



MiningWatch
Canada



ANNUAL REPORT 2004

MiningWatch Canada Members in 2004

Bathurst Sustainable Development
Canadian Arctic Resources Committee (CARC)
Canadian Auto Workers (CAW) Social Justice Fund
Canadian Environmental Law Association (CELA)
Canadian Parks and Wilderness Society (CPAWS)
Citizens' Mining Council of Newfoundland
Development and Peace
Environmental Mining Council of British Columbia (EMCBC)
Innu Nation
Inter Pares
Kairos: Canadian Ecumenical Justice Initiatives
Nature Canada
Northwatch
Sierra Club of Canada
Sierra Legal Defence Fund
Steelworkers Humanity Fund
Yukon Conservation Society (YCS)

MiningWatch Canada Advisors

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



MiningWatch Canada staff, from left to right: National Coordinator Joan Kuyek, Research Coordinator Catherine Coumans, Communications Coordinator Jamie Kneen, and Program Coordinator Susan Isaac.



MiningWatch Canada

Mines Alerte

City Centre Building, Suite 508
250 City Centre Avenue
Ottawa, Ontario, Canada K1R 6K7
tel. +(613) 569-3439
fax: +(613) 569-5138
e-mail: canada@miningwatch.ca
url: www.miningwatch.ca

What is MiningWatch Canada?

MiningWatch Canada is a coalition of seventeen different environmental, social justice, labour, Aboriginal and development organizations. We were formed six years ago because these diverse organizations saw the urgent need for a co-ordinated public interest response to powerful mining interests that lobby to undermine the regulation of mining in Canada and Canadian companies operating internationally.

We work by:

- Supporting communities affected by mining through research, technical assistance, the review of technical documents, capacity building, meetings and exchanges, and campaigning;
- Carrying out major, academically-credible research projects on issues that our members and the communities bring to us, such as abandoned mines and mine closure, the full costs of mining to the public purse, health impacts of mining on communities, issues of mining in remote areas, or in the boreal, submarine tailings disposal;
- Advocating for changes to law and policy that enable irresponsible mining in Canada and by Canadian companies operating internationally;
- Working with coalitions and with allies, submitting briefs to government and participating in government-led multi-stakeholder consultations.

For six years our staff has been working with our members and other groups in Canada to represent the interests of the environment and the public as opposed to profits for mining companies.

Highlights from 2004

Web site:

The MiningWatch Canada web site received 675,041 requests from 70,505 individual clients, who downloaded 207,984 pages. This represents a daily average of 1,849 requests and 693 web page downloads from 235 clients, and represents increases of 41%, 8% and 12% respectively from 2003.

The most popular publications on the site were:

- the French and English versions of *The Boreal Below*, a study of mining in the Boreal Forest;
- *Gravediggers*, a study of mining in Burma; and
- the English and French versions of *Looking Beneath the Surface*, a report on mining subsidies.

Abandoned Mines

In February, the federal government allocated \$3.5 billion to the clean-up of federal contaminated sites. The previous year had seen a \$175 million allocation. Many of these sites are northern abandoned mines and there is now sufficient revenue for the Department of Indian and Northern Affairs to begin clean-up of the sites. The second portion of this work is to get acceptable reclamation bonds and closure plans in place before a mine can be abandoned. In the past year, the Northwest Territories and Nunavut brought in reclamation policies, on which we made comments.

Overburdened: Women, Mining and Health

This project included a literature review completed in January and the establishment of a Technical Advisory Team for the project. An Anglophone and a Francophone women's centre in Labrador West conducted a survey of women to determine their perceptions of the effects of the long-standing iron ore mines in the region on their health, and monitored the water and soil.

Preventing Submarine Tailings Disposal ("STD")

We are still trying to stop the dumping of mine wastes in the ocean. We were very involved in 2004 on three fronts:

- trying to prevent a complete industry "hijack" of an international scientific review of STD.
- trying to ensure that the World Bank Extractive Industries Review recommended the banning of STD and riverine tailings disposal. This was an enormous effort with international colleagues that ended with a partial victory, and
- providing information and support on STD to Jatam and others who were working to hold Newmont responsible for poisoning villagers at Buyat Bay through STD practices.

Siocon, Philippines

We have been supporting the Subanon people and the citizens of Siocon in Zamboanga del Norte, Philippines in their struggle with TVI Pacific. Early in 2004, the citizens of Siocon sent out an urgent request for assistance. They had been involved in a long legal and peaceful blockade of a road that TVI Pacific wanted to use to move mining equipment to its concession on Mount Canatuan. For ten years the citizens of Siocon, and in particular the indigenous Subanon, for whom Mt. Canatuan is a sacred site, have been trying to stop this mine from going ahead.

- MiningWatch sent out an urgent action and stimulated media coverage of the blockade.
- In October, Catherine participated in an international fact-finding mission to Canatuan.
- In November, a delegation from Siocon came to Canada and met with non-governmental organisations (NGOs), lawyers, government, Filipino-Canadian community groups, the Churches and aboriginal groups.

Organizing in Ontario

We held a meeting on December 3-5 in Sudbury with representatives from First Nations, environmental groups, labour organizations and mining-affected communities in Ontario. The workshop aimed to:

- build relations among people working on mining issues;
- facilitate the development of a mining network in Ontario;
- increase understanding of regulatory and policy change;
- identify issues that can be or need to be pursued to ensure more responsible and better regulated mining in Ontario; and
- identify what support is needed, based on issues chosen for follow-up action.

The meeting resulted in the creation of an e-mail list (with approximately 50 subscribers) and the development of a backgrounder/statement highlighting the concerns identified during the workshop to be sent to the Ontario government ministries with responsibilities related to mining.

Research and Policy Change

Taxation and Public Subsidies

Concerned that the full costs of producing metals be respected, MiningWatch has consistently advocated for the elimination of subsidies to extractive mining and a shift in taxation and other financial incentives to encourage recycling and conservation. On October 1, the OECD issued a report on *Canada's Environmental Performance* stating that "to the extent that particular incentives could result in over-exploitation, overuse of resources or harmful environmental consequences, they should be eliminated."

- We published *Understanding Mining Taxation in Canada*. A

version of it was also published in Spanish in the Mining Policy Research Initiative journal.

- When a metallurgical engineer with an interest in metals recycling, Jay Fothergill, offered to volunteer with us, we worked with the Canary Institute to publish *Scrap Mining: Metals Recycling in Canada*.
- We continued to work with the Green Budget Coalition to advocate with Members of Parliament and the public service on shifting mining tax benefits from virgin mineral extraction to recycling and conservation of metals.

Support for Mining Dependent Communities

The *No Rock Unturned* study focused on policy recommendations to revitalize the economies of mining-dependent communities in Canada: a summary of the report was mailed out to decision-makers around the country in April, and *When Mining Doesn't Work: Towards Sustainable Mining Communities* was sent to every Member of Parliament to coincide with the Mining Association of Canada's Lobby Day on November 23.

Abandoned Mines

Our work on abandoned mines in Canada included:

- Participation in the National Orphaned and Abandoned Mines Initiative (NOAMI) and the Mine Effluent Neutral Drainage program (MEND).
- Supporting communities and making information about specific abandoned mines and issues available to the public. In April, we were asked by the Town of Lynn Lake and Marcel Colomb First Nation to attend a meeting with them with five Ministers of the Manitoba Government to get the abandoned properties in their territory remediated.
- Internationally, we continued to work with the people of Marinduque in the Philippines to ensure a clean-up and containment of waste from the Marcopper Mine.

Canadian Environmental Assessment Act

We continued to be an active member of the Canadian Environmental Network's Environmental Planning and Assessment Caucus. We also:

- Followed up with the Canadian Nuclear Safety Commission about their problematic interpretation of the Canadian Environmental Assessment Act.
- Worked with specific communities involved in EAs for several mines – the proposed Victor Diamond Mine; the Prairie Creek Mine in the NWT; an expansion of the Agrium Mine; and a huge traprock quarry at Michipicoten Harbour.

Mining's Privileged Access to Land

In early 2004, West Coast Environmental Law released a report on "Free Entry" in Canada. We posted it on our web site and circulated it to our networks. We provided support to a number of communities and organizations facing unwanted exploration and prospecting.

The Supreme Court of Canada delivered a crucial decision on mining access to land and Aboriginal rights on November 24, 2004 in the Taku River Tlingit case. They found that First Nations had to be consulted and their interests accommodated in industrial developments on lands of traditional use and interest. We posted a plain language guide to this case on our web site.

Concerns about contaminants from uranium mining in Saskatchewan and the Elliot Lake area of Ontario have made monitoring the licencing practices of the Canadian Nuclear Safety Commission (CNSC) an important area of our work.

- Jamie attended CNSC hearings and reported findings back to

affected communities.

- We made two formal submissions on licensing requests.
- We critiqued the new CNSC consultation policy.

Asbestos

MiningWatch Canada was a founding member of Ban Asbestos Canada in the fall of 2003. This year, our work had two key thrusts:

- Assisting the establishment of the Association of Victims of Asbestos of Québec (AVAQ), and
- Advocating for Canadian endorsement of the inclusion of chrysotile asbestos in the Rotterdam Convention. With Sierra Club, CAW, and the Communications Energy and Paper Workers, we led the advocacy effort to persuade the Canadian government to support the inclusion of chrysotile.

Fisheries Act

Sections 35, 36 and 37 of the Fisheries Act are the sections that protect waters frequented by fish and fish habitat from industrial activity. The Metal Mining Effluent Regulations (MMER) set out the allowable amounts of pollution from mines for certain substances. Strengthening the MMER has been a project of MiningWatch Canada since we started. In December we attended a meeting to look at proposed amendments to the Act. We also provided some community support on this issue (see "Support to Communities" below).

International Financial Institutions and Export Development Canada

In January, Jamie attended the World Social Forum in Mumbai, India, where he presented on Export Credit Agencies and the World Bank and attended the Mines and Communities editorial board meeting. He also participated in the African Initiative on Mining and Society meeting in Ghana in May, where trade and investment was a key topic.

In 2004, we were a key member of two parts of the NGO response to the World Bank's Extractive Industries Review: the submarine tailings disposal team (see above) and the Canadian "response team". The Canadian response team held a number of strategy sessions as well as meeting with the Canadian representative to the World Bank and the government actors.

The Working Group on Export Development Canada held a conference on Human Rights Impacts Assessment in May, at which we presented some case studies.

Highlights of our other international work

India: Catherine traveled to India for the third Women and Mining Network conference. As part of this trip she traveled to Orissa to meet with NGOs and indigenous people affected by the proposed Utkal Alumina/Alcan bauxite mine.

Congo: We discussed issues with NGOs, journalists and Canadian government representatives; attended an organizing meeting with Montréal's Groupe de Recherche sur les Activités Minières en Afrique; met with Global Witness regarding their report; and attended Rights and Democracy's Think Tank.

Guatemala: We assisted Guatemalans to attend Inco's annual meeting and worked with the Social Justice Committee of Montréal and Friends of the Earth to assemble a dossier on the activities of Glamis Gold in Honduras and Guatemala.

Chile: We provided information on cyanide use in gold mining to the Latin American Environmental Conflict Monitor (Observatorio Latinoamericana de Conflictos Ambientales, OLCA); coordinated the successful campaign against Noran-

da's Alumysa project, which was postponed indefinitely; organised a tour of three Chileans to attend Noranda's annual meeting and to discuss the Alumysa issue with the Steelworkers (USWA), the Canadian Auto Workers (CAW), and the Canadian Environmental Law Association (CELA) as well as Greenpeace and the Centre for Social Justice in Toronto.

New Caledonia: We arranged a tour of Kanak leaders in Canada to talk about Inco's Goro project in their territory.

Papua New Guinea: We issued a joint media release with Australia's Mineral Policy Institute on a cyanide spill at Placer Dome's Misima Mine.

Indonesia: We discussed possible clean up options for tailings in the sea in Buyat Bay with Jatam and compiled articles on deep sea research findings to counter the argument that deep sea STD is environmentally acceptable.

Burma: We worked with the Burma Coalition regarding Ivanhoe's presence in Burma.

Romania: We submitted comments to the Romanian government on the environmental assessment of Gabriel Resources' Rosia Montana Gold Mine, and published "Anticipating Surprise, Assessing Risk".

Support to communities and regional organisations

This year we provided technical assistance to forty-nine communities and NGOs in Canada and published several documents on mining and environmental issues.

- We provided a workshop and technical advice on the impacts of diamond mining to the Attawapiskat First Nation and the other affected communities on the James Bay coast. We also submitted comments on the draft scoping guidelines for the federal environmental assessment of De Beers' Victor Project at Attawapiskat as well as reviewing and commenting on the comprehensive study report itself.
- At the request of a community member in Creighton, Saskatchewan (across the provincial border from the Flin Flon mine and smelter in Manitoba), we found a consultant to review data on a tailings dust "event".
- We published a statement on the sale of Hudson Bay Mining and Smelting (Flin Flon) to Ontzinc, a company owned by Cliff Frame of Westray fame.
- We submitted a comments on smelter emissions for the Pollution Prevention Plan notice under the Canadian Environmental Protection Act.
- We updated people from Oka, Québec about the situation of the proposed Niobium mine and its potential impacts on the Nature Refuge downstream, and discussed the new BAPE (Bureau d'Audiences Publiques sur l'Environnement) review of the Niocan mine proposal with Oka citizens.
- We held our fall meeting of the Board of Directors in Yellowknife, toured the Giant Mine, and heard presentations from the Public Service Alliance of Canada (PSAC), the NWT chapter of the Canadian Parks and Wilderness Society (CPAWS-NWT), and the Independent Environmental Monitoring Agency for the Ekati diamond mine.
- We provided support and information on abandoned mines to the Yukon Conservation Society and commented on the Yukon draft policy on mine reclamation.
- We organised a workshop for the Pikangikum First Nation on the impacts of mining. The workshop was sponsored by Pikangikum First Nation, the Wildlands League, and Manitoba Wildlands.

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

Inter Pares
CAW Social Justice Fund
Steelworkers Humanity Fund
Lupina Foundation
Atkinson Charitable Foundation
Primates World Relief and Development Fund
Philippines Indigenous Peoples' Links
EJLB Foundation
Brainerd Foundation
Weeden Foundation
Walter and Duncan Gordon Foundation
International Development Research Centre
Human Resources Development Canada
Jay Fothergill
Kelly Fritsch

Staff changes

Melanie Quevillon, our Canadian Program Co-ordinator, was off on maternity leave from August 1. On August 7, she gave birth to Oliver, a healthy little boy. Susan Isaac was hired on a one year contract to replace Mel.

Board of Directors

MiningWatch Canada is a federally registered non-profit society. The Directors have expertise and experience in geoscience, human health sciences, resource law, campaigning, organisational management and fund-raising, international development, and aboriginal issues. Individual board members are responsible to the member organisations of MiningWatch as a whole and do not, in their governance capacity, represent specific organisational interests.

Co-Chairs

Kevin O'Reilly, Yellowknife, Northwest Territories - Research Director, Canadian Arctic Resources Committee

Lorraine Michael, St. John's, Newfoundland - Executive Director, Women in Resource Development (resigned August 2004)

Treasurer

Jean Symes, Ottawa, Ontario - Program Officer, Inter Pares

Secretary

William David, Ottawa - Environmental Engineer

Directors

Marilyn Crawford, Godfrey, Ontario - Education Consultant

David MacKinnon, Whitehorse, Yukon - Executive Director, Transboundary Watershed Alliance

Peter Usher, Clayton, Ontario - Consultant

Sarah Johnnie, Ross River, Yukon - Consultant

Ken Luckhardt, Toronto, Ontario - Canadian Auto Workers International Department

Richard Nuna, Sheshatshiu, Labrador - Environmental Officer, Innu Nation

Laura Calmwind, Kenora, Ontario - Anishinaabeg of Kabapikotawangag Resources Council

François Meloche, Montréal, Québec - Researcher, Groupe Investissement Responsable

Ron Maurice, Calgary, Alberta - Principal, Maurice Law (resigned September 2004)



AUDITORS' REPORT

To the Members,
MiningWatch Canada / Mines Alertes Canada:

We have audited the statement of financial position of MiningWatch Canada / Mines Alertes Canada as at December 31, 2004 and the statement of revenue and expenditure for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ottawa, Ontario
January 27, 2005

OUSELEY HANVEY CLIPSHAM DEEP LLP
Chartered Accountants

MININGWATCH CANADA / MINES ALERTE CANADA

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2004

	2004	2003
CURRENT ASSETS		
Cash	\$ 26,491	\$ 9,692
Accounts receivable	33,489	81,051
Due from Canary Research Institute (note 3)	1,609	-
Prepaid expenses	1,385	1,385
	\$ 62,974	\$ 92,128
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 15,395	\$ 1,800
Due to Canary Research Institute (note 3)	-	13,263
Deferred revenue (note 2)	-	73,629
	15,395	88,692
NET ASSETS		
Balance - beginning of year	3,436	35,039
Excess (deficiency) of revenue over expenditure for the year	44,143	(31,603)
Balance - end of year	47,579	3,436
	\$ 62,974	\$ 92,128

MININGWATCH CANADA / MINES ALERTE CANADA

STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDING DECEMBER 31, 2004

	2004	2003
REVENUE		
Grants	\$ 69,400	\$ 30,000
Program generated (note 3)	318,321	98,174
Foundation grants	85,902	192,891
Memberships, interest and other	10,631	4,909
	484,254	325,974
EXPENDITURE		
Council meeting coordination	37,681	34,019
Conferences and meetings	23,363	29,438
Technical support	57,687	32,506
Publicity and publications	21,987	6,946
International program	60,906	53,589
Domestic program	150,818	129,442
Operating	17,516	17,913
Administration	70,153	53,724
	440,111	357,577
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE FOR THE YEAR	\$ 44,143	\$ (31,603)

MININGWATCH CANADA / MINES ALERTE CANADA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Organization

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

(b) Capital assets

The Organization follows the accounting policy of recording as expenditure, the cost of capital assets acquired during the year. The expenditure for the year related to the acquisition of computer equipment and furniture totalled \$nil (2003 - \$2,017).

(c) Revenue recognition

The organization follows the deferral method of accounting for contributions.

2. DEFERRED REVENUE

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

3. RELATED ENTITIES AND TRANSACTIONS

On November 3, 2003 Canary Research Institute for Mining, Environment and Health (Canary) was incorporated without share capital, under the laws of Canada. Canary is a Registered Charity and is not subject to income tax. The Board of Directors of Canary is currently comprised of three directors of MiningWatch Canada plus one other director. During 2004 \$280,229 of MiningWatch Canada's program generated revenue was from Canary. As at December 31, 2004 there is an amount due from Canary of \$1,609 (2003, due to Canary \$13,263).

Canary has not been consolidated in these financial statements. The following is a summary of the financial position of Canary as at December 31, 2004 and the results of operations for the period then ended.

	2004	2003
Canary		
Total assets	\$ 30,865	\$ 13,263
Total liabilities	37,497	10,801
Total net assets (deficiency)	\$ (6,632)	\$ 2,462
Total revenue	\$ 289,188	\$ 13,263
Total expense	298,282	10,801
Excess (deficiency) of revenue over expense for the year	\$ (9,094)	\$ 2,462

On March 24, 2003 MiningWatch (MiningWatch US) was incorporated under the Oregon Non-profit Corporations Act. The Board of Directors of Miningwatch US is comprised of three directors of MiningWatch Canada plus two other directors. During 2004 \$10,382 of MiningWatch Canada's program generated revenue was from MiningWatch US.

MiningWatch US has not been consolidated in these financial statements. The following is a summary of the financial position of MiningWatch US as at December 31, 2004 and the results of operations for the period then ended.

	2004	2003
MiningWatch US		
Total assets	\$ 18,925	\$ -
Total liabilities	18,925	-
Total net assets	\$ -	\$ -
Total revenue	\$ 15,299	\$ -
Total expense	15,299	-
Excess of revenue over expense for the year	\$ -	\$ -

4. COMMITMENTS

The organization has a lease commitment for office space which expires April 30, 2006. Annual lease payments including operating costs are approximately \$10,000. The organization also has a lease commitment for the telephone system which expires in 2006. Annual lease payments are approximately \$800.