

MiningWatch Canada Advisors

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Dr. Donna Mergler

The Very Rev. The Hon. Lois M. Wilson

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Board of Directors

Co-chairs: Earl Commanda, Ottawa, Ontario Marilyn Crawford, Godfrey, Ontario Treasurer: Ian Thomson, Ottawa, Ontario Secretary: Kevin O'Reilly, Yellowknife, NWT Directors: Ken Luckhardt, Toronto, Ontario Jennifer Simard, Kapuskasing, Ontario Arnold Yellowman, Sarnia, Ontario Jean Symes, Ottawa, Ontario Laura Calm Wind, Thunder Bay, Ontario Anne Sam, Fort St. James, British Columbia Bruce Maclean, Winnipeg, Manitoba Tracy Glynn, Fredericton, New Brunswick

Members in 2013

- 1. Alternatives North
- 2. Bathurst Sustainable Development
- 3. Bedford Mining Alert
- 4. Canadian Auto Workers (CAW) Social Justice Fund
- 5. Canadian Environmental Law Association (CELA)
- 6. Canadian Parks and Wilderness Society (CPAWS)
- 7. Centre for Longtern Environmental Action Newfoundland/ Labrador (CLEAN)
- 8. Canadian Union of Public Employees (CUPE)
- 9. Development and Peace
- 10. Friends of the Earth
- 11. Friends of the Stikine Society
- 12. Innu Nation
- 13. Inter Pares
- 14. International Institute of Concern for Public Health (IICPH)
- 15. Kairos Canadian Ecumenical Justice Initiatives
- 16. Mixedwood Forest Society
- 17. Nature Canada
- 18. Northwatch
- 19. OPSEU (Ontario Public Service Employees Union) Social Justice Fund
- 20. Polaris Institute
- 21. Primate's World Relief and Development Fund (PWRDF)
- 22. Public Service Alliance of Canada (PSAC)
- 23. Rivers Without Borders
- 24. Sierra Club of Canada
- 25. Steelworkers Humanity Fund
- 26. United Church of Canada
- 27. Yukon Conservation Society (YCS)











MiningWatch Canada staff, from left to right: Latin America Program Coordinator Jen Moore, Communications and Outreach Coordinator Jamie Kneen, Canada Program Coordinator Ramsey Hart, Research Coordinator Catherine Coumans, and Administration and Resource Development Coordinator Susan Murdock.



MiningWatch Canada Mines Alerte

> City Centre Building, Suite 508 250 City Centre Avenue Ottawa, Ontario, Canada K1R 6K7 +1 (613) 569-3439 info@miningwatch.ca www.miningwatch.ca

Cover: Abandoned headframe at the Giant mine in Yellowknife, NWT (Kevin O'Reilly photo)





What is MiningWatch Canada?

MiningWatch Canada was formed in 1999 by environmental, labour, social justice, and aboriginal groups in Canada to institutionalise their work on mining issues, and by Canadian international development, human rights, and social justice groups to support partner organisations and communities in the "Global South" facing incursions and abuses resulting from the activities of Canadian mining companies.

Based on an understanding that domestic and international problems cannot be addressed in isolation, but that their resolution is interdependent, MiningWatch was created to forge and strengthen global linkages to support communities affected by mining and to bring about reforms that will prevent and punish irresponsible mining practices and address existing and past abuses.

MiningWatch Canada has become a strong voice in the development of policies to hold mining companies to account, whether they are operating in Canada or are Canadian corporations committing abuses overseas. Our Board and staff have expertise and experience in environmental policy and campaigning, community and labour organising, community economic development, organisational management and fundraising,

DEFENDING DISSENT
WHEN LAND AND LIFE
ARE IN PERIL
TUESDAY, MARCH 5 ARTS COURT THEATRE
7PM — 9PM 2 DALY STREET, OTTAWA

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featuring ALUNA THEATRE'S
The Last Walk of Adolfo Ich
PERFORMANCE BASED ON STATEMENTS,
INTERVIEWS, GOVERNMENT AND PUBLIC
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international development and international solidarity, and indigenous rights.

What Guides Our Work

We believe in free, prior, informed consent of aboriginal communities for mineral development on their traditional lands, and in ensuring the protection of natural capital and ecological health for future generations.

We provide advice to communities dealing with the effects of mining, and help them get the technical assistance and voice they need to defend their interests. We regularly respond to requests for information from other organizations, communities, First Nations, the media, filmmakers, investors, and students.

We facilitate linkages and exchanges between communities affected by mining and the organisations that represent and work with them so that they can share experiences and learn directly from each other – their, ideas, successes, and challenges. This way they do not have to face their struggles in isolation.

We collaborate with other organisations in coalitions and working groups around shared objectives, building networks to share information and ideas, and building working relationships between organisations.

We undertake credible research in response to requests from communities and interested organizations.

We advocate for regulatory change -- including regulating Canadian mining companies operating internationally. We have come to know that the environment will not be protected without strong regulation and well-staffed enforcement. There are occasions when this concern with public policy requires us to engage in the courts, in environmental assessments, and in other administrative processes.

We participate with industry and government representatives in many "multi-sectoral" initiatives. We are a founding member of the National Orphaned and Abandoned Mines Initiative and of the Canadian Network on Corporate Accountability. We are a member of the Canadian Council for International Cooperation, and as such abide by its Code of Ethics.

We understand mining to be essentially a waste management industry with short-term benefits and long-term consequences. Until we run out of metals or until our recycling and materials efficiency catch up with our consumption, mining will continue. But it needs to answer to much tougher standards, and it cannot be allowed to continue foisting its greatest costs and liabilities onto the public – and future generations.

Raising questions about the effects of mining and the ability of governments to monitor and control them is an important public service we are proud to provide.



Highlights of 2013

Telling Our Story to the Public

People continue to come to our website in the thousands weekly for information and analysis, while our email lists provide daily news, newsletters, alerts, and updates for over three thousand people. Our social media presence is substantial. MiningWatch blogs and articles are widely read and re-posted, including on the popular independent web portal, rabble.ca. At the end of 2013 we had almost 4,000 Facebook fans, up over a third just in the last year. Even more impressive, our Twitter followers rose by 58% over the year, to nearly 8,000 – including activists, media, and elected representatives, but also a lot of industry types. We hope they leave further informed, but even if they are just monitoring our work, clearly they are taking us seriously!

At the same time, in the "traditional" media, we get calls from print, radio and TV media virtually every day for interviews or background information and analysis. These range from community or academic publications to mainstream national and international outlets like the Globe and Mail, CBC, CTV, the Guardian, or Spain's *El País*.

Building Collective Knowledge and Expertise

In March 2013, MiningWatch joined with Inter Pares to offer a workshop on research tools and techniques to strengthen strategic campaigning against firms based in the US and Canada. Participants were impressed with the useful content and participatory approach. We then adapted this into a larger framework for training on mining issues and social/environmental justice movements, and held pilot training sessions for thirty participants from eleven countries at the Latin American Observatory of Mining Conflicts (OCMAL) conference in Lima and in Mexico for the independent media collective, Periodistas de a Pie ("Journalists on Foot") in collaboration with the Mexican Network of Mining-Affected Communities (REMA). As it is shared with organisers, researchers, and journalists globally this methodology will be further refined.

Stopping Canadian Corporate Impunity Internationally – and Canadian Government Support for Criminal Companies

Exposing Canadian Embassy Support for Mining Interests

We spearheaded an exposé of the extensive and unconditional support provided to Canadian mining companies by Canadian embassies around the world in a co-authored report: *Corruption, Murder and Canadi-*

an Mining in Mexico: The Case of Blackfire Exploration and the Canadian Embassy, the first in a planned series on the topic.

Stopping Companies' Legal Manœuvres to Avoid Liability

After interviewing women raped by security guards at Barrick Gold's Porgera mine in Papua New Guinea, we denounced the benefits package the company has offered them, as well as the requirement that they sign away their right to sue the company. We took the issue to the UN High Commissioner on Human Rights who responded by calling on Barrick to set up an independent review to "identify possible areas for improvement" (which the company did not do), and provided an opinion that "the presumption should be that as far as possible, no waiver should be imposed on any claims settled through a non-judicial grievance mechanism." We also responded to a similar case at a Barrick subsidiary, African Barrick Gold's North Mara mine in Tanzania, where victims of violence by company security guards and by police (on company property) are being pressured to sign similarly unacceptable agreements.

Debbie Stothard, Secretary-General of the International Federation for Human Rights, fulfilled her promise to reiterate our message during the UN Forum's closing panel when she observed: "UNSC Resolution 1325 declares rape in war to be a non-amnestiable crime; however in business this is different. In the case of a Canadian gold mine in Papua New Guinea where local women were subjected to gang rape by employees for many years, victims were given chickens for a livelihood program, not justice."

With Barrick as the example, we took our concern that companies would use such grievance procedures to avoid liability for criminal acts and gross violations of human rights to the UN Forum on Business and Human Rights in Geneva, where we received support from likeminded organizations. We are working with international partner organisations to limit the use of project-level non-judicial grievance mechanisms to matters where they may conceivably be legitimately applied, such as minor local-level disputes – and to ensure that appropriate legal channels are available for redress in cases of human rights abuses or criminal offences.

Campaigning for Access to Justice for Victims of Canadian Companies

As founders of the Canadian Network for Corporate Accountability (CNCA), we jointly launched the

"Open for Justice" campaign to demand that Canada address harm caused by its companies' overseas operations by providing access to Canadian courts and via an independent extractive-sector Ombudsman. We are asking opposition parties make these issues part of their party platforms for the 2015 federal election. Related demands include withdrawal of political and financial support from the government where companies are found to have committed abuses, and mandatory regulations to monitor and control their behaviour.

Stopping the Suits

Canadian companies often use investor-state provisions of free trade and investment agreements to force foreign governments to accept mining projects against their will, and the will of their people, or else pay exorbitant penalties. We worked with groups in El Salvador and international allies to send Salvadoran activists on a twenty-city speaking tour across Canada and the northeastern U.S., followed by an international delegation to El Salvador to build pressure against Pacific Rim Mining's suit against the government of that country. We also helped generate over 300,000 signatures on online petitions calling on Infinito Gold to drop its threatened \$1-billion suit against Costa Rica for its ban on open-pit metal mining; this has resonated especially with Costa Rican media, and helped support Costa Rican environmental groups that fought for the ban.

Regulating Mining in Canada

Re-writing the Metal Mining Effluent Regulations

We accepted the Canadian government's invitation to be a lead civil society participant in the 10-year review of the Metal Mining Effluent Regulations, where we and allied NGOs are making proposals for stronger regulation and challenging industry posturing and pressure in support of the *status quo* – or worse.

Responding to the Yukon "Rush"

Our work in the Yukon expanded in 2013 when Ramsey was able to see first hand the areas affected by proposed and historic mining activities in the Territory, meet with people working to promote a more balanced approach to development, and identify key issues for continued support. We made five interview videos with Yukon activists who spoke eloquently about their concerns for the future of their territory; we will use them to raise awareness nationally about the region.

Proving the Value of the National Pollutant Release Inventory

Thanks to a 2009 court decision we won that obliges mine operators to report the toxic contents of their waste materials to the government, we able to tell

the facts when a massive slurry leak from a coal mine released high levels of contaminants into the Athabasca River watershed. Our interview on CBC helped force the Alberta government to correct its initial claims that released wastes were inert. Prior to the litigation by MiningWatch and Great Lakes United, ably represented by Ecojustice, mining operators were able to take advantage of a lapsed exemption under the *Environmental Protection Act*.

Pushing for Integrity in the New Canadian Environmental Assessment Act (CEAA 2012)

In 2013, MiningWatch continued to lead the Canadian Environmental Network's Environmental Planning and Assessment Caucus (CEN/EA Caucus) as the CEN itself worked to reconstitute itself under new bylaws following the loss of almost all of its funding (all from the federal government). We submitted recommendations on the revised core regulation under the Canadian Environmental Assessment Act, the Designated Project List, officially the "Regulations Designating Physical Activities." Our submission showed how the project list could be rewritten to provide robust protection for the public and the environment while maintaining a predictable and coherent regulatory environment for proponents. Perhaps unsurprisingly only a few of our recommendations were enacted.

During the year, there was significant media and public attention to the reduced scope of the law on several occasions as various projects went through the newly-diminished review process, or were shunted to provincial reviews, as well as when the revised Designated Project List was released. Key concerns included reduced public access to the review process; the denial of public and Aboriginal groups' requests for panel reviews of several major projects instead of "standard" assessments; and the kinds of projects that will no longer even be considered for assessment (*in situ* bitumen extraction, for example, or graphite mines).

The Commissioner of the Environment and Sustainable Development (in the Office of the Auditor General) also began a study of the 2012 legislative changes late in the year.

We also did extensive work on a number of project-level environmental assessments, including the proposed Marathon copper and platinum group metals mine in northern Ontario, the proposed Sisson tungsten mine in New Brunswick, and the proposed Kipawa rare earth elements mine in western Quebec, as well as the proposed New Prosperity mine in British Columbia.

Taseko Mines' proposed New Prosperity project

The "New" Prosperity mine proposal modified a plan rejected by the federal cabinet in November 2010.



"New" was not "better" but in fact, according to the company's own statements from the earlier process, was almost certainly worse. Our submission to the federal panel reviewing the project highlighted the company's failure to address significant adverse effects identified by the previous panel, and argued that the project would mean a huge backward step in terms of environmental protections and respect for Aboriginal rights. In the end, the panel concluded that the project would have a "significant" (negative) impact on the environment, and in late February, 2014, the federal cabinet rejected the proposal. This has been a huge victory for science and for Indigenous rights, and for the First Nations and NGOs that opposed this project on those grounds.

North/South Connections between Indigenous Leaders

We facilitated Kitchenuhmaykoosib Inninuwug (KI) member John Cutfeet's participation in the "Yes to Life! No to Mining!" event in Oaxaca, Mexico where he presented a Spanish translation of KI's water declaration; the gathering's final declaration included a statement of solidarity with the indigenous rights movement Idle No More, and a Mexico/Canada mural dedicated to "the people who organize to defend the common good" was unveiled after the conference.



We also arranged for two First Nations leaders to travel to Peru: Chief Bev Sellars of the Soda Creek Indian Band in B.C. (and President of FNWARM, First Nations Women Advocating Responsible Mining) and Chief Arlen Dumas of the Mathias Colomb Cree Nation in Manitoba. Their mission was to share their peoples' experience, counteracting the propaganda spread by the Canadian government and mining companies about how great mining is for Indigenous peoples in Canada. A highlight of Chief Dumas' visit was his presentation to a community currently negotiating with HudBay, a company his First Nations community has challenged for many years.

Conferences and Publications:

- We presented the one-day "Beyond Extraction" conference at Carleton University together with the journal Studies in Political Economy, looking at principles and proposals to get past the dominant extractivist development model.
- We were invited to the German aid agency GIZ's Bangkok conference "Resource Curse or Resource Blessing?", where we highlighted the development deficits associated with mining.
- At the UN Forum on Business and Human Rights in Geneva, we showed how state and project-level non-judicial grievance mechanisms can become sources of further harm for victims of human rights abuses by corporations, citing the Barrick Gold/Papua New Guinea case.
- In a paper presented to the World Mining Congress 2013, "Evolving Standards and Expectations for Responsible Mining, A Civil Society Perspective", now published, we analysed how industry norms and civil society expectations have evolved since our earlier joint study in 2005.
- Our joint publication with IndustriALL, CFMEU
 Australia, United Steelworkers, and Earthworks,
 "More Shine than Substance: How RJC certification
 fails to create responsible jewelry", examines the
 Responsible Jewellery Council's certification system
 and concludes that it is riddled with flaws and loopholes, rendering it an ineffective tool to create an
 environmentally and socially responsible supply
 chain in the jewellery industry.

Reaching New Audiences through Political Theatre

With the play "The Last Walk of Adolfo Ich", we told new audiences about the 2009 murder of a Mayan community leader by a Canadian mining company's security forces – now the object of an Ontario civil suit by Klippensteins Barristers & Solicitors. Guatemalan advocate Lolita Chávez spoke about living under constant threat of attack for her activism against racism, mining, and hydroelectric projects; panellists linked Lolita's struggle to erosion of the right to dissent in Canada and other parts of the world.

Thanks to...

We would like to thank all those organizations and individuals who have helped us in the past year, as well all those whose donations help make our work possible. We would like to publicly recognize the institutional donors listed in the auditors' statements that follow.



INDEPENDENT AUDITORS' REPORT

To the Members,

MiningWatch Canada / Mines Alerte Canada:

We have audited the accompanying financial statements of MiningWatch Canada / Mines Alerte Canada, which comprise the statements of financial position as at December 31, 2013, and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of MiningWatch Canada / Mines Alerte Canada as at December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

OHED LLP.

OUSELEY HANVEY CLIPSHAM DEEP LLP

Licensed Public Accountants

Ottawa, Ontario February 27, 2014



MININGWATCH CANADA / MINES ALERTE CANADA

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2013

NET REVENUE FOR THE YEAR	\$	4,793	\$	3,911
		543,299		524,712
Office and administration		76,700		79,797
Communications program		106,743		92,515
Effecting regulatory systems program		95,515		87,311
Domestic program		61,592		57,724
International program		178,313		174,940
EXPENSE Council meeting coordination		24,436		32,425
EVDENCE		340,032		320,023
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Program generated (note 4) Memberships, interest and other		247,766 18,346		217,000 17,596
Grants Program generated (note 4)	\$	281,980	\$	294,027
REVENUE	_	001.05-		0015==
		2013		2012
FOR THE YEAR ENDED DECEMBER 31, 2013				
STATEMENT OF OPERATIONS				
Balance - end of year	\$	36,961	\$	37,168
Transfer to reserve fund (note 5)		(5,000)		(5,000)
Net revenue for the year		4,793		3,911
Balance - beginning of year	\$	37,168	\$	38,257
UNRESTRICTED NET ASSETS				
Balance - end of year	\$	25,000	\$	25,000
Transfer from unrestricted net assets		-		
Balance - beginning of year	\$	25,000	\$	25,000
LEGAL FUND				
Balance - end of year	\$	142,000	\$	137,000
Transfer from unrestricted net assets (note 5)	Ψ	5,000	Ψ	5,000
Balance - beginning of year	\$	137,000	\$	132,000
RESERVE FUND		2010		2012
		2013		2012
FOR THE YEAR ENDED DECEMBER 31, 2013				
STATEMENT OF CHANGES IN NET ASSETS				
		,		,
	\$	328,352	\$	310,881
		203,961		199,168
Unrestricted net assets		36,961		37,168
Reserve fund - internally restricted (note 5) Legal fund - internally restricted (note 5)		142,000 25,000		137,000 25,000
NET ASSETS		4.40.000		407.000
		124,391		111,713
Deferred revenue (note 3)		108,492		94,309
Government remittances payable		7,230		5,103
Accounts payable and accrued liabilities	\$	8,669	\$	12,301
CURRENT LIABILITIES				
	\$	328,352	\$	310,881
Prepaid expenses		3,336		2,569
Due from Canary Research Institute (note 4)		141,710		65,936
Accounts receivable		10,283		12,679
Short-term investments (note 2)	•	35,846	*	72,034
Cash	\$	137,177	\$	157,663
CURRENT ASSETS				
,		2013		2012
AS AT DECEMBER 31, 2013				

MININGWATCH CANADA / MINES ALERTE CANADA

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012	
CASH PROVIDED BY (USED FOR)			
OPERATIONS			
Net revenue for the year	\$ 4,793	\$ 3,911	
Change in non-cash working capital items			
Accounts receivable	2,396	(10,934)	
Due from Canary Research Institute	(75,774)	26,412	
Prepaid expenses	(767)	(935)	
Accounts payable and accrued liabilities	(3,632)	(3,271)	
Government remittances payable	2,127	(7,644)	
Deferred revenue	14,183	14,500	
	(56,674)	22,039	
INVESTING			
Change in short-term investments	36,188	(1,659)	
CHANGE IN CASH FOR THE YEAR	(20,486)	20,380	
Cash beginning of the year	157,663	137,283	
CASH END OF YEAR	\$ 137,177	\$ 157,663	

MININGWATCH CANADA / MINES ALERTE CANADA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2013

MiningWatch Canada / Mines Alerte Canada was incorporated on June 11, 1999 without share capital, under the laws of Canada. MiningWatch Canada / Mines Alert 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 Alert 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.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) 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 totaled \$nil (2012 - \$nil).

(b) Revenue recognition

The Organization follows the deferral method of accounting for contributions.

(c) Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

(d) Financial instruments

Financial instruments are initially recognized at fair value and are subsequently measured at cost, amortized cost or cost less appropriate allowances for impairment.

(e) Allocation of expenses

The Organization assigns direct salary costs to programs.

2. SHORT-TERM INVESTMENTS

Short-term investments consists of two cashable GIC's that mature April 8, 2014 and earn interest at an annual rate of 1.6%.



3. DEFERRED REVENUE

	2013	2012
Balance, beginning of year	\$ 94,309	\$ 79,809
Less: amount recognized as revenue in the year Plus: amount received related to the following year	\$ (94,309) 108,492	\$ (79,809) 94,309
Balance, end of year	\$ 108,492	\$ 94,309

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

4. RELATED ENTITY 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 two directors of MiningWatch Canada plus three other directors. During the year \$171,905 (2012 - \$148,261) of MiningWatch Canada's program generated revenue was from Canary. As at December 31, 2013 there is an amount due from Canary of \$141,710 (2012 - \$65,936).

Canary has not been consolidated in these financial statements. The following is a summary of the financial position of Canary as at December 31, 2013 and the results of operations for the year then ended.

		2013	2012
Canary			
_	Total assets	\$ 225,020	\$ 191,490
	Total liabilities	242,584	185,047
	Net assets	\$ 12,436	\$ 6,443
	Total revenue	\$ 228,344	\$ 171,296
	Total expense	222,351	183,787
	Net revenue (expense) for the year	\$ 5,993	\$ (12,491)

5. INTERNALLY RESTRICTED FUNDS

RESERVE FUND:

During the 2006 fiscal year the Organization decided to set up an internally restricted reserve fund. The purpose of the fund is to address unforeseen changes in the Organization's finances and to invest in projects for which ongoing funding is not available. During the year the Organization transferred \$5,000 (2012 - \$5,000) to this fund.

LEGAL FUND:

During the 2009 fiscal year the Board of Directors decided to set up an internally restricted legal defence fund. The purpose of the fund is to provide funds for legal actions related to the objectives of the Organization. During the year \$nil (2012 - \$nil) was transferred to this fund.

6. FINANCIAL INSTRUMENTS

Financial instruments consist of cash, short-term investments, accounts receivable, due from Canary Research Institute, and accounts payable and accrued liabilities and government remittances payable. Unless otherwise noted, it is the board's opinion that the Organization is not exposed to significant interest rate, currency, credit, liquidity or market risks arising from its financial instruments and that the carrying amounts approximate fair value.

7. COMMITMENTS

The Organization has a lease commitment for office space which expires April 30, 2016. Annual lease payments including operating costs are approximately \$20,000.

8. INSTITUTIONAL DONORS

The Organization is thankful for support from the following organizations:

Canadian Auto Workers Social Justice Fund
Canadian Labour Congress
Canadian Union of Public Employees
Canadian Union of Postal Workers
International Development Research Centre
Inter Pares
Ontario Public Service Employees Union
Primate's World Relief and Development Fund
Sigrid Rausing Trust
Steelworkers Humanity Fund
United Church of Canada
Wallace Global Fund



8.