poor at the

same time, we don't get anything. When I was the delegate for the regional government, Eugenio was the mayor. We went to fight in Accion Social (Social Action) so that we would be given some provisions for the community, in return for work. It has been a complete chaos here.

We would like the regional or national government to say that this is where they're going to leave the taxes because this is where the riches are extracted.

Q – What do you have to say about the social projects that were carried out by Canadian Save the Children when Greenstone was here?

Gladys – I don't know too much about this but I know there have been some projects like putting in wells and some other things like basketball courts – this sort of thing. Since leaving the government and becoming a merchant, I really have kept up with these things. I'm a little distant now from the projects but I see the basketball courts and a few other things.

Q – Do you have the impression that the company wants the small-scale miners to disappear?

Gladys – The new Mining Law, which has just been passed, says that the small-scale miners must disappear definitively.

Q – Although I've heard that a separate law for the small-scale miners is being contemplated.

Gladys – Yes, I think there is a separate law for them. A little while ago in the newspapers, they talked about a 6-month moratorium for the guiriseros and the woodcutters. I don't know how much we can trust President Aleman because we went to Siuna to meet with him and he promised us, as we went there as a commission, that he had not given any order for a moratorium for the guiriseros. He said that what he wanted was that the guiriseros continue to work as usual. We told him that if they wanted to get rid of the guiriseros from where they're working or to stop their activity, there would be social disorder because in Bonanza there are thousands of families that subsist on that income. The day they drive out the guiriseros or the company stops buying their ore, I don't know what's going to happen. We don't want this to happen in Bonanza because this is how they feed their children and this is how we have at least a little bit of money moving here in Bonanza. The businesses here are dead, dead, dead. You'll see that on Fridays, Saturdays and Sundays there's a little bit of movement. From Monday to Thursday, there's no money here.

Q – So is it more the small-scale miners that make the money move in the community than the company?

Gladys – That's the way it is. It's the small-scale miners that make the money move because they sell 10 tonnes of ore to the company and then process another 2 tonnes at a rastra. They want to get rid of the rastras but this should not be so because if the small-scale miner does poorly with the company, he at least gets his 3,000 córdobas from the rastra. It's the small-scale miners, therefore, that maintain the movement of money. I don't know what would happen in Bonanza if they removed the small-scale miners. This is not a cattle-rearing area so we can't live on that nor is it a zone for agricultural production. We can't think of growing rice, for example, and having a good production and living on that. Siuna does all right because it is a cattle-rearing area. Here we're finished if they take away the rastras.

There was talk of a processing plant that the company was going to start up for the small-scale miners but now I hear the small-scale miners say that this is not going to happen. Also there's talk that they want to take away the rastras. So, what are we going to live on? Maybe we'll have to immigrate. The most dangerous thing is when there is social disorder.

Q – What can you say about the environmental contamination with mercury that's caused by small-scale miners?

Gladys – I'm going to tell you something. I was born in Bonanza and have lived here for 46 years. The small-scale miner has always worked and if they don't work with mercury, they use something else to clean the gold but it's not just the small-scale miners that contaminate the environment. The company does as well. They say they have measures in place so that they don't contaminate the environment but I'm sure they still do. Maybe there is another way in which the small-scale miners could do their work and contaminate the environment less. I don't know about these things but it's possible that there are other methods so that they could continue to work without damaging the environment. If there was support for this sector, perhaps they could develop another method and continue to support their families with this work.

Q – Do you have the impression that the company has done great damage to the environment?

Gladys – They have made this tank and I hear that it's spilling over. In the past there was very obvious contamination. The Sucio River was very contaminated by the company. The fish all died. Here in the community, many cows died that drank water from the river. There have been environmental disasters here.

Q – Is it your impression that Greenstone and Hemco have a debt they owe to this community? If so, what size would it be?

Gladys – Clearly, yes. To know the size, we'd have to study this. The Canadians have done what they wanted to here. All that's missing is that we become their property. They say that the whole concession of Bonanza is theirs. They have a debt with the citizens of this community.

I have not been able to read the new Mining Law yet. I would like to get a copy because I am one of the individuals that fights the most in this community. If I see that something is unjust, I'm the first to protest and to speak on the radio. I'm an enemy to injustices. If the guiriseros have a problem then we all unite. We don't make distinctions along political or party lines, religion or anything else. We like to unite in defence of the community. This is not everyone but there is a group of us that get together to fight for the community.

Q – I heard from Eugenio that the quality of water here is very bad. What would be the solution for this problem?

Gladys – Yes, it's very bad. The water is contaminated with fecal material, mercury, cyanide etc. Of course we would like to have water that is more pure. We need to think of projects that could be developed to improve the water.

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