

Meeting between Goldcorp, Development and Peace, CEHPRODEC (Honduras), CAFOD and the University of Newcastle (UK) on San Martin mine closure, Honduras

– 2-4pm Toronto, 5 May, 2011

Present: **Pedro Landa**, CEHPRODEC, Centre for Alternative Development, Honduras (Development and Peace and CAFOD partner), **Karen Luyckx**, CAFOD, Extractives and corruption analyst, **Dr. Adam Jarvis**, Mine Water Management Specialist, Department of Civil Engineering and Geo-Sciences, Newcastle University, UK, **Mary Durran**, Advocacy and Research Program Officer, Development and Peace, **Kelly di Domenico**, Development and Peace (notetaker)

For Goldcorp: **Dina Aloï**, VP Corporate Social Responsibility, **Lisa Wade**, Director –Environment, **Christian Roldan**, former Entre Mares manager for the San Martin mine, Honduras (current Manager of Goldcorp’s Cerro Blanco project in Guatemala), **Andrea McEwan** (notetaker)

Key meeting outcomes:

- Goldcorp reported that they have made progress in preventing and dealing with Acid Mine Drainage at the San Martin Mine, even though in the past the company vehemently denied the existence of any AMD.
- Goldcorp reported it has implemented several of the recommendations made by Dr Jarvis and Dr Amezaga, Newcastle University in their June 2009 report. The company has shown willingness to increase the types of water samples taken for analysis in accordance with the recommendations Dr Jarvis reiterated during the meeting.
- Goldcorp has affirmed its commitment to continue monitoring water quality and maintaining the pollution prevention systems at San Martin at least until the end of 2012, or longer if required by the Honduran government, and says it aims to leave the site in its pre-mining state, or even better. In our opinion water quality monitoring should be continued indefinitely until it has been scientifically proven that acid mine drainage or other pollution that may have occurred has been completely and definitively resolved.
- Goldcorp did not provide any evidence to back up the assertion that the high blood lead levels found with people living in the vicinity of the mine are not related to the mine. And while Entremares questioned the investigations by the Honduran authorities when blood tests were being done in 2007, Goldcorp stated it would now be willing to cooperate with any epidemiological research, should any such research be organized in the future by the Honduran government, to establish the cause and extent of these high lead levels, as well as with the search for appropriate treatment.
- We have been informed that when a representative of the Siria Valley Environmental Committee asked a question about health issues and acid mine drainage around the San Martin mine at the 18 May 2011 AGM in Vancouver, Canada, CEO Charles Jeannes failed to acknowledge the risk of acid mine drainage, and did not state the company’s commitment to resolving this issue, as expressed in our May 5 meeting. This failure to publicly reaffirm promises made in a private meeting is disappointing.

Before CEHPRODEC, CAFOD and Development and Peace can feel confident progress is really being made:

- We need to see public acknowledgement by Goldcorp of the risk of Acid Mine Drainage at the San Martin mine in Honduras and the fact that the site needs to be maintained and monitored by Goldcorp, the Honduran government and independent experts until it has been scientifically proven that acid mine drainage or any other pollution that has occurred have been permanently treated and eliminated.
- We need to see the government-approved baseline study with water quality data prior to commencement of mining, in order to confirm the behaviour and quantity of metals present in local water sources before, during and after mining operations. Goldcorp has promised to share this baseline study with us.
- We need to see the government approved final version of the closure plan to assess whether the key issues raised by Professor Younger of Newcastle University in his initial review of the plan have been addressed. If Goldcorp does not provide this, we will formally request to receive a copy of the plan.
- We need an increased frequency of water quality monitoring in line with international best practice during periods of high rainfall as well as up-to-date design details and photographic evidence to confirm whether the pollution prevention system will work permanently and is maintained adequately. We may need independent verification on this. We have requested this of Goldcorp in writing.

Due to time constraints, other very important issues, such as decreasing water levels in streams and wells, problems with small-scale agriculture in the vicinity of the mine and the role of a very profitable gold-mine in the general social and economic development of local communities, as well as the current political and human rights context in Honduras, were not discussed in detail at this meeting¹.

Please note that CEHPRODEC, Development and Peace and CAFOD do not speak *on behalf* of the Siria Valley communities. This note is part of our contribution to the search for solutions in relation to the San Martin mine in response to the concerns expressed by those affected and in dialogue with all stakeholders involved. Any proposals coming out of such dialogue must go to the Siria Valley communities to decide upon independently.

Background

This was our first face to face meeting with Goldcorp staff in Canada. Although we (D&P, CAFOD and CEHPRODEC, as well as the University of Newcastle) have met on several occasions with Goldcorp's fully owned subsidiary, Entre Mares (formerly owned by Glamis Gold) who operate the San Martin mine in Honduras, this was the first time that we managed to enter into a substantial dialogue in person with Goldcorp officials in Canada.

¹ A lack of baseline data on surface and groundwater levels in the Siria Valley prior to the mine makes it difficult to measure the impact of deforestation and the mine's extensive use of water on water levels in the area. However, a socio-economic survey has shown that the quantity of land under crops in 2003 was well below the levels of 1993, especially in terms of maize production and cattle. It remains to be seen whether the Siria Valley people will have sufficient water and other resources to make a livelihood from agriculture.

Entre Mares opened the open pit San Martin mine in the Siria Valley of Honduras in 1999. Communities in the vicinity of the mine, especially El Porvenir and Palo Ralo, have increasingly complained that mining operations have dried up and contaminated their water supply and caused pollution, negatively affecting human and animal health. Given that the Siria Valley communities are agricultural ones, whose long-term survival depends on raising animals and growing subsistence crops, environmental pollution could have a long term and devastating effect on the communities' survival and quality of life.

In 2009, as the mine wound down its operations, preparing for mine closure in 2010, the Honduran Environmental Prosecutor asked Honduran social organizations to work with international partners and obtain an independent analysis of the environmental state of the mine. CAFOD called on the University of Newcastle to send an expert team of mine water management specialists to do an environmental assessment of the mine, including the potential environmental footprint that the mine could leave.

Following an initial February 2009 visit to the mine area by Professor Paul Younger, an internationally renowned expert on mine water management, the University of Newcastle sent a team of two experts for a one week visit to the mine in June 2009. Professor Younger had already noted visible evidence of acid mine drainage in the vicinity of the mine; the June 2009 visit of the Newcastle team led by Dr. Adam Jarvis, confirmed this initial observation, finding evidence of very high concentrations of metals in water draining from the mine to a local stream. The quality of the water draining the mine, and observations made on the ground, both indicated that the cause of the elevated metals concentrations was acid mine drainage, a phenomenon that can seriously pollute water and land in an area surrounding a mine for centuries.

The Newcastle reports also found that the measures being taken by the company to mitigate pollution in June 2009 were inadequate, and that ongoing water pollution was a serious risk. Despite this scientific evidence, Entre Mares officials denied on Honduran TV the existence of acid mine drainage around the mine. Goldcorp also reacted to a report released in December 2009 by CAFOD, Development and Peace and CEHPRODEC, claiming that the allegations of severe water contamination and acid mine drainage were "completely false." Nonetheless, the Honduran Special Environmental Prosecutor filed in 2010 a lawsuit against two representatives of Entre Mares and one civil servant of the Honduran government, accusing them of environmental crimes and pollution. A regional judge acquitted them, but the prosecution and communities considered this ruling incoherent with Honduran environmental and criminal law and appealed the judge's decision, the case is currently before the Honduran courts.

Finally, four years ago, blood samples were taken from 62 individuals by the Honduran health authorities, with half of these being a control group and less directly affected by residual waters coming from the mine. Only in the beginning of 2011, 27 of these individuals were formally informed to have unacceptably high levels of lead in their blood. CEPRODHEC is working with those affected to see how the Honduran government can be held to account on their failure to deal with these serious health issues in an appropriate and timely manner. Also, any treatment offered needs to be based on recent tests and these need to be carried out by the Honduran authorities with all those potentially affected.

Points discussed in the meeting with Goldcorp

Pollution

The May 5 meeting with Goldcorp was a very significant one, because for the first time, the company admitted, on the record, that it was necessary for them to deal with the risk of acid mine drainage in and around the San Martin site. Goldcorp committed to ensuring that rehabilitation of the site permanently prevents any further environmental pollution, and returning the site to its natural state prior to mining operations or “even better”. In the words of Dina Aloj, VP for Corporate Social Responsibility, “We will continue to work with the government. We have no intention of walking away, of washing our hands of the site. We are committed to stay as long as the Honduran government asks.”

Dr. Adam Jarvis noted, that, based on the information and photos presented in the meeting, it appears some positive steps have been taken since the Newcastle visit in June 2009 to mitigate acid mine drainage in the area. These include:

- The pit in Palo Alto, where the Newcastle experts found evidence of acid mine drainage, has been partially filled in and covered with a clay encapsulation layer, designed, according to Goldcorp, by reputed specialists O’Kane Consultants Inc. This is in order to prevent the continued exposure of metal minerals to air and water, which is the cause of acid mine drainage. According to Goldcorp, since this cover was installed the pH of water draining the pit has risen from between 2.5 and 3 to more neutral levels (Distilled water has a pH of 7, vinegar 3 and lemon juice 2.)
- Goldcorp stated that any remaining higher concentrations of iron reported by the government in September 2010 are in line with pre-mine natural conditions for the site. Goldcorp has promised to send the baseline study on which this assertion is based, and also promised to include dissolved sample analysis, in addition to total sample analysis, for future monitoring of metal concentrations, to shed additional light on the supposed natural presence of iron in the area. Goldcorp also claims that a site-wide storm-event water overflow canal system has now been implemented (avoiding erosion of the protective layer on the contamination-risk area). Continued maintenance (eg clearing of sediments, ensuring vegetation becomes fully established) of this is needed but Goldcorp said the system is increasingly stable. The company has promised to share the design details with us.
- An existing limestone canal system has been extended and improved, as per design by environmental management company Lorax, to deal with surface run-off in the Palo Alto pit, which leads to the Quebrada Casitas, the creek that was of most concern in terms of metal pollution according to the Newcastle University report.

Outstanding tax payments

According to the Honduran government, six mining companies, including Entre Mares, owe the government a total of 64 million lempiras (US\$3.4 million) in outstanding tax. Companies had been claiming certain tax exemptions based on a Mining Code article that was declared unconstitutional in 2006, despite the fact that the unconstitutionality ruling related to the Mining Law had been widely published and broadcast by the Honduran media. Goldcorp said that the relevant government authorities failed to inform them in a timely manner on this legal decision, and that this is why they continued to claim certain tax exemptions for a few months after the decision. Goldcorp has said that it has communicated to the Honduran government on

May 2 2011 its willingness to pay tax arrears back until the article was ruled unconstitutional. Goldcorp representatives were scheduled to meet again on this issue with the Honduran government during the week of 9 May.

Health issues in the Siria Valley

With regard to the health problems referred to in the background information in these notes, Goldcorp expressed interest in cooperating with the Honduran authorities in terms of finding a solution to the health problems faced by the Siria Valley people with high blood lead levels.

During the meeting we felt that on various of the above issues, Goldcorp HQ staff in Canada are not aware of all the issues related to San Martin in Honduras, in contrast to regional managers such as Christian Roldan.

Conclusion

Some change seems to have come about with regard to San Martin as a direct result of the pressure of CAFOD, Development and Peace and CEHPRODEC, in particular in response to the Newcastle University reports. As Professor Paul Younger commented, *"I think we have made significant progress here, with [Goldcorp] finally acknowledging the principal problem – the acid drainage in the Quebrada Casitas (which the Entre Mares lawyer previously denied on national TV) – and also acknowledging in practice what their initial closure plan seemed to deny: ie that there is no 'walk-away' solution available and long-term care and maintenance is needed."*

If we want to be absolutely certain that there is no further risk of pollution, it is crucial that water is sampled and analysed in line with international best practice – this should include analysis of both total and dissolved (filtered on site) metal concentrations, sulphate, and on site pH measurement – at all crucial points within and around the mine at moments of intense rainfall – not just every two months. Furthermore, the site should be inspected during and after intense rainfall to determine how well the pollution prevention and passive treatment systems are performing over the medium- to long-term. Such inspection should make sure pollution prevention covers and channels are not being eroded (and if they are, they are immediately repaired), but also that there is no overflow from the leach pad water treatment system (from treatment or duck pond). **In addition to this, a formal response to Professor Younger's review of the closure plan is still outstanding.**

Finally, the weak regulation of mining in Honduras, a lack of transparency and increasing concerns around human and civil rights in Honduras since the coup d'etat, bring significant additional challenges for Honduran civil society, and ourselves in terms of following up on whether Goldcorp really does carry out the promises made with regard to preventing pollution and addressing environmental damage in compliance with Honduran and international standards, paying outstanding tax, and cooperating with the Honduran state in terms of resolving the health issues of the Siria Valley people with high blood lead levels.

For further information please contact

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