

March 26, 2006

GUATEMALA: INVESTORS WARY OF GOLD MINE OPPOSITION

BELOW: news article, concerning opposition to Glamis Gold's Marlin Mine in Guatemala.

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RELATED EVENTS & ACTIVITIES:

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- Rights Action has copy of the "Sipakapa Is Not For Sale" documentary, concerning Mayan-Sipakapense and campesino opposition to the Glamis Gold mine in Guatemala. Want to buy a copy - \$20 + shipping?
- Rights Action is leading an educational delegation to Guatemala including mining affected communities from July 22-28, 2006. Want to come?

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INVESTORS WARY OF GOLD MINE OPPOSITION

March 10, 2006, By Mica Rosenberg

SIPACAPA, Guatemala (Reuters) - A Mayan protester lost his life trying to stop Guatemala's first 21st century gold mine from opening last year, and resistance may yet upset miners' dreams of a new gold belt in the troubled nation.

Glamis Gold says its Marlin Mine, which opened in December in the arid western Guatemalan highlands, will be the Nevada-based company's largest and most profitable asset. The mine is set to produce an average of 250,000 ounces of gold and 3.8 million ounces of silver annually for the next 10 years.

The company sees Marlin generating some \$860 million worth of gold in its lifetime. It would like the mine to be just the beginning of its Guatemala operations, with further exploration nearby and elsewhere in the country leading to more mines.

But Glamis, which also has mines in the United States, Honduras and Mexico, faces opposition from local Mayan leaders, environmental organizations and the Catholic Church.

Opponents compare the company to the gold-hungry Spanish conquistadors who plundered Guatemala more than 500 years ago. Resistance came to a head in January 2005 when the army and police clashed with protesters trying to stop transport of a giant milling cylinder to the mine site in San Marcos province. One Mayan died and several were wounded.

The government says violent opposition has caused a drop in applications for exploration licenses in Guatemala. The country, believed to be gold rich, has attracted investors only since a long civil war ended in 1996.

"Some companies that had been looking at the country probably decided not to explore here," said Jorge Garcia, vice-minister for mining. "This means Guatemala is losing millions of dollars of investment every year."

After the latest violent protests, the government suspended applications for new exploration and extraction licenses. It also formed a commission to discuss reforms to mining laws.

But many highland villagers remain suspicious, even after Glamis has invested millions of dollars on local health clinics, schools and reforestation.

ROADBLOCKS

The Marlin site straddles 20 square km (7.7 square miles) between the villages of Sipacapa and San Miguel Ixtahuacan. Most of the mine is within San Miguel, where Glamis paid many community members high prices for their land. Along the well-groomed dirt road to the mine near the village new cement block houses are being built with tin roofs and pick-ups out front. Opposition has been less vehement in

that town.

But also key to Glamis' expansion plans is Sipacapa, a largely Mayan town of mud brick houses about a half-hour drive from the Marlin site along a bumpy road.

According the Ministry of Energy and Mining, six of the 33 pending exploration licenses held by two subsidiaries of Glamis fall within the boundaries of Sipacapa. But village residents voted in a local referendum last June against all mining expansions in their territory.

Last month, protesters blocked an access road to the mine and threw rocks at a truck that tried to pass after the company fenced off a commonly used transit route for security.

"In the mining industry the only way to survive is with explorations running parallel to extractions," said Eduardo Villacorta, Glamis' executive director for Central America. "We have every intention to explore further in San Miguel and Sipacapa."

Guatemala will charge Glamis 1 percent of the value of metals extracted from its soil, plus taxes the company will begin paying in 2008.

The mine opened an office of their Sierra Madre social foundation in Sipacapa and are investing in local projects in both towns. But some community leaders are not convinced by the mine's public relations campaign.

"It is a manipulation," said Mario Tema, an indigenous Mayan activist from Sipacapa. "They are taking advantage of the good will and ignorance of the people with their supposed development projects. The people want to defend their land and their resources."

Experts say the future of mining in Guatemala will be decided in large part by the success of Glamis.

"This is a project that the industry is really looking at to see whether or not large scale industrial mining can be viable in Guatemala," said Keith Slack, a mining expert at Oxfam. "There is a lot riding on Glamis' ability to operate in socially and environmentally responsible way."

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