



Dodgy Deal: Minas Conga mining project Peru

update

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Description

Located in the mountainous Cajamarca region in **Northern Peru**, Minas Conga is a **large scale gold and copper mining project**, aiming at the extraction of approximately 1.085 million tons of mineral and waste rock from two open pits. During its 19-year life span, it is expected to produce an estimated 11,6 million ounces of gold and 3 billion pounds of copper, amounting to a value of 28,6 billion USD at early July 2012 prices. Production is planned to take off between the end of 2014 and the beginning of 2015. With an investment of 4.800 million USD, the project is projected to be **Peru's largest ever mining investment**.

Minas Conga is an **expansion of Yanacocha, the largest gold mine of South America**. Minera Yanacocha S.R.L. (MYSRL), a subsidiary of Newmont Mining Corporation (Newmont), owns 51.35% of the Conga project. Compañía Minera Buenaventura (CMB) owns 43.65 and the International Finance Corporation (IFC) owns the remaining 5%. The project is part of the **development of a larger mining district** that contains different copper and gold deposits, most of which belong to MYSRL.

Residents of **local communities are opposed to the project** on the grounds that it will destroy multiple high Andean lakes and threatens their **access to sufficient, safe and affordable water**, on which they depend for farming, livestock, and human consumption. Moreover, they claim the right to determine their own regional development and argue their right to free prior and informed consent has not been respected.

brief history

The **first exploration activities** in the Conga area date back to **1991**. They led to the discovery of the mineral deposits by then concession holder CEDIMIN (Compañía de Exploraciones, Desarrollo e Inversiones Mineras). Further exploration took place between 1994 and 2000.

In **2001**, CEDIMIN was acquired by CMB (Compañía Minera Buenaventura). The Conga activities were **integrated in the Yanacocha complex**, under the administration of MYSRL. Throughout the 2000s, MYSRL steadily progressed with property acquisition and the elaboration of environmental studies.

In **2004** the **company formally decided to go ahead** with the development of the Conga project. The Ministry of Energy and Mines (MEM) approved the Semi-detailed Environmental Impact Study (sdEIS) for exploration in 2008 and in 2009 drilling activities were started. MYSRL presented an Environmental Impact Assessment (EIA) for review to the MEM in February 2010. On **27 October 2010**, a mere 8 months later, the **MEM gave the green light**.

Opposition against the project gathered momentum in **November 2011**, when a coalition of local organizations announced an undetermined regional strike. The Peruvian government answered with a **state of emergency**, suspending civil liberties and imposing martial law in four provinces. **Excessive police violence** was used and several protesters were wounded, a number of them seriously. Between November 2011 and July 2012, more than one hundred farmers, community leaders and human rights defenders are reportedly under criminal offence investigation for their alleged involvement in protests. **Early July 2012**, on the 34th and 35th day of another regional strike, **five protesters were shot to death by order forces** in the towns of Celendín and Bambamarca in the Cajamarca region. **Again, state of emergency** was declared for 30 days in three provinces and subsequently prolonged for another 30 days.

On the company:

MYSRL has a 19 year history of mining operations in the Cajamarca region, with a **long record of social and environmental conflicts**. These conflicts are strongly related to the mining technology used. Being an open pit mine, MYSRL's operation require expansive areas of land. MYSRL has developed into the biggest land owner of Cajamarca. Across more than 100 km², the operations have **altered natural waterways and displaced millions of tons of earth**. By 2000 the footprint of the mine site was larger than the nearby city of Cajamarca.

Shortly after the start of the operations, conflicts rose due to the acquisition of land by MYSRL. Between 1992 and 2000 the company acquired more than 11.000 hectares of land for approximately 5 million USD. These **land grabs** lead to the rapid dismantling of traditional land-use patterns and the fragmentation and privatisation of land. Landholders were put under pressure to sell their land with the threat of state-sanctioned expropriation. Many land users lost access to the resources their livelihood was based upon, without receiving any compensation. As MYSRL acquired larger areas of land, land values in the area increased dramatically (600% between 1992 and 1996). Landholders and communities felt deceived about the low prices they had received and claimed additional compensations.

A second series of conflicts is related to the **environmental and health impacts** of the mine. The removal of huge amounts of rock and

the extraction process with cyanide led to complaints about water contamination and reduced availability of water. In 2002 approximately 36.700 trout were killed in the village of Granja Porcón after sediments of the mine slid into a trout farm. In 2005, during expansion activities, MYSRL closed an irrigation channel that 240 households depended upon for water. Several studies indicate that concentrations of cyanide, chrome, iron, and magnesium in the drinking water of Cajamarca exceed normal levels.

MYSRL were responsible for one of the mayor environmental accidents in Peru's mining history: the **mercury spill in the community of Choropampa in 2000**. A truck on its way from the mine to the coast spilled 151 kg of mercury over a distance of 43 km along the road. More than 900 inhabitants of the communities of Choropampa and San Juan were poisoned, resulting in kidney pains, respiratory problems, skin disease and sight problems. At first, the company tried to keep the accident silent and denied all responsibility. It was only after legal claims were presented by the victims that MYSRL agreed to pay compensations in out-of-court settlements, however without assuming full responsibility for the accident. For MYSRL the incident is closed, but the health problems of the victims will continue for many years.

what must happen

In order to avoid irreparable damage to the fragile high Andean ecosystem and to guarantee the access to sufficient, safe and affordable water, the people of Cajamarca, supported by local and regional authorities, is asking that the **Conga project be declared unviable by the Peruvian government**.

Social impact

Threat to local livelihoods

Local communities rely on agriculture and livestock farming for their livelihoods. In terms of employment, agriculture is the main economic activity in Cajamarca. 67 percent of the active population is devoted to farming. The figure goes up to 80 percent in the districts where the Conga project is located. It is small-scale agriculture largely for self-consumption, along with livestock farming for marketing of dairy products. Mining, on the other hand, employs only 1,5 percent of the regional population. Due to the Conga project, hundreds of residents of the project area are about to lose their livelihood.

Underestimation of area of impact

MYSRL recognises only 32 communities in the area of influence of the project, amounting to a population of approximately 7.350 inhabitants. However, the threat is not limited to the project area. Minas Conga is located in the headwater area of five tributaries to the principal rivers of the provinces of Cajamarca, Celendín and Bambamarca. Pollution from the Conga mine into the region's waterways puts at risk the livelihoods and right to water of many thousands more. If only the 210 settlements of the districts of Huasín, Sorochuco and La Encañada were included, the number of potentially affected persons would raise to more than 41.000.

Hampering agricultural development

More than half of the territory of Cajamarca is under concession of mining companies. Local communities want to increase farming in the region. However, if the Conga mine goes forward, it could open up additional areas of Cajamarca to mining, and significantly change the entire region from one primarily oriented to farming, to an industrialized mining region.

Failure to obtain community authorization

The Conga project will directly affect campesino (peasant) communities and rondas campesinas, which are entitled to the rights of native peoples by the Peruvian Constitution and ILO-convention 169 on native and tribal people. The people affected by the Conga project have not been duly consulted. During the elaboration of the EIA, one workshop was organized in the hamlet of Quengorio Alto and one in the Instituto Superior Pedagógico Arístides Merino in the province of Celendín. Only one public hearing has taken place, on the 31st of March 2010, in the hamlet of San Nicolás in the district of La Encañada. Due to the restrictive definition of the impact zone, many potentially affected communities have not been consulted at all.

Moreover, the project's own EIA mentions high opposition. It states that 62 % of the population of the Direct Impact Area (10 hamlets) disagrees with the project. Local leaders and authorities, as well as the majority of the population, assume the mining activity will cause significant negative impacts.

Environment

Water

Much of the area of the Conga project is considered by Peruvian Law to be "fragile ecosystems". According to the General Environmental Law (law No. 2861, "Ley General del Ambiente"), water sources, high-altitude lakes and wetlands are fragile ecosystems. The Water Law (art. 75 of law No. 29338, "Ley de Recursos Hídricos") orders that lakes and water sources have to be protected.

The Conga project is located at the headwaters of five major river basins, Jadibamba, Chailhuagón, Chugurmayo, Alto Chirimayo and Toromacho, tributaries of the principal rivers of the provinces Celendín, Cajamarca and Bambamarca. Unlike many metal mine sites the area is not arid and isolated: it is a wet area covered with wetlands and lakes. Ground water levels are generally shallow (often less than 2.0 m below the land surface) and the project area contains more than six hundred springs, which are used by the locals. Four high-Andean lakes will be destroyed. Lake Mala and Perol will be replaced by open pits, while Lake Azul and Chica will be used as dumps for waste rock. 260 hectares of wetlands and 17.200 hectares of grassland will be affected. Toxic mine waste will be piled up in the headwaters of the Río Jadibamba and Toromacho rivers.

MYSRL has offered to triple the storage capacity for water by building artificial reservoirs as a compensation for the destruction of the mountain lakes. However, this measure doesn't cancel the severe impacts of the project on the surface drainage system and water bodies in the area, nor does it prevent the contamination risks and the ecosystem loss associated with large scale open pit mining.

Biodiversity

Minas Conga will affect a unique and fragile high-Andean ecosystem. The project area contains 460 plant species, of which 34 are threatened and 46 are endemic for Peru, 6 of them to Cajamarca. There are 225 vertebrates, including 4 types of amphibians and 3 types of reptiles. Of the 13 mammal species, one is endemic. Finally 9 endemic and 13 endangered bird species have been registered.

Flawed environmental impact assessment

The environmental impact assessment (EIA) of the Conga Project was approved by the MEM in October 2010, despite the absence of a complete hydrogeology study. The Peruvian government has allowed MYSRL to delay release of the official hydrogeology studies until 30 March 2013. The fact that the ministry in charge of promoting mining investments also has the final word about the EIA of mining projects is a serious problem. However, in response to raising popular concern and protest, in November 2011 experts of the Ministry of Environment reviewed the EIA. The Ministry of Environment concluded:

- the project will significantly and irreversibly transform the headwater area and lead to the disappearance of various ecosystems and to the fragmentation of the remaining ones, so that the processes, functions, interactions and environmental services will be irreversibly affected;
- the evaluation of the lakes, wetlands, and bogs does not take into account the fragility of the ecosystem and lacks an integral, ecosystemic Hydrological Balance, as well as an estimation of the environmental services offered by the high-Andean natural ecosystems;
- the determination of the affected hamlets and settlements should take into account each of the micro-basins integrally;
- for being located in the catchment area of five rivers and ravines, the EIA should include a detailed hydrological and hydrogeological analysis, which is lacking;
- the environmental services offered by the affected ecosystems have not been correctly estimated;
- the replacement of lakes by reservoirs only compensated for the water supply service, but not for other environmental services that will be lost.

Independent comments by international experts confirmed the position of the Ministry of the Environment. According to the Spanish geologist Dr. Luis Javier Lambán Jiménez, the hydrogeological analysis of the EIA is seriously flawed because it lacks the following crucial information: (1) a single and complete inventory of all water points; (2) details about the wells detected in the area (e.g. discharge); (3) a clear description of the main aquifers in the area (number, lithology, character, functioning, recharge zones, discharge zone, main underground water flows); (4) an evaluation of the contribution of underground water flows to the affected lakes and wetlands; (5) an evaluation of the recharge of the aquifers; and (6) the water balance of the system.

Dr. Robert Moran, a US expert with more than 40 years of applied hydrogeological and geochemical experience at hundreds of mining and other industrial sites around the world, reviewed all water-related aspects of the EIA. He concludes the EIA would not be acceptable for permit approval in more developed countries. According to Dr. Moran, the EIA contains no integrated hydrogeologic discussions regarding the extent and characteristics of the water-bearing zones and the overall surface water-ground water interactions, including those with local and regional springs. He adds that surface waters, ground waters, and springs in the Conga project area are all ultimately interconnected. Much of the project is underlain by fractured and faulted, karstic and volcanic rocks, together with glacial sediments - all of which transmit water. Satellite images and structural geologic studies indicate that many of the local lakes are located on faults and fracture zones, some possibly related to collapsed volcano structures (calderas). All such information indicates that ground and surface waters are interconnected when stressed hydraulically over the long-term.

In response to the critics, the government contracted three other international experts to review the hydrological aspects of the EIA, Dr. Ing. Rafael Fernández Rubio, Dr. Ing. Luis López Garcia and Dr. José Martins Carvalho. On 17 April 2012, their report was made public. They concluded that in order to compensate the loss of natural water, the capacity of the water reservoirs to be built by the company should be increased, requiring additional investments. However, they minimized the importance of aquifers and interconnections between different water bodies, a key element in the critics' appraisals. These remarkable and importance differences have not been cleared out.

Human rights

The government's approval of the Conga project has generated massive and on-going protest. In an attempt to impose the project, the Peruvian government is continuously weakening the right to protest and has repeatedly violated human rights.

Criminalisation

Social protest against the Conga project is answered by the government with criminalisation and repression. More than 100 persons have been charged with criminal offences for their alleged participation in the protest movement. Charges include: obstruction of public transport, property damage, use of force, limitation of personal freedom, violence against authorities,... Sentences range from less than 1 year to 20 years of prison. On the 4th of July, Marco Arana, an ex-priest and environmental leader, was arrested and brutally beaten by a bunch of policemen while he was sitting peacefully on a bench on the Central Square of Cajamarca. He suffered a broken jaw, internal bleeding and head injuries.

Repression

Recent legislative changes approved under former president Alan García and the current president Ollanta Humala, allow police and army to use brutal force without having to fear legal consequences. There are many examples of excessive police brutality. During a convergence of 29 November 2011 in the area of the mountain lakes, DINOES, a special unit of the Peruvian police trained for counter-terrorist actions, opened fire on protesters. Marino Rodriguez lost an eye. Elmer Campos got paralysed in his legs, possibly forever. A more recent example of provocation and violence by state forces took place on 31 May 2012. During the first day of a regional strike, police officers knocked over cooking pots with food for protesters, mistreated a young woman and fired tear gas canisters at the crowd. Four persons were injured, eight arrested and transferred to the main police station. In June, two human rights lawyers were mistreated by police officers when they were inside the Cajamarca police office in order to get in touch with arrested protesters. On the 3th of July, during confrontations in the town of Celendín, police officers or soldiers shot 3 protesters dead, one of them a minor. The same day a 30 day state of emergency was declared. On the 4th of July another protester was killed in the town of Bambamarca. One day later another person died in the hospital as a consequence of his wounds.

Militarisation

In attempts to further weaken communities' rights to protest and convene in public, on 5 December 2011 the Humala administration declared a state of emergency in 4 provinces. The state of emergency moved to suspend civil liberties, impose martial law, and further militarize the region. Soldiers from all over Peru were sent to Cajamarca. End May 2012 the government approved two decrees allowing the army to assist the police without a state of emergency declaration. Moreover, private companies, like MYSRL, often contract soldiers and police officers. They are legally allowed to use their police-uniform and -weapon during their private missions. As a consequence, the population has the impression the police is taking the side of the company.

What must happen

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Updates

Aug 03, 2012, State of Emergency in Cajamarca prolonged

The Peruvian government decides to prolong the State of Emergency for 30 days, starting on Friday 3rd of August.

Jul 30, 2012, Project timeline

Early 2011: First protests against the Conga project by inhabitants of the hamlet of Jerez, Huasmín district, Celendín province, after they observed a reduction in the water of Jadibamba river. At that moment, perforations around El Perol, the lake that feeds Jadibamba, had started. Perforation works at Lake Conga also caused contamination of water used by the hamlet of Agua Blanca. By means of compensation, the inhabitants of Agua Blanca received water in tanks from the company.

3 November 2011: The ministers of Energy and Mines, Agriculture and Environment visit the threatened mountain lakes. Ricardo Giesecke, minister of Environment, declares his ministry will review the Environmental Impact Assessment of the Conga project.

9-10 November 2011: Opponents of the Conga Project block the roads between Cajamarca and Bambamarca and the access roads to Cajamarca, while students occupy the National University of Cajamarca.

11 November 2011: Opponents of the Conga Project announce a regional strike for the 24th of November.

23 November 2011: In an attempt to avoid the general strike, Premier Salomon Lerner invites the authorities of Cajamarca to Lima to discuss the Conga Project. The majors of the affected communities, however, stay away. In Cajamarca, Interior minister Oscar Valdés tries in vain to convince the authorities to blow off the strike and come to Lima.

24 November 2011: Thousands of villagers gather in Cajamarca on the first day of the indefinite regional strike. Regional president Gregorio Santos, local majors and 1.500 villagers meet at Lake Perol. They demand the resignation of the Minister of Energy and Mining, Carlos Herrera, and the definitive cancelation of the Conga project. In the evening, Minister of Environment Ricardo Giesecke hands over an 11 page report with the comments of his ministry on the EIA of the Conga Project to Prime Minister Salomón Lerner. The existence of this document is later denied by his successor Manuel Pulgar-Vidal.

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29 November 2011: After 6 days of regional strike and on request of the government, Yanacocha announces the temporal suspension of the Conga operations "in order to re-establish rest and social peace". Due to the suspension, Newmont reportedly lost 2 million dollars on a daily basis. Protesters repeat their demand for an official cancellation of the project.

4 December 2011: Prime Minister Salomón Lerner travels to Cajamarca to dialogue with regional authorities and civil society leaders. After a day of fruitless talks, president Humala announces State of Emergency in four provinces starting at midnight.

5 December 2011: The Regional Council of Cajamarca approves unanimously a regional ordinance declaring the protection of headwaters of regional interest and declaring the inviability of the Conga Project. After its publication on 29th December, the central government asks the Constitutional Court to declare it unconstitutional. On the 17th of April, Constitutional Court declares unconstitutionality of the ordinance.

10 December 2011: Prime Minister Salomón Lerner and most of the other ministers resign. Disputes over the handling of the Conga-conflict and other issues are at the root of the decision. Lerner is replaced by Oscar Valdés, former military. The Humala government moves to the right.

16 December 2011: After regional authorities have agreed to meet Oscar Valdés on 19 December in Cajamarca, the State of Emergency is lifted.

19 December 2011: Prime Minister Oscar Valdés travels to Cajamarca in order to dialogue. However, regional president Gregorio Santos refuses to sign the act, accusing Valdés of not listening and imposing his will.

27 December 2011: Working meeting between representatives of the government and representatives of Cajamarca about the international peer review of the EIA of the Conga project. Regional and local governments refuse to come to Lima. Terms of reference of an international review of the EIA of the Conga Project are decided without consultation of the key actors involved.

2-3 January 2012: Another two days of peaceful protest take place in Cajamarca. A national march for water is announced for the end of the month.

1-10 February 2012: A national water march crosses the country from the threatened mountain lakes in Cajamarca to the capital, Lima. During the many stops along the road, in small villages and large towns, manifestations take place, speeches are given and cultural events take place. The group of marchers grows continuously along the road to culminate in a massive manifestation in Lima. The water marchers ask for unviability of the Conga project, constitutional recognition of the right to water, legal ban on mining in headwater and glacier zones and on mining techniques using cyanide and mercury, a moratorium and review of all existing mining concessions and right to previous consultation for all citizens.

11 April 2012: Another two days regional strike takes place in Cajamarca.

17 April: The international experts who reviewed hydrological aspects of the Conga project for the Peruvian government, present their conclusions (see under environmental issues). Constitutional Court declares unconstitutionality of the regional ordinance declaring the protection of headwaters of regional interest and unviability of the Conga Project.

21-29 May: Regional water march in Cajamarca. Social and environmental leaders and activists travel to the 13th provinces of Cajamarca in order to talk about the Conga project and gather support for the undetermined regional strike.

31 May 2012: A new undetermined regional strike is launched in Cajamarca. The town centers of Cajamarca and Celendín are inundated by opponents of the Conga project. Classes are suspended, transport limited. Attempts to block roads are prevented with tear gas by the police. In the evening, police officers exceed their limits by knocking over cooking pots, used by women who are preparing food for the many protesters who have come from the countryside. Several persons are beaten and maltreated.

14 June 2012: 15th day of the strike, actions intensify when more delegations from different parts of the region come to Cajamarca to join the protest. All over the city people march and make clear that they do not want the project to proceed. The police respond with brutal violence, this way violating a fundamental right to demonstrate. Tear gas is used excessively, people are beaten, journalists are harassed and their cameras stolen. Over 10 people are injured (official numbers differ), 6 people arrested.

18 June 2012: On the 19th day of the regional strike against the Conga mining project, a hunger strike is initiated. This dramatic method of non-violent resistance shows the despair of some protesters.

21 June 2012: On the 22nd day of the regional strike around 7pm people come together on one of the squares of Cajamarca, chanting and eating. Police forces arrive in great numbers to end this demonstration, using tear gas, hitting and arresting people. Press is threatened as they try to get all this on tape.

3 July 2012: A manifestation in the provincial town of Celendín turns into a confrontation between protesters and police when protesters attempt to take the municipality. The army and police reinforcements are flown in and disperse the crowd on the central square, using tear gas, rubber bullets and live ammunition. 3 citizens are killed, one of them a minor of 17 years old. A 4th person is in coma from a bullet in the head and dies two days later. In the evening, the government declares again a state of emergency in three provinces: Cajamarca, Hualgayóc-Bambamarca and Celendín.

4 July: During the state of emergency, in Bambamarca, another protester dies after being shot through the chest by the police. Environmental leader Marco Arana, a former priest, is brutally arrested by riot police while he was peacefully sitting on a bench on the Plaza de Armas of Cajamarca. In the police office, he's beaten in the face and in the kidneys.

6 July: The government appoints Miguel Cabrejos, the Archbishop of the northern Peruvian city of Trujillo and the former president of the Peruvian Episcopal Conference, to mediate in the conflict. Meanwhile, Gregorio Santos, president of the Cajamarca region, invites another prominent priest, Gaston Garatea, to work together with Cabrejos in the mediation.

Jul 28, 2012, Anti-Conga blogger detained

Celendín-based blogger and journalist Jorge Chávez Ortiz is arrested while filming the citizen's reactions on the state of the union of president Humala. The police argues they Chávez is arrested for not carrying his ID, however, when his sister brings his ID to the police station he is still not liberated. An attorney has ordered his detention and translation to the city of Chiclayo. Finally, after 8 hours of detention, Chávez is liberated in Cajamarca.

Jul 23, 2012, Prime Minister Oscar Valdez steps down

Five days before the end of the first year of the Humala government, Prime minister Oscar Valdez steps down. He is replaced by former minister of Justice and Human Rights Juan Jiménez Mayor. The removal of Valdez is considered a direct consequence of his inability to appease social conflicts, Conga in particular. Jiménez states the Humala government doesn't want any more deads for social conflicts and said his cabinet will be characterized by dialogue.

financial institutions involved

Major mutual fund investors in Newmont:

American Funds Growth Fund of Amer A
Market Vectors Gold Miners ETF
American Funds New Perspective A
Vanguard Total Stock Mkt Idx
Fidelity Select Gold
Vanguard Precious Metals and Mining Inv
American Funds NVIT Growth II
Vanguard 500 Index Investor
BlackRock Global Allocation Inv B
Vanguard Institutional Index Instl
Oppenheimer Gold & Special Minerals A
SSgA S&P 500 Index Strategy
SPDR S&P 500
Van Eck Global Hard Assets A
Nuveen Tradewinds Value Opportunities A
First Eagle Gold A
American Funds Fundamental Investors A
Franklin Income A
USAA Precious Metals and Minerals
Hussman Strategic Total Return

Please click [here](#) for an overview of **Major institutional investors in Newmont**

norms and standards

- American Convention on Human Rights**
- American Declaration of the Rights and Duties of Man**
- Convention on International Trade in Endangered Species of Wild Fauna and Flora**
- Convention on the Conservation of Migratory Species of Wild Animals**
- International Labour Organization Convention 169**
- United Nations Declaration on the Rights of Indigenous Peoples**
- United Nations International Covenant on Civil and Political Rights**
- United Nations International Covenant on Economic, Social and Cultural Rights**

companies

Minera Yanacocha S.R.L. (MYSRL)

The Conga Project is owned by Minera Yanacocha S.R.L (MYSRL). The owners of MYSRL are: Compañía de Minas Buenaventura (CMB, Peru, 43,65%); Newmont Mining Corporation (Newmont, USA, 51,35%); and the International Finance Corporation (IFC, part of the World Bank Group, 5%)