



MiningWatch Canada

Mines Alerte

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Blockade at Conay-Chollay crossroads, Alto del Carmen, Chile

Blockade of Tránsito Valley Continues Despite Arrests - Chile

On January 25, 2006, 48 people were arrested when Chilean military police (*Carabineros*) broke up the blockade that had been in place since the night of Monday, January 22, to prevent the passage of heavy trucks and mining machinery. After the arrests, the local community returned to re-take the intersection. According to the protesters, the peaceful occupation and blockade will be maintained indefinitely.

The blockade was mounted at the conclusion of the "Water Carnival" (*Llamado del Agua*) that was held in Conay, in the upper Huasco river valley, on January 20-22, and is blocking access to the Tránsito valley by half a dozen transnational mining companies with projects in the area, including

the Barrick Gold ("Responsible Mining") Pascua Lama project.

The communities of the upper Huasco Valley have become increasingly frustrated with the inability of the Chilean Environment Commission (CONAMA) to control exploration activities in the region following its approval of the Pascua Lama project and its failure to enforce a ruling preventing heavy mining equipment from using public roads that are not suitable for such heavy loads.

See *Urgent Action and Update: 48 Arrested at Pascua Lama Blockade* and *Declaration of the Water Carnival* on our web site for more.

Jamaican Bauxite Environmental Organization Wins Restoration of Alcan Tailings Pond

The Jamaican Bauxite Environmental Organization (JBEO) has won a major victory for the environment.

The Jamaican government has approved an Alcan plan for the rehabilitation of a red mud tailings pond at Mount Rosser in the St. Catherine's area of Jamaica. The tailings pond was used from the early 1950s until 1991 to store waste from the

Alcan alumina refinery at Ewarton.

The tailings pond — which the company calls a "landfill" — is one of several sites that Alcan retained responsibility for after its operations were sold to Glencore in 2001, although it consistently denied liability for the clean-up. After rehabilitation, it is to be returned to the Jamaican government.

A description of the rehabilitation project is the the National Environment and Planning Agency (NEPA) web site.

The Jamaican government has been under substantial pressure from JBEO to restore mined out lands and red mud repositories for a number of years. In 2004, it amended mining laws to fine bauxite companies in breach of the land restoration regulations to be fined \$25,000 per acre, plus a fee of \$2,500 per year of the breach.

Bauxite companies are also looking to expand in Jamaica, and are facing substantial opposition, particularly for a planned expansion in "Cockpit Country". The opposition to this mine have been pointing to the toxic legacy of bauxite mining in Jamaica. A December 17 column in the Jamaican Observer, by John Maxwell, quotes from a 2001 report of the US Army Corps of Engineers: "The Moneague Blue Hole, located in the Dry Harbour Mountains Basin, was once a good freshwater source. However, this has recently become contaminated. The contamination is believed to be from a bauxite

lake, Mt. Rosser Pond, which has a high sodium effluent."



The Mount Rosser bauxite tailings pond, St. Catherine's, Jamaica.

Uranium Hype Hits Indigenous Opposition Globally, Provokes Conflict in the North

The Indigenous World Uranium Summit

The Indigenous World Uranium Summit, held in Window Rock, Arizona, on November 30 to December 2, 2006, was a vindication of the Navajo Nation's ban on uranium mining in Navajo Nation Territory and a regrouping of Indigenous opposition to uranium mining globally. People from Indigenous communities around the world spoke about their experiences living with the effects of the mining and use of uranium, from Fiji to India to the North America.

Summit participants issued a declaration and made plans to work together to prevent further expansion of the uranium/nuclear industry and eventually phase it out altogether, to monitor and prevent damage to the environment and people's health, and to support and win compensation from the responsible state and corporate parties for people suffering from past and current abuses.

As part of the Summit, the Nuclear-Free Future Awards were also handed out at a ceremony on December 1. The recipients were:

- for Resistance: Sun Xiaodi, China, for his moral courage to petition for an end to the toxic mismanagement corrupting Chinese uranium mining and milling;
- for Education: Dr. Gordon Edwards, Canada, for his enduring role in demystifying nuclear technology and helping the public understand its perilous predicament;
- for Solutions: Wolfgang Scheffler and Heike Hoedt, Germany, for the valuable contributions their solar reflectors have made towards improving the quality of life in developing regions,
- for Lifetime Achievement: Ed Grothus, USA, for his unique brand of gadfly peace activism in the community of Los Alamos, the birthplace of the bomb;
- Special Recognition: Phil Harrison, Navajo Nation, for his many years of struggle as a visionary activist calling the uranium industry to account for its blind and poisonous greed; and
- Special Recognition: Southwest Research and Information

Center, USA, for helping people and communities across the Southwest understand and overcome their radioactive legacy.

Critical Caribou Habitat Threatened

Meanwhile, uranium exploration near the world-famous Thelon Game Sanctuary on the border of Nunavut and the Northwest Territories has provoked alarm from the Dene and Inuit communities dependent on the Bathurst, Beverly, and Qamanirjuak caribou herds that use the area for grazing and calving. The Beverly and Qamanirjuak Caribou Management Board has expressed concern about uranium mining and other industrial development in the area and has published a map of mineral rights holders on the calving grounds.

This issue has been hotly contested since uranium exploration began in the area in the 1970s; as Baker Lake resident Joan Scottie said to the World Uranium Hearing in Salzburg, Austria, in 1992, "If anything happened to the caribou we'd have nothing left but welfare."

The Baker Lake Court Case

Concerned about its effects on the caribou, Baker Lake Inuit went to court and won an injunction against mining exploration in their territory in 1978. However, the following year, the Federal Court of Canada ruled that although they possessed aboriginal rights to occupy and harvest land, those rights didn't give Inuit the legal power to stop uranium prospecting in the Kivalliq (Keewatin) region (Judge Patrick Mahoney ruled that Inuit aboriginal rights do not fall within the accepted legal classification of property rights, since property rights over the region were granted by King Charles in 1670 to his German cousin Rupert).

Despite this limitation, the recognition of Inuit land rights helped provide the legal basis for the Nunavut land claim agreement. In addition, Indian and Northern Affairs Canada introduced Caribou Protection Measures in 1978 to appease Baker Lake residents worried about the impact of mineral

exploration on caribou, imposing seasonal controls on land use operations inside identified Caribou Protection Areas.

Urangesellschaft and the Baker Lake Plebiscite

All that exploration activity led to the discovery of several uranium deposits, and in the late 1980s a German company, Urangesellschaft, proposed to build the “Kiggavik” mine 75 kilometres west of Baker Lake. Opposition from Inuit hunters and elders led to a municipal plebiscite on March 26, 1990, that rejected the project by 90.2%; on July 5, the company asked the federal environmental assessment panel for an “indefinite delay” of the review process.

To the Present

The Keewatin (Kivalliq) Regional Land Use Plan, published by the Nunavut Planning Commission, has been in effect since 2000, prohibiting uranium mining in the region until Nunavut’s environmental management boards (the Nunavut Planning Commission, Nunavut Impact Review Board, the Nunavut Water Board, and the Nunavut Wildlife Management Board) “have reviewed all of the issues relevant to uranium exploration and mining...[with] particular attention to questions concerning health and environmental protection,” and stating that “[a]ny future proposal to mine uranium must be approved by the people of the region.”

Nevertheless, the body that represents Nunavut’s Inuit land claims beneficiaries, Nunavut Tunngavik Inc. (NTI), has adopted a policy in favour of uranium mining. The policy is based on the rationale that encouraging uranium mining and nuclear energy generation will help minimise the impacts of climate change, and assumes that nuclear waste will not be

returned to the North (with the exception of the 85% of radioactivity that remains in the mine tailings). The policy ignores the fact that fossil fuels are used in uranium exploration, mining, and transportation as well as nuclear power plant construction, producing significant greenhouse gas emissions, and that the energy implications of nuclear waste storage are unknown.

The document also asserts that environmental and health concerns about uranium mining have been resolved but provides no references or supporting evidence, and provides little information about the potential impacts of radioactivity released into the environment.

Opposition has come from Inuit in Baker Lake (the Baker Lake Hunters and Trappers Association has asked for a moratorium on exploration) and Baffin Island (Qikiqtani Inuit Association board members have questioned the policy) as well as the Beverly-Qamanirjuaq Caribou Management Board and the World Wildlife Fund.

Meanwhile, Ur Energy’s proposed Screech Lake uranium exploration program, just a few kilometres from the Thelon Game Sanctuary, is undergoing an environmental assessment by the Mackenzie Valley Environmental Impact Review Board. It is being opposed by Inuit from Baker Lake as well as Dene from Łutsel K’e and Northern Saskatchewan.

Two of the Saskatchewan Athabasca Denesūliné First Nations don’t seem to have a problem with uranium development in their own reserves, however. CanAlaska Uranium Ltd. has signed option agreements with the Fond du Lac and Black Lake Denesūliné First Nations to undertake uranium exploration on their reserve lands.

Communities Divided Over Uranium Exploration in the Outaouais

People who live and work in the Outaouais region of Québec are facing an onslaught of exploration for uranium.

A divisive debate ensued at a community meeting in Fort Coloune called by Aldershot Resources Ltd. on December 15, 2006 — a Friday night just before Christmas. Representatives from the company, Natural Resources Canada, and Health Canada told the residents there was nothing to fear from uranium exploration or a mine.

Aldershot is looking for mineable uranium in the Pontiac region on the north side of the Ottawa River and has staked 345 square kilometres of mining claims in the Outaouais region of western Québec.

The company is conducting rock sampling, geological surveys and radiometric surveys over its claims.

Aldershot was incorporated in British Columbia September 1987 as “Quattro Resources Ltd.”. It changed its name to Aldershot Resources Ltd. on October 31, 2001; its president is Jeremy Caddy.

It has exploration projects in Australia at Turee Creek and Yuinmery, as well as six in the Northern Territory, three applications for uranium exploration in Zambia, and one for a copper-gold project in Chile. It has five groups of uranium claims in BC and a total of five in Québec, including some in the Saguenay Region.

It has never developed a mine, and has never found an economically viable orebody.

The company has financed its operations to date through the issuance of common shares and the exercise of warrants and stock options. In the first half of 2006, it spent \$81,000 on investor communications and only \$190,000 on exploration on all its properties.

In Québec, the new 1998 Mining Act enables any prospector (a person who is 18 years of age and pays \$30) to acquire a claim for mineral rights by designating the area on a Ministry map. The mining company is required to ask for “mutual agreement” before it enters on private lands to explore. However, if the landowner does not consent, the prospector will ask the government to expropriate a right of way allowing his exploration. In Section 235 of the Mining Act, it appears that the expropriation cannot be refused (see Why Québec is the Mining Industry’s Favourite Province). If a mine was ever to be developed it would have to be approved by the Canadian Nuclear Safety Commission, and would be subject to a federal Environmental Assessment.

The price of uranium has been rocketing upward in the last few years, driven by the possibility of increased demand, especially from China and India, and the lapsing of agreements to reclaim uranium from Soviet stockpiles and decommissioned nuclear warheads. The price is now over \$70 US/lb and has increased seven-fold in the past five years.

For more information, contact Ian Huggett at Eco-Watch at (819) 684-5342.

Why is Québec the mining industry's favourite province?

The Fraser Institute considers Québec to be the mining jurisdiction with the most favourable mineral and policy potential in the world.

In Québec all mineral rights are reserved to the State, and anyone can stake mineral claims on an internet-based map system on a first-come first served basis (Québec Mining Act, Section 3).

Québec has a free entry system for prospectors, allowing any prospector (someone who is 18 years old and pays the \$30 fee), to enter on any lands and explore for minerals, with very few exceptions (Section 65). The only uncategorical exemption is for cemeteries, and some old patent lands where the mineral rights are still attached to the deed (pre-1911).

Section 235 sets out the provisions for access to claims by agreement (mutual consent) or expropriation. The Minister of Natural Resources and Wildlife has to give prior permission to the prospector to conduct exploration activities in urban areas, protected areas, Indian reserves, bird sanctuaries and "areas of

significant geological interest" (section 32 and 304).

The "Paix des Braves" Agreement with the Grand Council of the Crees of Québec and the Nunavik Inuit Land Claims Agreement also establish restrictions on mineral staking in parts of traditional territories.

The Minister also has the right to withdraw lands from staking for protected areas, and a few clearly restricted other purposes (section 304).

Québec also has a requirement for restoration and closure planning for mine sites (Section 232), but its regulations limit the amount required to a maximum of 70% of the total remediation cost.

Québec also has one of the most favourable tax regimes for mining in the country. The province offers a 45% tax credit for exploration directly to the mining company, as well as excellent mapping resources, low hydro rates and support for infrastructure development.

Mining Investors and the Tax System

Many of the junior mining companies creating havoc in communities these days have no intention of developing a mine, and their investors don't care, but these companies are raising millions in equity to keep their exploration programs going.

This is possible because of two federal programs: Canadian Exploration Expenses and the Super Flow Through Share Program.

Canadian Exploration Expenses (CEE) are expenses incurred for the purpose of determining the existence, location, extent or quantity of a mineral resource, including prospecting, geo-chemical and geophysical surveys, drilling, trenching and preliminary sampling, removing overburden, sinking a mine shaft (pre-production development costs). They do not include costs for environmental assessment or the purchase of mineral claims. Any portion not used in the year the expenditure was incurred can be carried forward indefinitely. This creates a pool of expenditures that can be transferred to subsidiaries and upon sale of the company. The pool of expenses becomes a "Tax Asset".

Super Flow Through Shares: Companies are allowed to renounce or flow through CEE expenses to shareholders so that the investor can use them as a tax loss. Believe it or not, some investors need tax losses to avoid paying income tax. Investors get a 100% tax deduction for the money they invested in the shares. In addition, the federal government gives a 15% tax credit to investors under the Program (this is what makes it "Super").

The "super" flow-through program was introduced in October 2000 as a temporary measure to help moderate the effect of a global downturn in mineral exploration in the 1990s. This tax credit is set to expire in March 2007, and the industry is already lobbying to make it permanent.

There is also a federal 10% Investment Tax Credit to the exploration company for a mineral exploration project on previously undeveloped land.

Super flow-through shares and Investment Tax Credits enrich speculative investors by reducing the after-tax cost of a \$1,000 investment in exploration in Canada to as little as \$207 in Québec and \$333 in BC.

It is important to note that most provinces also have Flow Through Shares and tax incentives for mines in remote areas — in addition to the federal program.

There has also now been a proliferation of limited partnerships of investment dealers who broker the relationship between individual investors who want the tax losses and companies that are willing to give up portions of their CEE tax pool in return for the investment. These companies make anywhere from 20-40% in fees for the transactions: they have their own interest in maintaining the program.

The combined effect of all this is a real upsurge in companies that want to create exploration costs and hype their claims, even when the mine may have no real chance of ever going ahead. Their intention is to mine investors and the tax system, not the land, although exploration also creates substantial environmental damage.

In northern Ontario, seven First Nations have issued mining moratoria to stop the exploration activities of Platinex, Metallex, Superior Diamonds and other mining companies on their traditional territories. They say the companies are infringing their rights and damaging their land. They also say that, until their communities have been able to develop strategic level land use and economic planning, they are not able to benefit from any proposed mining projects. The companies have refused to withdraw, and continue to badger the band councils for access. These companies are all dependent on the Super Flow Through Share program to raise equity.

See *Kitchenuhmaykoosib Inninuwug First Nation Says Ontario Mining Act Unconstitutional* on our web site for more details.

MEDIA RELEASE — Transboundary Watershed Alliance

BC/Alaska Conservation Alliance Calls For Bi-National Assessment of Taku Mine Fishery Too Valuable for Experiment With Unproven Technology

(January 30, 2007–Whitehorse, Yukon, and Juneau, Alaska) The Transboundary Watershed Alliance (TWA) has called upon authorities in British Columbia, Alaska and at the federal level in Canada and the United States to undertake a full, open and public binational environmental assessment of the new development proposal for the Tulsequah Chief project in northwest British Columbia. On January 29th, 2007, Redcorp Ventures unveiled a development proposal for the Tulsequah Chief mine, abandoning previous plans for a 100 mile/160 kilometre access road from Atlin, but introducing new and previously unassessed elements including an 8 km road to a barge loading facility and a proposal to “air cushion barge” metal concentrates from that facility down the Taku River to Juneau. The proposal is dramatically different from the previous proposal and would bring more direct impacts on the salmon-rich lower Taku River.

“There is a real opportunity now for this project proposal to receive the scrutiny and oversight that it warrants,” said TWA Executive Director, David MacKinnon. “Previous assessments by British Columbia and Canada were focused on project approval rather than protection of the existing economic and ecosystem values in the Taku.”

Chris Zimmer in the Juneau office of the TWA said: “We’re going to work hard to ensure that Juneau and Alaska citizens have a real voice in this new assessment. Over 99% of public comments in the Canadian assessment of this project were either outright opposed to or expressed serious concerns about the Tulsequah Chief project. Those comments, including a great many from Alaskans, were ignored. Redcorp’s new proposal requires Alaskan assent, so Governor Pallin needs to protect Juneau’s commercial and recreational interests in the Taku by working with Canada to establish a bi-national review process looking at the whole watershed.”

The new proposal includes the following elements that were not looked at in the previous assessment:

- Construction of a 10 kilometre haul route down the salmon-rich Tulsequah River from the proposed mine-site to a landing site on the mainstem Taku River for loading and unloading barges.
- Hauling of metal concentrates down the Taku River and then Taku Inlet to Juneau.
- Use of new Air Cushion Barge (ACB) technology to handle very large loads of concentrate on-river.
- Use of new and untested amphibious vessels to tow the ACBs.
- Extensive mine-related river traffic through areas currently used by the Alaskan commercial fishing fleet.
- The potential for catastrophic spills of mineral concentrates into the salmon-rich Taku river or Taku inlet.
- Clear indications that the proposal will lead to development of nearby mining prospects, extending and compounding environmental impacts in the watershed.

The lower Taku hosts a commercial and recreational fisheries worth over \$8 million annually to the communities of Juneau and Atlin according Juneau’s McDowell Group.

The Transboundary Watershed Alliance has a membership of over 20 conservation organizations in British Columbia, the Yukon and Alaska. We work to sustain the diversity and abundance of fish and wildlife species and their habitat in the transboundary watersheds of Canada and Southeast Alaska and to encourage the adoption of long-term conservation-based planning to ensure the survival of these magnificent river systems.

For further information please contact:

David MacKinnon, Executive Director, Transboundary Watershed Alliance (604) 809-5098
Chris Zimmer, US Field Coordinator, Transboundary Watershed Alliance (907) 586-4905

Community Leaders from Indonesia, Guatemala, New Caledonia, and Canada Discuss Struggles Against Inco

A unique opportunity presented itself as a result of the Roundtables on Corporate Social Responsibility and the Extractive Sector in Developing Countries. On November 13th, 2006, MiningWatch Canada brought together a panel in Montreal made up of community leaders from Indonesia, Guatemala, New Caledonia, and Canada who discussed their struggles against Inco (now CVRD-Inco, having been acquired by the Brazilian firm CVRD-Companhia Vale do Rio Doce).

Jacques Boengkih from Kanaky-New Caledonia was in Montreal as an invited expert of the Government of Canada. He spoke about the struggle of the indigenous Kanak people of Kanaky-New Caledonia who have blockaded and halted construction on Inco's Goro project site three times over the past two years. They have taken legal action against the company that has led to the revocation of Inco's mining permit and more recently an order for Inco to halt construction of a waste dump in a biologically sensitive area.

Inda Fatinaware and Werima Mananta from Indonesia came to Montreal to make a public presentation before the government committee of the roundtables. Werima is a member of the indigenous Karonsi'e Dongi community which lost their most productive agricultural land when the PT Inco mine was built, and they received paltry compensation in return. They later lost more of their land for a golf course Inco built, and now Inco plans to move them again to make way for a hotel.

Diana Wiggins from Port Colborne, Ontario discussed the struggle for justice of citizens in that Ontario community. Residents of Port Colborne have struggled to raise awareness of health concerns and environmental contamination in their

community as a result of soil contamination from Inco Ltd.'s refinery. Citizens have started legal action against Inco and are also involved in a Public Liaison Committee for a Community Based Risk Assessment.

Amanda Quiche, originally from Guatemala described the struggle of the Mayan people to defend their land from mining. In Guatemala, both the government and Skye Resources, in which Inco retains an interest, have refused to consult with the Q'eqchi' Mayan people about mining leases, with the result that the Q'eqchi' people have recently occupied the land that is rightfully theirs, having originally been taken illegitimately from their grandparents for Inco's benefit. The "reoccupiers" were violently removed by Guatemalan police and military in early January, 2007.



Striking Goro workers hold a copy of the Port Colborne Leader to show solidarity with Port Colborne residents affected by contamination from Inco's operations there.



I want to help provide communities with the support they need and make the mining industry accountable.

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