

Pascua Lama gold mining project Argentina

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About Pascua Lama gold mining project

Pascua Lama is a bi-national mega gold mining project, originally slated to begin extraction in 2012, but which has been delayed due to financial and environmental problems, first to 2013, then to 2015, and now indefinitely as Barrick Gold (the project owner) is unable to secure the finance it needs to launch operations. The project is in a sensitive environmental highland mountain area and has already had in its exploratory and preparatory phase a large impact on the local environment and climate. The impacts to waterways, mountain wetlands, indigenous territories (the Diaguita indigenous community in Chile), and to a protected international biosphere reserve will be irreversible. Many glaciers in the project vicinity, which Barrick ignored in early environmental impact studies and later denied that they even existed, have already begun to melt from the great movement of soil (emitting dust into the atmosphere) and presumably from black carbon emission from heavy machinery operating in the area. Barrick Gold, in an incredible "[Glacier Management Plan](#)," devised to ease stakeholder concerns to their destruction of three glaciers in the project pit area, proposed to dynamite these glaciers and haul the ice off in dump trucks. Recent Chilean government inspections and audits have revealed and confirmed the extensive impacts to glaciers, rivers and vegas (wetland) systems and have subsequently ordered a TOTAL closure of Pascua Lama in Argentina until these impacts can be addressed and measures taken to reduce impact and risks. This closure came at a very sensitive time for the project cycle, as Barrick had hoped to launch the project in 2012-2013. The project complications along with difficulties in securing subsidized project loans for the early phase of Pascua Lama have fully stalled the project. At first, Barrick Gold indicated it would address environmental risks to the project as demanded by Chilean authorities, but later fully suspended Pascua Lama due to the deepening financial difficulties in securing finance to launch operations. The cancelation of negotiations with EDC (Canada) and EXIM Bank (USA) for subsidized export credit loans, following the presentation of an Equator Principles Due Diligence Review at the end of 2011 (presented by CEDHA, FuCI, Int'l Accountability Project and Banktrack), complicated Barrick to launch Pascua Lama in 2012 as previously intended. The environmental fines and full closure of the project soon afterward was a nail in the coffin for Barrick as they have been unable to convince investors that Pascua Lama is a worthwhile investment. The project remains closed with no visible solution to the financial gap and to environmental problems found by the Chilean Environmental Authority (SMA). According to recent press, Barrick is now trying to woo Chinese investors to provide the necessary financing to launch Pascua Lama. As environmental complications escalate, project cost has also risen from an original US\$3billion, to 5, then to 6 and now to over US\$8.5 billion.

Brief history

Barrick Gold has shown throughout the exploration phase and into the preparatory phase of this project systematic disregard for the many social and environmental externalities that it is causing and that it will cause in the area. Barrick Gold barred entry to Diaguita indigenous community territory, with gates placed by Barrick on roads used by the community. On glacier impacts, Barrick has systematically denied the presence of glaciers at the project site and has repeatedly stated that it does not and will not impact glaciers. More recent company documents show however, at least 16 glaciers that are potentially impacted. New information derived from third party publicly available satellite imagery reveal hundreds in the project vicinity. The Argentine National Park Service has spoken out with concerns over Barrick's operations in the area, both due to the existing Veladero project (also by Barrick) but also due to upcoming Pascua Lama project. Barrick denies all impacts, rejects all criticism and writes off any critiques as unfounded or unprofessional. At one point, one of Barrick's top executives, repeatedly denied on a nationally broadcast program that there were any glaciers at all at Pascua Lama. Recently, a colossal landside accident was revealed in satellite imagery due to Barrick's design flaws at a waste pile site in the adjacent Veladero Project. A rock slide the size of a small town came crashing down nearly ½ a kilometer stopping short of Veladero's lixiviation valley. Barrick failed to report the accident to authorities. Communities today including small farmers, indigenous groups and environmental groups are avidly working to stop this project. The recent closure of Pascua Lama in Chile, due to a government order resulting from an environmental inspection has confirmed that Barrick Gold is in fact impacting glaciers, rivers and vegas systems in irreversible manner. Presently, the project is fully stalled, not only due to environmental problems, but for failure to convince investors that Pascua Lama will ever actually get underway.

What must happen

The project is currently suspended with a full closure ordered by the government of Chile. If project impacts can be reversed and measures taken to reduce glacier and other natural resource impact, Barrick could be allowed to reopen the Pascua Lama project. Nevertheless, Barrick's repeated failure to adhere to basic due diligence criteria, to local environmental law on both sides of the border, or even allow stakeholders to visit the project site are indicators that this project destined to complications from the already manifest serious environmental problems. Barrick is one of the world's largest

mining companies, and the largest gold miner globally and has ample reserves to finance this project without outside help. Instead, the company seeks subsidized loans from public institutions such as EDC and Exim Bank to have Canadian and USA taxpayers finance an environmentally unsound project which has clearly earned rejection from local communities. We urge that financial institutions do not support Barrick in activities associated to Pascua Lama as they would be complicit in the many social and environmental violations already occurring. Already EDC and EXIM bank went through a lengthy process of reviewing Pascua Lama for due diligence compliance on social and environmental norms. In more recent developments, as a result of Barrick's poor management, Barrick Gold announced the dismissal of 1,500 employees from the Pascua Lama project with no indication that they would be rehired anytime soon. No bank should step up to bat for Barrick on this project.

Issues

Human rights and social issues

The Pascua Lama project will cause (and is already causing) impacts to natural resources, waterways, glaciers, ancestral lands and road access to indigenous territories. These impacts, which are due to large-scale project activity including earth movement, heavy transportation, black carbon emissions, contaminants from drilling and other activities from preparatory phases, and eventually, contaminants from extraction and production processes, will have irreversible impacts to local ecosystems. This in turn will have impacts on the productivity and livelihoods of small farmers, particularly on the immediate areas on the Chilean side, but also on communities further downstream on the Argentina side of the project.

Barrick has shown to cut corners on worker safety. Design flaws in the adjacent Veladero project have resulted in serious accidents, including the death of workers, with little or no regard of the company, for the lives or sentiment of colleagues and family distraught by the deaths of Barrick's workers.

The Pascua Lama project is located in traditional indigenous lands, home to the Diaguita indigenous peoples, which covers areas in both Chile and Argentina. Not only has Barrick Gold ignored the concerns of the indigenous community, but they have closed off access roads to indigenous lands, and even constructed an airfield on ancient ancestral lands. Barrick's impacts to the glaciers in the area will also severely affect water quality and flow in to the Indigenous territory.

Environmental issues

Barrick's Pascua Lama project has clear direct impacts to glaciers and permafrost in the project vicinity. Barrick Gold has lied about, minimized or avoided addressing the serious nature of the impacts the project is already having on the region's glaciers, which provide critical meltwater for local ecosystems.

Evidence provided by the company also indicates that Barrick's Pascua Lama project and Veladero are causing impacts to waterways in the project vicinity, with high levels of heavy metals, oils, and greases registered in the company's own data. When confronted with this information, the company skirted the issue, suggesting that the data source was questionable. It was their data.

Barrick's operations are poisoning high mountain wetland systems (called *vegas*), which are thriving but delicate ecosystems in the high Andes Mountains, critical to the survival of flora and fauna. The Veladero leach pad valley drowned an extensive vegas ecosystem with the contaminants of its processing system.

The Veladero and Pascua Lama projects are located entirely within the UNESCO-protected San Guillermo Biosphere Reserve. Barrick has denied this fact, and claims that the project is outside the reserve and has no impact to the reserve. The Argentine National Park Service (a government agency) says otherwise, and has indicated serious concern over the impacts mining in the area will have on the reserve.

Governance

Updates

Barrick Gold Indefinitely Suspends Pascua Lama

Oct 31 2013

Barrick Gold [announced](#) that it would suspend its flagship Pascua Lama project in glacier terrain, due largely to lack of investment options as a result of severe environmental problems that have gone unattended by the company and which resulted in a order by Chilean authorities to fully suspend the project. No date is set for re-aperture.

The project has been the focus of an international campaign by numerous groups that call for the cancelation of Pascua Lama because it is in a sensitive environmental system. Serious troubles arose for Barrick's Pascua Lama project, following an Equator Principles Due Diligence Review presented to EDC (Canada) and EXIM Bank (USA) in 2012 by CEDHA, FuCI, Int'l Accountability Project, Inti-Chutez and the Banktrack Network, which demanded that the banks reject Barrick's application for subsidized export credit loans for the project. >The loan deal fell apart a few months after the complaint was filed.

Barrick has been unable to come up with financial assistance for project launch, as the costs for the project continue to escalate, from US\$3billion to \$6 and more recently to over US\$8.5 billion.

The mega-sized international gold mining venture on the border between Argentina and Chile is mired in environmental problems including impacts to glaciers, and glacier run off, as well as to delicate wetland systems, all ignored by Barrick in environmental impact studies and preparatory operations.

Project Status

Jun 17 2013

Pascua Lamais a binational gold mining project on the Argentine-Chilean border, currently in the preparatory phase, but stalled due to recent Chilean government audits and inspections, which resulted in the Chilean court system and Environmental Authority ordering a FULL closure due due to serious environmental impacts to glaciers, rivers and vegas (mountain wetlands). Barrick Gold had suggested recently that operations will be delayed until late 2015 but a more recent decision has fully suspended Pascua Lama, due to financial difficulties to launch the project, which began with an Equator Principles Due Diligence Review presented by CEDHA, FuCI, the Accountability Project, and the Banktrack Network. Barrick announced recently the dismissal of 1,500 employees.

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