September 12, 2006 ñ www.rightsaction.org

MINING MERGERS and ACQUISITIONS; IMPUNITY & IMMUNITY FROM ACCOUNTABILITY

Below, you will find news articles about pending mergers and acquisitions in the mining industry:

-1- Goldcorp is set to buy Glamis Gold [with open pit, cyanide operations in Guatemala and Honduras ... and beyond]
-2- Various companies look to purchase Skye Resources [hoping to kick-start nickel mining in Guatemala that was abandoned by INCO over 20 years ago]

RIGHTS ACTION COMMENTARY:

Over the past few years, Rights Action ñ with other North and Central American organizations ñ has been supporting local communities resisting the multiple harms (enviro-destruction; undermining of locally controlled development; repression against people opposing mining; violations of the rights to health, water and control over oneís property and resources; etc.) caused by the mining operations of Glamis Gold and Skye Resources [formerly and still partially INCO nickel company].

On request, we can provide documentation of the harms and violations caused by Glamis Gold and Skye Resources.

Naturally, Rights Action has also supported political and legal efforts to try and find some way to end the legal immunity from prosecution and impunity with which these companies operate.

It is a sad and telling sign of how little progress we are making in our work for global equality and justice, that in the news articles below discussing the mergers and acquisitions, there is no mention whatsoever of the well-documented enviro-harms and human rights violations associated with these companies; for the media, companies, investors and shareholders, the only issues worth commentary are financial.

CANADIAN ROUND-TABLE DISCUSSIONS ON MINING

It is a sad and telling sign of how little real progress we are making in our work for global equality and justice, that a series of ìroundtableî discussions are taking place in Canada ñ with participation from the mining industry, the Canadian government and civil society ñ concerning ëif and howí to regulate the global mining industry, even as devastating harms and violations caused by the mining industry are so widely documented.

For any person or country that claims to believe in democracy, the rule of law and justice, it is shameful that in 2006 we are discussing ëwhether or notí to have a minimal set of enforceable civil and criminal legislation in Canada [or the USA for that matter] to hold North American mining companies, investors and shareholders, accountable for enviro-destruction and human rights violations caused by their operations around the world.

At a bare minimum, Canada and the U.S. should enact strong civil and criminal legislation so as to end the immunity from prosecution and impunity with which North American companies operate.

THE EMPEROR HAS NO CLOTHES: THE GLOBAL ìDEVELOPMENTî MODEL IS UNJUST AND UNEQUAL BY DEFINITION

Beyond demanding minimal and binding legislation in these roundtable discussions and any other forum dealing with the global mining industry, we actually really need to admit to the inherent unjust and unequal nature of the global economic model itself.

For any person or country that believes in human rights and development for all, we should be working for a global development model based not on the relentless expansion of northern-based global businesses responding to the needs and whims of northern consumers and investors, but rather based on local control, ownership and accountability.

While enforceable legislation is a bare-minimum short term demand, we have to challenge and transform the global development model itself. For a development model to be sustainable and fair to people and the environment, it must be designed, owned and controlled at the local and regional levels, not by distant owners and investors.

WHAT TO DO?

For more information about North American mining companies in Central America, and to get involved in work for justice, equality and environmental
respect: info@rightsaction.org, www.rightsaction.org.

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GOLDCORP, GLAMIS TO MERGE. PENASQUITO SILVER-GOLD DEPOSIT THE CROWN JEWEL, By Stephen Stakiw, The Northern Miner, Monday, September 11, 2006

Vancouver -- The latest in a series of mega-mining mergers sees Goldcorp (G-T, GG-N) looking to boost its ranking amongst the world's top gold companies through an agreement to merge with mid-tier producer Glamis Gold (GLG-T, GLG-N), creating a new US$20-billion company.

Shareholders of Reno, Nev.-based Glamis will receive 1.69 shares of Goldcorp for each of their shares, giving a valuation of US$51.49 based on Goldcorp's closing price on Aug. 30, a 32.7% premium on Glamis' TSX closing price on that day. The proposed transaction, approved by both boards, is expected to close in November, subject to regulatory approvals and the support of at least two-thirds of Glamis shareholders.

The deal values Glamis at about US$8.6 billion given its 166.6 million shares outstanding. Based on Glamis' proven and probable reserves of about
28.4 million gold-equivalent oz. (15.73 million oz. gold and 616.9 million oz. silver), Goldcorp is buying "ounces in the ground" at about US$300 apiece. With a measured and indicated resource of more that 40 million contained gold equivalent ounces, the acquisition cost comes in at about
US$213 per oz.

Earlier this year, Glamis acquired Vancouver-based Western Silver in a US$1-billion merger to obtain the large PeÒasquito silver-gold deposit in central Mexico. Subsequent studies have boosted the project's reserves (gold up 100% and silver up 85%) with the deposit now comprising about three-quarters of Glamis' reserve base.

Under the merger agreement, Glamis agrees to pay a US$215-million break fee to Goldcorp under certain circumstances, which also retains a right to match any competing offers. Goldcorp and Glamis shareholders would hold 60% and 40% of the new Goldcorp, respectively, with the companies holding board representation in the same proportion.

"From the Goldcorp side, the biggest driver for us was the value we saw in Glamis; this transaction doubles our reserves and resources," said Goldcorp president and CEO Ian Telfer.

Glamis produced just over 286,000 oz. gold in the first six months of this year from El Sauzal in Mexico, Marlin in Guatemala, its 66.7%-interest in Marigold in Nevada and the San Martin mine in Honduras, at a total cash cost of US$196 per oz. On the development side, a revised feasibility study at PeÒasquito is evaluating doubling the proposed 50,000-tonne-per-day throughput with full production expected by late 2009.

Glamis president and CEO Kevin McArthur reviewed the optimization potential of the merger stating, "We believe synergies between the two companies will eventually amount to about twenty-five million dollars per year, in addition to management and people synergies."

In the first half of this year, Goldcorp produced almost 674,000 oz. gold from its Red Lake, Porcupine (in which it owns 51%) and Musselwhite (68%) mines in Canada; Alumbrera (37.5%) in Argentina; Luismin in Mexico; Amapari in Brazil; Peak in Australia; Wharf in South Dakota; and its 50% of La Coipa in Chile.

Total cash costs were negative US$108 per oz. due to the large copper byproduct credit from Alumbrera. The company also holds a majority interest in Silver Wheaton (SLW-T, SLW-N).

Goldcorp has barely finished digesting its recently closed $1.6-billion acquisition of certain Placer Dome assets midway through its second quarter under an agreement struck with Barrick Gold (ABX-T, ABX-N), which successfully acquired Placer in a $10-billion takeover deal in March.

The combined company would become a significant low-cost and un-hedged gold producer with pro forma annual bullion output approaching 3 million oz.
gold, plus proven and probable reserves of 41.1 million ounces. The new Goldcorp would rank third amongst the senior gold producers, based on market capitalization, after Barrick Gold and Newmont Mining (NMC-T, NEM-N).

The planned merger is the latest in a series of major transactions as metal producers rush to replace reserves being mined at accelerated rates. The growth strategy is increasing in popularity as companies weigh the costs and benefits analysis of adding reserves through acquisition versus exploration.

Not being able to vote on the planned merger, many Goldcorp shareholders were not enamoured with the deal, cited as being overly dilutive, and sold off a good portion of their shares to push down the stock price by about 15% to the $30 level on high TSX trading volume. Alternatively, Glamis shares gained 18% to close up $7.68 at around $50.70 on TSX trading.

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SKYE FALLING INTO VIEW OF GLOBAL MINERS -- CVRD, BHP BILLITON AND XSTRATA SAID TO BE WEIGHING BID FOR VANCOUVER COMPANY, By Andy Hoffman and Andrew Willis, Globe and Mail, September 11, 2006, http://www.theglobeandmail.com/servlet/story/RTGAM.20060911.wxrskye11/BNStory/Business/?page=rss&id=RTGAM.20060911.wxrskye11

The same global mining giants at the centre of the high-stakes battle for Inco Ltd. and Falconbridge Ltd. are moving downstream, turning their acquisition sights to smaller Canadian base metal miners amid a shortage of new nickel supplies.

Companhia Vale do Rio Doce (CVRD) of Brazil, BHP Billiton Ltd., the world's biggest mining firm, and Xstrata PLC, which recently seized control of Falconbridge, are all considering bids for Vancouver's Skye Resources Inc., according to industry sources familiar with the matter.

CVRD's interest in Skye is understood to be the most advanced, and the iron ore giant is believed to be preparing a bid that could be in the range of $20 a share, according to one source in the investment banking industry.
BHP, however, may have the upper hand. The company already has a 16.5-per-cent stake in Skye, which is developing the Fenix nickel project in Eastern Guatemala. BHP has its own operations in the country close to the Fenix project.

Skye shares jumped 50 cents to $16.20 Friday on the Toronto Stock Exchange on speculation of a takeover bid. The stock has surged almost 450 per cent this year.

Unlike CVRD's $19.4-billion all-cash bid for Inco or Xstrata's $18-billion acquisition of Falconbridge, an offer for Skye would be a relatively small purchase for the mining companies.

Skye's market capitalization is $477-million. The Vancouver firm expects to produce up to 25 million pounds of nickel from the Fenix project a year beginning in 2008, according to a recent feasibility study. The company says Fenix could produce up to 50 million pounds of ferro-nickel a year thereafter.

A Skye spokesman declined to comment on Friday. The company asked its financial adviser TD Securities to explore the potential merger or sale of Skye in late August.

Spurred by soaring demand for nickel, copper and other base metals from China and India, the mining industry is undergoing rapid consolidation amid soaring commodity prices.

A friendly merger between Inco and Falconbridge was recently scuttled by hostile bids from larger foreign rivals. Inco attempted to fend off a hostile offer from Vancouver's Teck Cominco Ltd. and preserve its merger with Falconbridge by hooking up with Arizona copper giant Phelps Dodge Corp.
in a three-way $40-billion deal to create a North American mining supermajor.

But Xstrata won control of Falconbridge with an all-cash bid that bested the Inco and Phelps stock-and-cash offer. Similarly, CVRD appears set to take over the storied Canadian nickel producer with its own all-cash bid of $86 an Inco share. Teck was forced to withdraw from the race after it failed to close a massive stock sale to fund its bid. Inco terminated its merger agreement with Phelps last week when it became clear the stock-and-cash offer wouldn't survive an Inco shareholder vote. Phelps itself has now become a possible takeover candidate.

Interestingly, Skye's Fenix project was once owned by Inco, but the mine and an on-site processing plant was shut down in the early 1980s because of soaring energy costs and low nickel prices. The price of nickel has more than doubled this year, extending a three-year boom in base metals. Skye acquired the rights to the Fenix project in 2004 and Inco owns approximately
12 per cent of the company's stock. A CVRD spokesman did not respond to requests for comment.

Xstrata recently converted Falconbridge's nickel assets into a new division, Xstrata Nickel. A spokeswoman for the Anglo-Swiss miner declined to comment on the company's possible interest in Skye.

Skye is headed by Ian Austin, the former chief financial officer of Placer Dome Inc., which was swallowed up by Barrick Gold Corp. last year for $10.4-billion (U.S.). Mr. Austin was unavailable for comment on Friday.

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