



*MiningWatch Canada*



**ANNUAL REPORT 2009**

### ***MiningWatch Canada Advisors***

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MiningWatch Canada staff, from left to right: 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**

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### **Mines Alerte**

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## ***What is MiningWatch Canada?***

MiningWatch Canada was formed in 1999 by environmental, labour, 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, and rather 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 mining policies to hold companies to account, whether they are operating in Canada or are Canadian entities 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, international development and international solidarity, and indigenous rights.

## ***What Guides Our Work***

**We believe in the free prior and informed consent** of aboriginal communities before mineral development takes place 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 other 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 hold** that mining is 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 projects, and about the ability of governments to monitor and control them is an important public service. **We are proud to provide it.**

## ***Highlights of 2009***

### ***Our day at the Supreme Court of Canada***

The federal government has been trying to limit the application of the Canadian Environmental Assessment Act since its introduction in 1995. We believe federal authorities violated the Act in 2006 when they split proposal for the Red Chris mining project in northern BC into pieces and downgraded the assessment from a Comprehensive Study to a screening level assessment, and did not allow for public participation in the assessment.

**Our work on this:** Represented by Ecojustice, we were successful at the Federal Court level in proving our case but saw this ruling overturned on appeal. In October 2009, our case was heard by the Supreme Court – a partial victory in itself as the Court’s granting us leave to appeal was unprecedented in the history of the Act and validated the importance we have given to the issue. It also generated extensive media coverage.

***Private Member's Bill C-300 on corporate social responsibility: Light at the end of a long tunnel?***

A private (opposition Liberal party) member's bill, Bill C-300, now being debated in Committee, would terminate political and financial support from the Canadian government to companies that are found to have violated human rights and environmental standards in developing countries.

**Our work on this:** We gave written and oral testimony before the House of Commons Standing Committee on Foreign Affairs and International Trade. We consulted constantly with a very large constituency of non-governmental organizations, trade unions, and members of the public, helped mobilize public opinion, worked with legal experts on a brief supporting the bill, and worked with Parliamentarians and Parliamentary legal staff to draft constructive amendments to the Bill.

***Building networks for international coordination***

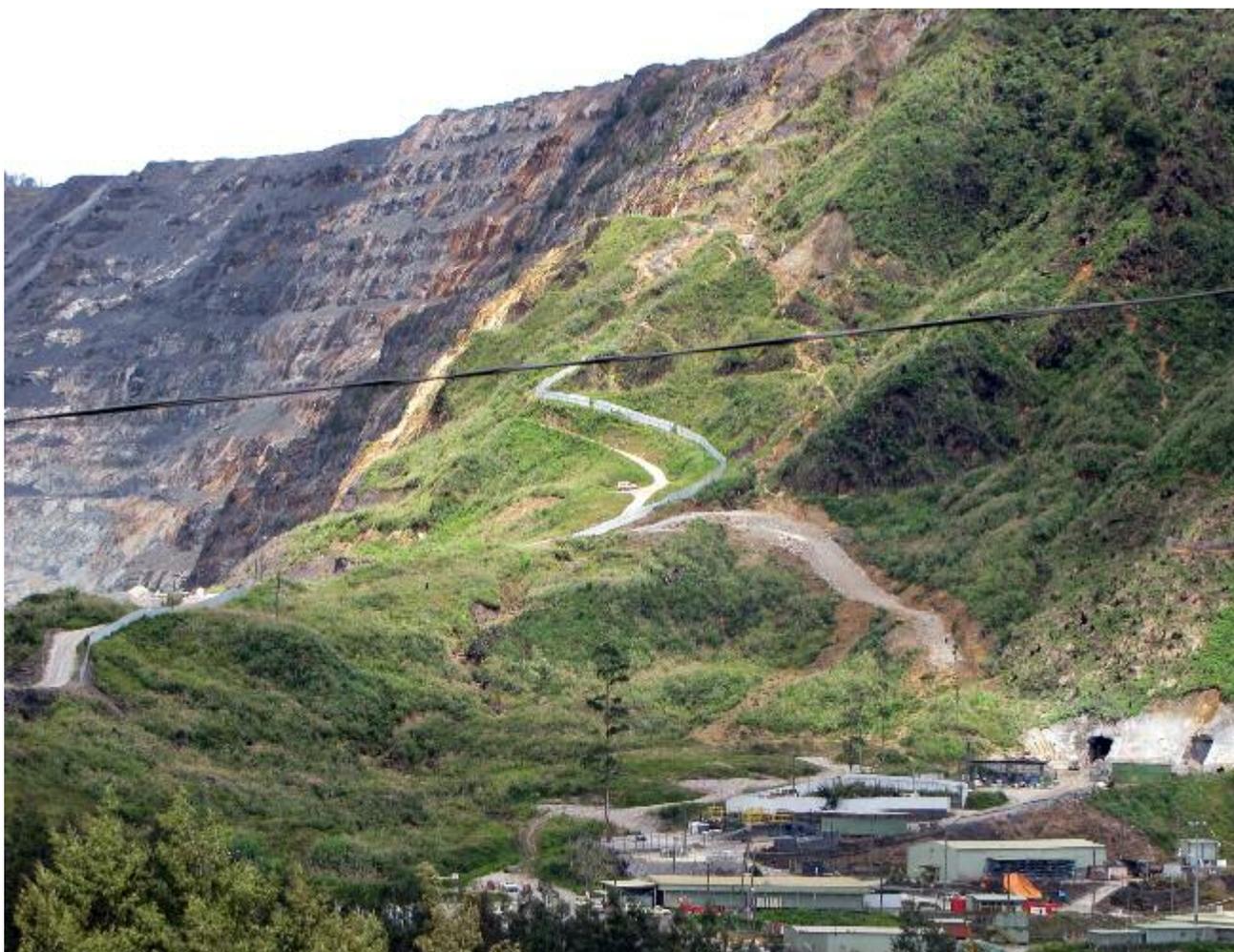
The African Initiative on Mining, Environment, and Society (AIMES) is coordinated by Third World Network Africa Secretariat and brings together affected communities,

researchers, and NGOs from across the continent. Mining-Watch is one of the few non-African participants. The Latin American Mining Conflicts Observatory (OCMAL, from its Spanish initials) is another network that brings together affected communities, researchers, and NGOs from across the continent. Other regional networks are emerging on a more ad-hoc basis, for instance bringing together communities in Central America to respond to violence against local leaders in Honduras, Guatemala, El Salvador, and Mexico, including death threats and murder.

**Our work on this:** We see these networks as an effective grassroots response to the range of pressures faced by communities. We support them logistically and materially wherever we can, but more than anything we try to ensure that they have access to the best possible information and analysis, whether we can provide it or help them find it elsewhere, including technical support, research methodology, and strategic analysis.

***Human rights abuses in Papua New Guinea***

A grassroots human rights organization, Akali Tange



Porgera mine, Papua New Guinea. Catherine Coumans photo.

Association (ATA), has documented cases of human rights abuses by security guards (ongoing alleged rapes and killings over many years) at the Porgera Joint Venture mine owned and managed by Barrick Gold in Enga Province in Papua New Guinea. Additionally, landowners living in the mine's special lease area are asking to be relocated as their lands and livelihoods have been compromised, their environment contaminated, and their access to clean water lost.

**Our work on this:** Jethro Tulin of ATA addressed shareholders at Barrick Gold's 2009 Annual General Meeting in Toronto, met with MPs and government officials, and made public presentations in Toronto, Ottawa, and Montreal. Jethro returned home in May to find his community in chaos: the month before, roughly 200 troops had been deployed to Porgera where they had burned down more than 130 houses. Calls were made from around the world for Barrick Gold and the national government to clarify their respective roles. We also sought the assistance of United Nations Special Rapporteurs to investigate the evictions.

### ***Aboriginal communities need to be able to make their own decisions, based on an informed assessment of the real costs of exploration and mining on their lands***

The majority of mining claims staked in Canada are on aboriginal peoples' traditional lands and it is not unusual for a given community to face multiple claims. MiningWatch supports aboriginal peoples' right to Free, Prior and Informed Consent regarding the exploration and exploitation of natural resources in their territories.

**Our work on this:** We respond to requests from aboriginal communities and organizations across the country. Highlights from 2009 include the following:

- Led a workshop with the Adams Lake and Neskonlith Indian Bands (near Kamloops BC), currently facing two mining projects that are in the advanced planning stage.
- Met with staff of the Tsilhqot'in National Government in Williams Lake, BC and participated in community meetings about the proposed Prosperity mine project, and toured the area that would be affected by the project. Also spoke with members of the local Council of Canadians and Cariboo Chilcotin Conservation Society who are very concerned about the project but lack resources to take on the environmental assessment process.
- Prepared and presented (with consultant Joan Kuyek) a workshop in Cutler, Ontario for the Serpent River First Nation on mining regulation and finance with a focus on junior uranium companies and the concrete example of Pele Mountain.
- Travelled to Iqaluit for the launch of Nunavut's first NGO, Nunavummiut Makitagunarningit ("People of

Nunavut Can Stand Up") which is calling for an open public (Inuit and non-Inuit/Qallunaat) debate on uranium mining. We did a number of media interviews and made a presentation on uranium mining in Canada at a public forum.

- Gave a presentation on uranium mining at a land and resources conference in Fond du Lac, Saskatchewan, largely attended by Dene leaders and community members. We also got to connect with the Athabasca Regional Government, the Prince Albert Grand Council, the Federation of Saskatchewan Indian Nations, and the Pembina Institute, and were able to provide background information and analysis on CNSC licence proceedings on the Midwest project.

### ***Public access to information on toxic waste!***

After the introduction of the National Pollutant Release Inventory (NPRI) in 1992, the mining industry enjoyed a unique exemption from reporting the toxic contents of waste it dumps into tailings impoundments and waste rock piles. It did not file reports even after the federal government lifted the "mining exemption" in 2006.

**Our work on this:** In 2007, we joined with Great Lakes United to work with Ecojustice to file a case against the federal government on its failure to oblige mining companies to report to the NPRI, and in April of this year, the Federal Court ruled strongly in our favour. Environment Canada will now have to collect and publish data on one of the country's largest sources of toxic wastes (including arsenic, cadmium, lead, mercury, and cyanide) that are disposed into tailings ponds and waste rock dumps by the mining industry. The decision applies as well to tailings and wastes from the Alberta tar sands extraction. Together with Great Lakes United, we are now working with Environment Canada on technical details of its compliance with the court ruling.

### ***Protection of water***

Through a regulatory amendment introduced in 2002, Schedule 2 of the Metal Mining Effluent Regulations, the Federal government can give mining companies the right to use fish-bearing lakes and streams for toxic tailings dumps, destroying these valued aquatic ecosystems forever.

**Our work on this:** We have been facilitating a coalition of grassroots, regional, and national organizations concerned about Schedule 2 approvals. We also work on specific cases with local groups, and act as chair of the Canadian Environmental Network's Mining Caucus. We have been successful in bringing media attention to threatened water bodies, and have engaged closely with a number of Parliamentarians, including Nova Scotia MP Peter Stoffer, who

has developed a private member's bill on this issue. We have consistently raised the fact that assessment methodologies do not assign any value to natural waters, making them appear to be the logical choice for tailings impoundments - including in discussions with the Auditor General's Office, with the idea that the Auditor General may follow up in a future report.

### ***Need for holistic, thorough, and robust environmental assessments***

Used to their full potential, environmental assessments (EAs) can be effective consultation and planning tools to promote sustainable development – yet at their worst, EAs can just be rubber-stamping exercises to approve environmentally damaging projects.

**Our work on this:** Based on a request from the Xenigwet'in Community and Tsilhqot'in National Government to help in the EA process for the Prosperity mine project and a similar request by the Nak'azdli First Nation with regard to the EA on Mount Milligan mine project, we obtained intervenor funding that enabled us to contract expert opinion and cover travel and meeting costs. We found significant flaws in the alternatives assessments and fisheries compensation plans in both projects. The independent Panel reviewing the Prosperity project agreed with our assessment and required the proponent to submit further information to justify its selection of mining plan. Hearings are expected to take place in March 2010. The Mount Milligan project, however, was approved in December.

### ***“Free Entry” and Reforming the Ontario Mining Act***

Ontario is Canada's leading mining jurisdiction and is the source of 30% of the total value of Canada's metal production. What happens with mining in Ontario is therefore important not just provincially, but also nationally and internationally. At the end of April 2009, the province announced its proposed *Bill 173, An Act to Amend the Mining Act*. The Act received royal assent at the end of October.

**Our work on this:** We worked with allies from aboriginal and non-aboriginal communities and organizations to develop an action plan in response to the government's proposal. The new Act makes the granting of permits contingent on aboriginal consultation and “arrangements” with surface rights owners. However, granting of permits should also be dependent on consideration of the potential environmental impacts, and require consultation with other interested parties (such as municipalities, neighbouring residents, conservation authorities, and tourism operators).

MiningWatch made a presentation at the public consultation on the Bill in Toronto where we highlighted two

concerns: the high degree of Ministerial discretion, and the fact that important aspects of the new regime are being left to the development of regulations. Moreover, amendments to address environmental assessment, improvements in mine closure and financial securities, revenue sharing, or uranium exploration and exploitation are all completely absent from the new legislation. We will continue to work with allies as the consultation process continues into 2010.

### ***Members in 2009***

Bathurst Sustainable Development  
Bedford Mining Alert  
Canadian Auto Workers (CAW) Social Justice Fund  
Canadian Parks and Wilderness Society (CPAWS)  
Centre for Longterm Environmental Action Newfoundland/Labrador (CLEANf/Ld)  
Development and Peace  
Friends of the Earth  
Friends of the Stikine Society  
Innu Nation  
Inter Pares  
Kairos - Canadian Ecumenical Justice Initiatives  
Nature Canada  
Northwatch  
Public Service Alliance of Canada  
Rivers Without Borders  
Sierra Club of Canada  
Steelworkers Humanity Fund  
Yukon Conservation Society (YCS)

### ***Board of Directors***

**Co-chairs:** Laura Calm Wind, Thunder Bay, Ontario  
Marilyn Crawford, Godfrey, Ontario

**Treasurer:** Jean Symes, Ottawa, Ontario

**Secretary:** Earl Commanda, Ottawa, Ontario

**Directors:** Ken Luckhardt, Toronto, Ontario  
Armand MacKenzie, Sept-Îles, Québec  
Kevin O'Reilly, Yellowknife, Northwest Territories

Anne Sam, Fort St. James, British Columbia

Bruce Maclean, Winnipeg, Manitoba

Tracy Glynn, Fredericton, New Brunswick

### ***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.



## 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, 2009 and the statement of changes in net assets and 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, 2009 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, 2010

OHCID LLP.

OUSELEY HANVEY CLIPSHAM DEEP LLP  
Licensed Public Accountants

## MININGWATCH CANADA / MINES ALERTE CANADA

### STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED DECEMBER 31, 2009

	2009	2008
<b>REVENUE</b>		
Grants	\$ 251,952	\$ 191,856
Program generated (note 4)	238,590	279,251
Memberships, interest and other	14,325	15,010
	<u>504,867</u>	<u>486,117</u>
<b>EXPENDITURE</b>		
Council meeting coordination	26,253	23,106
International program	105,920	116,788
Domestic program	104,285	112,248
Effecting regulatory systems program	64,382	48,313
Communications program	67,181	41,672
Litigation	-	10,136
Transition consulting	-	18,442
Office and administration	99,330	106,598
	<u>467,351</u>	<u>477,303</u>
<b>EXCESS OF REVENUE OVER EXPENDITURE FOR THE YEAR</b>	<b>\$ 37,516</b>	<b>\$ 8,814</b>

### STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2009

	2009	2008
<b>CONTINGENCY FUND</b>		
Balance - beginning of year	\$ 55,000	\$ 50,000
Transfer from unrestricted net assets (note 5)	10,000	5,000
Balance - end of year	<u>\$ 65,000</u>	<u>\$ 55,000</u>
<b>LEGAL FUND</b>		
Balance - beginning of year	\$ -	\$ -
Transfer from unrestricted net assets (note 5)	20,000	-
Balance - end of year	<u>\$ 20,000</u>	<u>\$ -</u>
<b>UNRESTRICTED NET ASSETS</b>		
Balance - beginning of year	\$ 81,582	\$ 77,768
Excess of revenue over expense for the year	37,516	8,814
Transfer to legal fund (note 5)	(20,000)	-
Transfer to contingency fund (note 5)	(10,000)	(5,000)
Balance - end of year	<u>\$ 89,098</u>	<u>\$ 81,582</u>

## MININGWATCH CANADA / MINES ALERTE CANADA

### STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2009

	2009	2008
<b>CURRENT ASSETS</b>		
Cash	\$ 112,209	\$ 132,209
Short-term investment (note 2)	50,172	50,202
Accounts receivable	5,984	8,115
Due from Canary Research Institute (note 4)	54,023	24,408
Prepaid expenses	1,326	2,579
	<u>\$ 223,714</u>	<u>\$ 217,513</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 9,700	\$ 18,795
Deferred revenue (note 3)	39,916	62,136
	<u>49,616</u>	<u>80,931</u>
<b>NET ASSETS</b>		
Contingency fund - internally restricted (note 5)	65,000	55,000
Legal fund - internally restricted (note 5)	20,000	-
Unrestricted net assets	89,098	81,582
	<u>174,098</u>	<u>136,582</u>
	<u>\$ 223,714</u>	<u>\$ 217,513</u>

## MININGWATCH CANADA / MINES ALERTE CANADA

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009

#### 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 totaled \$3,455 (2008 - \$nil).

##### (c) Revenue recognition

The Organization follows the deferral method of accounting for contributions.

##### (d) Use of estimates

The preparation of these financial statements in conformity with Canadian generally accepted accounting principles 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.

##### (e) Financial instruments

Short-term investments are accounted for as held-to-maturity and are recorded at cost plus accrued interest. Other financial instruments are measured at the initially recognized amount less appropriate allowances.

##### (f) Allocation of expenses

The Organization assigns salary costs directly to programs and allocates a portion of administrative salary expense to some programs.

## 2. SHORT-TERM INVESTMENT

Short-term investment consists of a cashable GIC that matures March 8, 2010 and earns 0.4% interest.

## 3. DEFERRED REVENUE

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

## 4. 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 two directors of MiningWatch Canada plus two other directors. During the year \$145,356 (2008 - \$141,602) of MiningWatch Canada's program generated revenue was from Canary. As at December 31, 2009 there is an amount due from Canary of \$54,023 (2008 - \$24,408).

Canary has not been consolidated in these financial statements. The following is a summary of the financial position of Canary as at December 31, 2009 and the results of operations for the period then ended.

	2009	2008
<b>Canary</b>		
Total assets	\$ 93,407	\$ 83,230
Total liabilities	88,491	62,543
Net assets	\$ 4,916	\$ 20,687
Total revenue	\$ 135,200	\$ 208,516
Total expense	150,971	191,810
Excess of revenue over expense for the year	\$ (15,771)	\$ 16,706

## 5. INTERNALLY RESTRICTED FUNDS

### CONTINGENCY FUND:

During the 2006 fiscal year the Organization decided to set up an internally restricted contingency 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 \$10,000 (2008 - \$5000) 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 Institute. During the year the Organization transferred \$20,000 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. Unless otherwise noted, it is the board's opinion that the Organization is not exposed to significant interest rate, currency or credit 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, 2011. Annual lease payments including operating costs are approximately \$10,000.

## 8. CAPITAL DISCLOSURE

The Organization defines its capital as its net assets, which are not subject to external requirements. Management's objective, when managing capital, is to safeguard the Organization's ability to continue as a going concern, so that it can continue to provide services in accordance with its mission.

## 9. ALLOCATION OF EXPENSES

The Organization has allocated Administrative salaries of \$4,107 to each of the following functions: International program, Domestic program and Communications program.

## 10. INSTITUTIONAL DONORS

The Organization is thankful for support from the following organizations:

- Canadian Auto Workers Social Justice Fund
- Canadian Boreal Initiative / Ducks Unlimited
- Canadian Labour Congress
- Global Greengrants Fund/Rainforest Action Network
- Inter Pares
- International Development Research Centre
- Ontario Public Service Employees Union
- Primate's World Relief and Development Fund
- Sigrid Rausing Trust
- Steelworkers Humanity Fund