

# BARRICK LIES,

misrepresents agreements, omits facts,  
and ignores the Indigenous who oppose them

...and now they want to lead the movement for Corporate Social Responsibility?

August 2 marked the publishing date of Barrick Gold's second quarter results. With profits down by 14 percent, the Pascua Lama project delayed, and Norway's pension fund considering pulling their investment on ethical grounds, things didn't look good for this gold mining giant. But Barrick continues to systematically hide vital information from their shareholders and the obliging press through glaring omissions and outright lies.

One glaring omission in the company's reporting is Rodolfo Villar's successful lawsuit against Barrick, reclaiming 20,000 acres critical to Pascua Lama that Barrick had bought for \$19. Barrick is now appealing the case, but has yet to mention this lawsuit in any of their shareholder reports, despite the fact that it carries a potential \$300 million liability. The Canadian press has also largely left the story alone, despite the fact that the *Washington Post* and the *New York Times* have both covered it in detail.

Perhaps this glaring omission is due to the implicit stories behind the "land-rip off" case. One, that of a shady mineral speculator who acquires 20,000 acres of local land rights by registering the land with the mining authority and paying a nominal fee. The other, that of a greedy multinational corporation that uses high paid lawyers and complex contracts to cheat Chileans out of millions worth in land rights (Villar's contract included a stipulation that he would be fined \$95,000 if he tried to obtain rights to any other parcels in the surrounding area.)

This background sheds new light on another Pascua Lama lawsuit: that of the Diaguita Indigenous group. They have a lawsuit filed in 2001 that lays claim to disputed land needed for the project. Additionally, they have a 2005 complaint filed with the Organization of American States alleging that the Pascua Lama project poses a grave risk to the subsistence rights of the Diaguita communities in the area – the last of the Diaguita in Chile. It insists that the Chilean government would be breaking its international commitments if it approves the project. Despite this litigation, formal complaints, and two letters written by Diaguita leadership to Barrick and President Bachelet of Chile in 2006, the Diaguita are not mentioned once in any of Barrick Annual reports since 2001.

Beyond the omissions – of which there are too many to mention here – there are lies that Barrick continues to peddle to the press and shareholders about their operations. Among the most visible,

literally, is the mystery of the depleted glaciers near Pascua Lama. This issue has recently been getting a lot of press in both Chile and Argentina, as a recent study has revealed a 56 to 70 percent depletion in the glaciers near Barrick's exploration activity. While Barrick continuously blames Global Warming, a simple comparison with other glaciers in the same area (but not near Barrick's activities) il-

## 94% APPROVAL?

Barrick claims to have 94% support of the Huasco Valley's 2,000 water users. Besides that fact that there are approximately 70,000 people in Chile who rely on water threatened by the Pascua Lama project, this 94% support was only approved by 8 of the 9 members of the Water Rights Committee's board of directors. This agreement has been challenged the General Water Management Board (the DGA), after it was already agreed and signed without consulting the approximately 2,000 irrigators.

*A full critique of this agreement can be found on the reverse of this page, in a testimony by Luis Faura, a councilperson in Alto Del Carmen.*

lustrates that this is not the case.

The real reason for the depletion is the dust kicked up by the construction activity, according to Luis Faura Cortes, a Councilperson from Alto del Carmen. According to Faura, the dust kicked up from Barrick's activities settles on the glaciers, causing them to absorb heat rather than reflect the sun rays, causing them to melt at a faster rate.

Will anyone hold Barrick accountable for these lapses in their own reporting? Will Barrick finally own up to the difficulties that they face and acknowledge resistance to their mining operations? Or will this be another Bre-X case where everyone is merely left with the lesson and reminder of the lax regulatory standards that Canada's mining corporations face.

## CORPORATE SOCIAL RESPONSIBILITY: BARRICK STYLE

Barrick Gold boasts its role in establishing the International Cyanide Management Code for the gold mining industry. However, this code offers little in the way of assurance to communities who risk cyanide accidents by accepting proposals from this luxury industry. Quoting from the Code's legal disclaimer, "compliance with this Code is entirely voluntary and is neither intended nor does it create, establish, or recognize any legally enforceable obligations or rights on the part of its signatories, supporters or any other parties." If companies were required to insure their operations in case of accidents, it would be in their interest to handle cyanide safely. Meanwhile, the communities would have a safety net in case of catastrophe.

# BARRICK UNSPUN:

## 94% APPROVAL? a critique of the water share agreement testimony by Luís Faura Cortes. Councilperson, Alto del Carmen, Chile

ALTO DEL CARMEN, JANUARY 2007

In June 2005, the Vigilance Junta\* (a committee representing the 2000 farmers with water rights) of the Huasco Valley signed an Agreement Protocol with the representative company in Chile of the Canadian mining corporation Barrick Gold, in exchange for \$60 million and other resources. According to this agreement, the company committed to contribute that sum if Barrick's project to exploit Pascua Lama was finally approved. The Atacama Council became involved in the process when it participated in a committee to manage the agreed resources.

In this same Protocol, the mining company also promised to construct a headwater dam for the valley of El Carmen (San Felix), for a sum of \$5 million.

It should be noted that the decision to sign the Protocol on June 30 was made by 8 of the 9 members of the Junta's board of directors. Among the members of the board was Mr Mauricio Perelló, one of the main water shareholders of the Vigilance Junta. He possesses 1,200 "acciones" (water shares equalling one hour of water usage) in the third section of the Huasco River, that's to say, almost 16% of water shares of that section.

This Protocol was questioned in April 2006 by the General Water Management Board (the DGA), after it was already agreed and signed without consulting the approximately 2,000 irrigators.

In November 2005, one of the representatives of Section 2, Mr Sergio Torres Allen, realized the irregularity of the process, questioned it, and left it. There continues to be a series of irregularities on the Junta's part.

1 - Promises obtained by the Junta's board of directors have not been kept, in a meeting in Alto del Carmen on July 6 2005 (in this meeting the Protocol was released, already signed by the board of directors on 30 June 2005). The board hadn't set up a working group to discuss the topic. The board of directors accepted research presented verbally, despite having requested written copies for analysis. There was no technical counterpart, or real discussion of the research within the board of directors. In a meeting on the 2nd of November 2005, Barrick demanded that the clarifications (addendum 2) be presented to CONAMA by the 7th of November of the same year, "with or without acceptance by the Junta".

2 - After the process was questioned by the DGA, and to validate their work, the board of directors convened an Extraordinary General Meeting for November 15 2005, but only invited the presidents or irrigation canal representatives, amounting to 315 people, and not all the 2,000 irrigators. In this session of 11,813 water shares, only 6,670 participated, that is to say only 56% of the presidents or canal representatives. The board of directors demonstrated that 93.7% of the irrigators approved the Junta's act. It's important to emphasise that in this meeting they didn't allow Mauricio Perelló to vote, owner of approximately 1,200 water shares, and that among the 93.7% were 6 or 7 irrigators who held almost as many or more water shares as Perelló.

3. - Despite DGA (the General Water Management Board)'s questioning regarding Protocol 1, and again behind the backs of those farmers with water usage rights, there is now a Protocol 2 (which has not yet been officially made public), through which the mining company would

be "liberated" of the contribution of \$5 million for construction of the dam in the El Carmen River. This amount would be discounted from the \$60 million, and the number of members of the commission that would administrate and distribute the \$60 million would be increased from 6 to 8.

However, the project will be approved. There are "movements" in the Junta, requests for the resignation of the Manager, claiming loss of confidence, and that in solidarity the president also resign. This would leave the way clear for Mr Omar Campillay Rojas as acting president, owner of Tamarugal Transport, a company which provides services to the great mining industry.

The Central Government must sell the dam to the farmers, who would have a period of 25 years, with 4 years grace, to pay. The board of directors of the Junta plans initially for the government to sell it to 220 "big" farmers, who possess 61% of the total water shares.

The remaining 39%, owned by approximately 1,900 farmers who are without doubt the small ones, would have a period of 2 years to solve any problems they may have, such as regularizing the tenancy of their properties if they wish to give up their water shares in the dam.

As the small farmers are not in a position to pay over 25 years, an alternative has been proposed - that INDAP (Institución de Desarrollo Agropecuario - Chile's Institution of Agricultural Development) pay it for them, and the farmers become indebted to INDAP.

If the new Directive were to propose now to the small farmers to free them from payment of the dam and to pay that amount in cash, or in up to four years with the company's \$60 million, most would accept, ending all resistance (from the farmers with water usage rights, not the 70,000 inhabitants of the province) which could be counted on to oppose the mining project and to save the valley. Those who would come out "winners" would be:

The government, which would recover its investment in less time than the original estimate (4 years rather than 25). The board of directors of the Vigilance Junta for its "good management". The big agricultural businessmen. And of course the mining company, as with this tremendous help things would become much easier with the complicity of its most loyal and faithful "partners".

In the north, water is a precious treasure worth more than gold. Most rivers in the north are either dry or polluted, the clearest example being the basin of the Copiapó River, which has enough water for only a few more years, and they are already looking towards using water from the Huasco basin. Other examples include pollution of the bay of Chañaral, pollution of the Loa River, the shortage of water in San Pedro de Atacama (where the council has to buy water from the mining companies), etc.

The Huasco in the north is perhaps the only river which contains plenty of clean water. We cannot allow that through unscrupulous and ambitious projects, the same thing happen to this river as happens in many parts of the world. It is our obligation to save it, and to protect the glaciers and lagoons there from even the slightest alteration.

\* Barrick Gold refers to the Junta as the "Huasco Water Users' Cooperative"