



LA COLOSA: A DEATH FORETOLD

**Alternative Report
about the AngloGold
Ashanti Gold Mining
Project in Cajamarca,
Tolima, Colombia**



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Gold Mining Project in Cajamarca, Tolima, Colombia

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Cover

Aerial view of a mining site in the hills in the south of West Virginia (US), with a valley filled with mining waste rock. Photo by Paul Corbit Brown (www.paulcorbitbrown.com), reproduced with permission.

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In memoriam

César García, *campesino* community leader and member of *Conciencia Campesina*, actively involved in opposing the development of the *La Colosa* gold mining project. Assassinated 2 November 2013 by an unknown gunman.

Contents

Executive Summary	6
Introduction	9
Glossary	16
1. Background	21
2. AngloGold in Colombia	27
3. Behind the Corporate Veil	32
4. Mining Concessions in <i>Páramos</i> and Natural Parks	40
5. <i>La Colosa:</i> A Project of Colossal Scale	48
6. About the Exploration Works	62
7. About the Workers	70
8. Misinformation	76
9. Social, Economic and Political Impacts Caused by the Project	84
10. Harassment of the Opposition	89
11. Opposition to the Mining Project	93
Conclusions	99
Appendix	105

Executive Summary

London-listed AngloGold Ashanti (AGA) and its *La Colosa* project in the Colombian department (province) of Tolima are the subjects of an important debate in Colombia about the social, environmental and economic impacts that come with open-pit gold mining. Against the purported benefits of mining offered by the government, and AGA's PR campaigns intended to sway public opinion, are academics, journalists, communities and environmental organisations all of whom have raised questions with regards to both the mining policy of the government and the actions of AGA. This study seeks to give both a broad and detailed overview of the corporate behaviour of AGA, based on documents and fieldwork.

Chapter 1 addresses the issue of AGA within a global context, highlighting the difficulties the company is facing in South Africa, such as labour strikes and potential multi-million dollar law-suits. It notes Colombia's attractiveness to AGA as a country with significant mineral resources that have not been exploited due to the decades-long conflict, but with investor-friendly policies aimed at multinational mining companies.

Chapter 2 covers the following cases: conflicts with artisan miners caused by the presence and operations of AGA, such as those in Cauca, a zone currently occupied by neo-paramilitary groups; the evasion of surface levies, investigated by the *Contraloría* (Comptroller); the case dubbed the *revolving doors*, that puts privileged information of the Colombian state at the service of the corporation.

Chapter 3 outlines a corporate and operational structure that suggests the existence of a large-scale gold mining cartel in Colombia designed to manage private benefits to undermine Colombian state and regional institutions. The weaknesses and lack of sufficient controls over mining operations are brought to light, a situation that paves the way for tax evasion using offshore subsidiaries and the externalisation of colossal environmental liabilities.

Chapter 4 signals that, in accordance with the new delimitation of *páramos* (a unique ecosystem) by the Von Humboldt Institute, 50 hectares of the *La Colosa* project are located within a *páramo* zone, as well as almost all the other concessions the corporation owns in Cajamarca. It also documents the fact that AGA has for years systematically denied the fact that it holds mining concessions in prohibited areas, revealing a serious lack of transparency, in contrast to their corporate discourse. Mining activity in strategic ecosystems such as *páramos* poses huge risks for local populations, which would be aggravated by the threats of climate change.

Chapter 5 demonstrates that the magnitude of the mining project is much greater than previously imagined or announced. Risks and potential impacts that have been insufficiently discussed in the course of the debate to date are identified. The 100 million tonnes of waste rock that would potentially be deposited in valleys near the mine have a high probability of causing acid mine drainage. The persistence of highly toxic residues in what would possibly be the biggest tailings dam in the world (1,420 million tonnes of tailings) is of concern, given the alarming risks of climate variability to the region.

Another issue that is highlighted is the intensive use of electricity and water in the project, which in both cases would be higher than the total domestic consumption of the whole of Tolima. It also considers AGA's longer-term plans to create the *La Colosa Regional Mining District* that would involve an even larger area, resulting in significant cumulative and multiplicative environmental and social impacts.

The information collected in **Chapter 6** indicates that within the *La Colosa* mining project there are serious violations of the environmental and industry regulatory framework. Work practices have been identified that signal potential inadequate handling of dangerous substances, unauthorised use of water, unauthorised logging, among other irregularities.

According to information given by interviewed workers, presented in **Chapter 7**, there have also been cases of violations of labour rights. These problems are of an unknown scale due to reports of social coercion, and AGA's policy of outsourcing its labour requirements.

Chapter 8 analyses a corporate strategy that looks to distort information, or evade debate, about the scale and the impacts of the mining project. The strategy is based on evasive speech, the control of a significant section of the media through placing of advertising, and the use of money to help the corporation to appear as a benefactor of events or projects of relevance to the media in the region.

Chapter 9 shows that AGA has established economic and political links with significant actors in Cajamarca society. These links are especially visible in sectors of the local political class, who are caught in a clear conflict of interests, calling into question their independence in evaluating the balance between collective rights and corporate opportunities. This leads us to consider the possibility of the capture and reconfiguration of the state at the municipal level, and the possibility that local society is being coerced in order to evade a proper debate about the future and about the territory.

Chapter 10 details the testimony of people interviewed who, for expressing some form of opposition to the *La Colosa* mining project, have suffered various types of harassment. This situation continues with almost complete impunity due to a lack of political will by the Colombian state to protect social leaders and human rights defenders.

Chapter 11 focuses on a growing network at a regional and national level in opposition to the mining project. This movement originated with local *campesino* small-scale farmer organisations, and has gradually grown to have an urban presence as well. Regional and local governments and authorities have been pushed into action, claiming to respond to the manifest disquiet of their citizens. The recent referendum in Piedras, in which 98% of voters expressed opposition to AGA's proposed operations in the area, demonstrates the degree of opposition that has developed in Tolima towards mining.



Figure 0.1.
Cajamarca landscape in which
Andean cloud forests can be ob-
served, at risk of disappearance
in Colombia

Introduction

The social and environmental conflicts caused by large-scale mining, first in Africa and now in Latin America, have led to concern in various European countries. One of the organisations that has emerged, with a global perspective on environmental and social problems, is Colombia Solidarity Campaign,¹ a member group of London Mining Network,² which links together 30 organisations that have similar concerns.

This document is born as a result of these concerns. Its purpose is to examine the reality of the large-scale mining processes that are underway in Colombia, in search of factual information. The hope is that the document will help to improve the quality of information available about large-scale mining. It is especially hoped that it will contribute to the debate, so that the best possible decisions can be made by the leaders and citizens of Colombia about community welfare and protection of resources such as water and biodiversity.

This report has two strands. It examines the behaviour of AngloGold Ashanti (AGA), the company with a leading role in the gold mining projects currently being developed in Colombia, and focuses primarily on the *La Colosa* project. The emphasis on *La Colosa*, located in Cajamarca, is due to the fact that this is a project of enormous scale, a fact that relatively few in Colombian society have grasped. In 2009, AngloGold's Colombia Project Manager envisaged an open-pit mine at *La Colosa* with an ore production rate of 20 to 35 million tonnes per year.³ Such a production rate would deliver between 591,600 and 1,035,300 ounces (oz) of gold per year.⁴ The larger figure would rank *La Colosa* as the fifth highest gold producing mine (per annum) in the world and would eclipse the 2011 annual production of both of AngloGold's current largest operations: Vaal River (South Africa, 831,000 oz/year) and West Wits (South Africa, 792,000 oz/year).⁵

According to the company's own figures, *La Colosa* will have one of the largest *Tailings Storage Facilities*⁶ in the world for storing toxic waste,⁷ and the

1 <http://www.colombiasolidarity.org.uk/>

2 <http://londonminingnetwork.org/>

3 Mr. C. Brechtel, AGA's Colombia Project Manager. Quoted in (IKV Pax Christi, Report on the AGA mining project in Cajamarca, 2009, www.ikvpaxchristi.nl/media/files/report-on-the-aga-mining-project-in-cajamarca-12052009_0.pdf).

4 Calculated using the average gold grade of 0.92 g/t defined in AGA's current Mineral Resource Model reported in AGA's 2012 Annual Mineral Resource and Ore Reserve Report.

5 2011 gold production figures for the World's Top Ten producing mines, from www.mineweb.com at: <http://www.mineweb.com/mineweb/content/en/mineweb-gold-news?oid=156837&sn=Detail>

6 A Tailings Storage Facility (TSF), also known as a "tailings dam", is a type of reservoir designed to store toxic waste (known as 'tailings' in the mining industry). This residue is created after the cyanide leaching process is completed in the gold extraction process. TSFs present many risks, including flooding and overflowing, particularly where there are frequent torrential rains, as is often the case in countries like Colombia.

7 In a shareholder presentation, AngloGold states that the TSF will have a maximum height of 250 m, and have the capacity to store 1,420 million tonnes (Mt) of tailings. There are few comparable examples of such large-scale toxic waste storage facilities in existence. Source: Jorge Tapia (AGA). *La Colosa Site Visit (Day 2)*. Nov 2011. Slide 23. www.anglogold.com/NR/rdonlyres/EA35AAA2-2C9E-4D65-AB83-ED03B8C022B5/0/ColombiaInvestorSiteVisitLaColosaDay2.pdf. There may only be three other TSFs in the world, one of which is Antofagasta's *El Mauro* dam in Chile, that have a larger storage capacity than that proposed by AGA.

industrial plant will use a projected 140 megawatts (MW) of electricity.⁸ *La Colosa* would be the first proposed project in a *mining district*, an area where several geologically related deposits are exploited, resulting in a multiplicative effect on the environmental damage of a single mine. This mining district, which the company calls *Anaima Tocha* (or sometimes *Colosa Regional*), would be located in a forest reserve with significant biodiversity, in an area also considered to be an important agricultural hub in Colombia, due to its importance in producing food for the country. It is also an area with vital water resources for the wider region, another reason that the mining project has generated much controversy among local communities and those who have studied the potential impacts. Although there are many other mining projects across the length and breadth of the country which also deserve attention, this report focuses on *La Colosa* because it is considered emblematic, due to its scale and to its relatively advanced stage of development.

Assessments and analyses that do not come from the mining sector or government, and that criticise the impacts of mining in Colombia, receive relatively little interest from the media or the authorities.⁹ This report is the result of research which includes collection and analysis of documents, as well as fieldwork aimed at discovering and evidencing economic and social dynamics around the project, with the aim of providing an independent and non-official account of events. The report aims to provide information to the communities affected by these types of projects, to Colombian society in general, and to people abroad with an interest in Colombia. The aim is to contribute to the debate, which becomes more necessary every day, on the environmental and social suitability of the so-called *Mining Locomotive*, the development plan promoted by the Colombian government (see Glossary, page 17), about the right of communities to take informed and autonomous decisions regarding their future, and about the interests and role of multinationals in the process.

This report is structured as follows:

Chapter 1 covers AGA's track record in a global context, the company's expansion into Colombia, as well as the current debate in Colombian society about the impacts of large-scale mining.

Chapter 2 examines AGA in Colombia and various controversial situations that the company has been embroiled in, such as the *revolving doors* scandal, and cases of alleged tax evasion.

Chapter 3 studies the existence of various subsidiary companies of the multinational in Colombia, and questions the motives of AGA in creating a complex network of subsidiaries in tax havens.

⁸To put this into perspective, 140 MW is more than twice the installed capacity of the Prado Hydroelectric Plant in Tolima, which is 60 MW. This leads to important questions about how AGA will satisfy its energy requirements. There are several hydroelectric projects under construction, such as *El Quimbo*, in Huila (400 MW) which could be used. Sources: AGA, *La Colosa Site Visit November 2011*; Electrolima, Cuaderno de Información de la Central Hidroeléctrica de Prado: www.electrolima.com/contratacion/cuaderno_informacion_hidroelectrica_prado.pdf; Endesa: www.endesa.com/es/conoceendesa/lineasnegocio/principalesproyectos/Colombia.

⁹For example, the report of the *Contraloría* (comptroller), published in 2012, notes several worrying observations about the *La Colosa* project, but has generally passed unnoticed by Colombian society. See: Contraloría General de la República. *Informe del estado de los Recursos Naturales y del Ambiente 2011–2012*. p190-195. 186.116.129.19/c/document_library/get_file?folderId=76600464&name=DLFE-52803.pdf

Chapter 4 details the alarming presence of AngloGold in protected areas such as *páramos* (an ecosystem unique to the Andean region in South America) and national parks.

Chapter 5 discusses the likely footprint created and left behind in perpetuity by the *La Colosa* mining project, which, it seems, would be of a massive scale.

Chapter 6 presents a worrying panorama of what is happening inside the area of the mining project, an area which even the Colombian environmental authorities can only access with difficulty. Testimony is included from various former workers on AGA's *La Colosa* project.

Chapter 7 focuses on the treatment of workers at the project and the occurrence of workplace accidents.

Chapter 8 deals with the right to access objective information, and the many strategies AGA employs to win support for their project.

Chapter 9 studies the social, economic and political impacts *La Colosa* has had at a local level.

Chapter 10 discusses the citizens' movement that has arisen in rejection of the mining project at *La Colosa*.

Chapter 11 documents a worrying landscape of harassment and intimidation to which those who have opposed the project have been subjected. Finally, we summarise the main findings of this study and present our general conclusions.

Research Methodology

Two approaches were taken to carry out this study. The first was based on the collection and analysis of documents obtained from government, company reports, reports by non-governmental organisations and press releases. The second was to make an empirical assessment of the project, which included five visits to the area, each lasting four to seven days, to neighbouring communities. In total, 108 interviews were carried out with local people, workers, politicians, businesses, journalists, academics and activists. Similarly, three informal meetings were held with employees of AGA. The interviews, mostly semi-structured, led to the collation of 36 testimonials, which form the basis of this report. Some names have been changed at the request of the interviewees or due to the potential risk to their safety. This is indicated by an asterisk.

At every stage of the research, members of the local communities were involved in order to ensure that the aspects of relevance to interviewees were documented. A *participatory action research* approach was employed: many of the themes investigated were issues of concern raised by members of the local and regional communities. Although the report seeks to present a wide spectrum of issues, several matters could not be investigated due to the time constraints and the need to focus on strategic issues. The hope is that this report will expose situations that are not recorded in official information sources and that will be useful for those directly affected by *La Colosa*. It

is also hoped that the report will inform other communities affected by mining projects, since similar situations probably occur in other parts of the country, and elsewhere in the world.

Adjunct Researcher

Alejo Pulido worked together with the Colombia Solidarity Campaign research team on the production of this report. Alejo is a chemical engineer from the National University of Colombia. He has published several books and articles including: *Minería: Estrategias del despojo en los pueblos indígenas del Chocó* (“Mining: Displacement strategies in Chocó’s indigenous communities”, Orewa, 2011), *Multinacionales, conflictos armados y derechos humanos* (“Multinationals, armed conflicts and human rights”, U. Distrital, 2010), *Las multinacionales españolas y el negocio de la responsabilidad* (“Spanish multinationals and the business of responsibility”, Icaria, 2009), *La energía que apaga Colombia* (“The energy that is turning off Colombia”, Icaria, 2007).

Technical Advisory

Much of the technical advice on the *La Colosa* project was obtained through various meetings with Dr Mark Muller, an independent consultant and researcher with a PhD from the University of Cambridge (UK). He is a geophysicist who has previously worked in the mining sector and has more than ten years’ experience working for multinational mining companies, including Anglo American. Since 2009 he has worked with Mines and Communities¹⁰ and London Mining Network¹¹ providing scientific evidence to communities affected by the impact of mining. His contributions are mostly visible in Chapter 5.

Acknowledgements

Many people have given their valuable support in the realisation of this report. We would like to thank, among others, the following people:

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- Luisa Bustos, for giving us permission to use her photo of the *Páramo* of Sumapaz.
- Viviana Sánchez, for providing us with photographs of Cajamarca and its surroundings.
- David Dare Parker and Australian Geographic, for their kind permission to allow us to use the aerial photograph of the tailings dam used to store toxic waste at the Olympic Dam mine in Australia.

¹⁰ www.minesandcommunities.org

¹¹ www.londonminingnetwork.org

¹² www.rainforestinfo.org.au

- Laura Varzgalyte, for carrying out the graphic design of both versions of this report.
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Finally, we wish to thank all those whom we interviewed, who offered us their time and trust during the fieldwork. We hope this report will do justice to their testimonies, often marked by pain and injustice, and will serve, also, to ensure that they are the main and primary beneficiaries of a development that dignifies and promotes human dignity without damaging their environment, culture and values.




Figure 0.2.

Cajamarca landscape with wax palm (*Ceroxylon quindiuense*), the Colombian national tree

Key Facts and Figures



Figure 0.3.
Map showing location
of Colombia.¹⁵

COLOMBIA

- Latin American country with an area equivalent to Spain, Portugal and France combined.
- 47 million inhabitants
- Third fastest growing economy in Latin America, in terms of GDP, after Peru and Chile¹³
- Second most biodiverse country in the world
- A variety of ecosystems that include: deserts, tropical rainforest, High Andean cloud forest, *páramos* and perennial snow.
- Wide diversity of cultures: 102 Indigenous Peoples, Afro-Colombian and *campesino* communities
- Highest producer of gold in Latin America from 1514 to 1937
- One of the most unequal countries in the world: GINI coefficient of 55.9¹⁴
- Country with most displaced people in the world, even more than Syria, Iraq or Sudan.¹⁶
- One of the most vulnerable countries to the impacts of extreme climate change (ranked 19 of 233, according to the Centre for Global Development)

TOLIMA

- One of the 32 departments of Colombia. Borders with Caldas, Cundinamarca, Huila, Cauca, Valle del Cauca, Quindío and Risaralda.
- Area: 23,562 km², population: 1,400,203 (2013)
- Comprises a mountainous region, which is part of the Central Mountain Range of the Colombian Andes, and a region of lowland plains, where the Magdalena River flows from South to North.
- The Saldaña, Cabrera, Coello, Tetuán, Gualí, Recio, and Prado rivers originate in the mountains of Tolima, and are tributaries of the Magdalena river.
- The Nevados National Park covers part of Tolima. One of its main attractions is the *Nevado del Tolima* (5215 m), an extinct volcano with perpetual snow, and the highest point in Tolima.
- Agriculture is the predominant economic activity in Tolima.

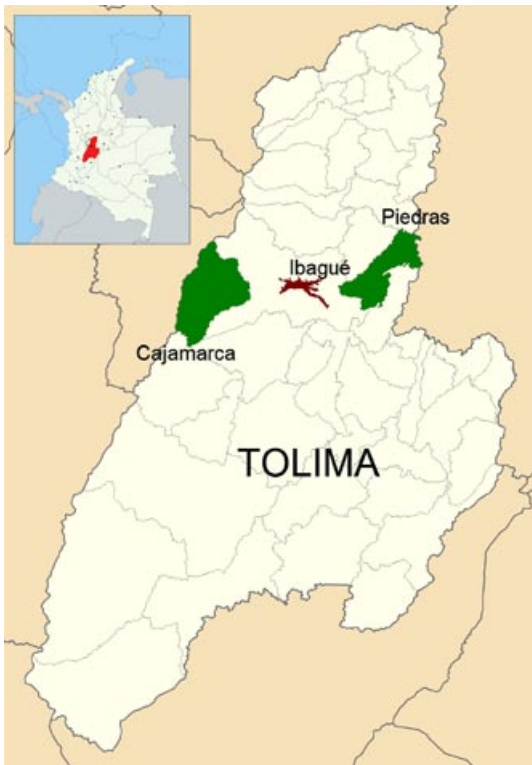


Figure 0.4.
Map showing the Department of Tolima,
its capital Ibagué, and the municipalities
of Cajamarca and Piedras.¹⁷

13 El Heraldo. *Economía de Colombia, la tercera de mayor crecimiento en América Latina: Minhacienda*. 20 junio 2013. www.elheraldo.co/noticias/economia/economia-de-colombia-la-tercera-de-mayor-crecimiento-en-america-latina-minhacienda-114632

14 2010 figure from the World Bank. data.worldbank.org/indicator/SI.POV.GINI

15 Map taken from Wikipedia.

16 According to CODHES, as at Dec 2011, there were 5,454,766 Internally Displaced Persons in Colombia, which is equivalent to almost 12% of the population. www.internal-displacement.org/statistics

17 Map adapted from Wikipedia.



Figure 0.5.
View of Cajamarca



Figure 0.6.
Photograph of the central square in Cajamarca

CAJAMARCA

- Municipality located in Tolima Department, in the Central Mountain Range of the Colombian Andes, 30 km West of Ibagué
- Altitude: 1,814 metres
- Population: 19,789 (2007)
- The municipality covers an area of approximately 51,528 hectares, of which 79% is in the Central Forest Reserve
- Considered to be the agricultural hub of Colombia
- Temperate climate (average temperature of 19°C) is conducive to cultivating crops such as *arracacha*,¹⁸ coffee, beans, peas, corn, pepper and many varieties of fruit such as oranges, plantain and banana
- The sources of rivers of strategic importance for all of Tolima are located within Cajamarca
- Places of interest for tourists include the *páramo* of Anaime, the Machín Volcano, indigenous burial grounds, among others.

IBAGUÉ

- Capital of the Tolima department, located on the slopes of the Central Andes.
- Population: 650,000 inhabitants (Sixth most populous city in Colombia).
- Altitude: 1285 m
- Known in Colombia as “The Musical Capital of Colombia”, due to prestigious conservatoire.
- Its main universities are the University of Tolima (public) and the University of Ibagué (private).

PIEDRAS

- Municipality located in the Plains of Tolima, 47 km east of Ibagué.
- Altitude: 403 m
- Hot climate (average temperature of 26°C)
- Area mostly used for rice growing, cattle ranching and cultivating corn.
- Oil and gas exploitation in the area (Texas Oil Company).
- Notable for having a unique ecosystem which hosts freshwater oysters.
- Tourist sites include the Río Opia, with more than 200 natural pools.

¹⁸ *Arracacha* is a root vegetable similar to yucca.

Glossary

Acid Mine Drainage (AMD): a hydrological situation and contamination risk that arises when rocks containing sulphide minerals are exposed to air and water and the sulphides react chemically to form a solution of sulphuric acid and dissolved heavy-metals. The combination of acidified water and dissolved heavy-metals (which are toxic) can cause severe problems for any organism living in the water or relying on the water for drinking.

Campesino: a small-scale farmer.

Cartel: in the context of this report, a cartel is a network of organizations developed with the primary purpose of promoting and controlling a particular activity (in this case, mining operations). Cartels range from loosely managed agreements among various companies to formalized commercial enterprises.

Contraloría: the *Contraloría General de la República de Colombia*, which roughly translates in English to Comptroller General/National Comptroller, is the state watchdog responsible for monitoring entities that handle nationally-owned funds or assets.

Corporate Social Responsibility (CSR): refers to various strategies that may be employed by a company that involve “actions that appear to further some social good, beyond the interests of the firm and that which is required by law”.¹⁹ As such, CSR is a form of self-imposed benevolence (rather than legally binding legislation) that enables a corporation’s environmental or social impacts to be perceived as less harmful than they may be in reality.

Cortolima: the environmental authority for the department of Tolima.

Cut-off grade: the *ore grade* threshold above which it is considered profitable to process the ore to recover the commodity of interest (e.g. gold). Any material extracted from the mine, whether open-pit or underground, below the cut-off grade is considered waste rock and is placed in a waste rock dump. The cut-off grade is often not fixed during the production life of a mine, but may be variable depending on the commodity price and other economic, geological and engineering factors at any point in time. For example, if commodity prices are high and it is possible to process lower-grade ore profitably, the mine might adopt a lower cut-off grade. Conversely, when commodity prices are low, the mine might adopt a higher cut-off grade in order to continue to recover the commodity on a profitable basis. In the case of *La Colosa*, the gold cut-off grade defined in AGA’s most recent resource model is 0.3 g/t, equivalent to 0.3 ppm or 0.00003 %. The *average ore-grade* in the orebody above the cut-off grade at *La Colosa* is 0.92 g/t (see *Grade or ore grade*).

Fiscalía: the *Fiscalía General de la Nación* (Office of the Attorney General of Colombia) is the Colombian institution (part of the Colombian judicial branch of Government) with administrative autonomy designed to

¹⁹ A. McWilliams, D. Siegel. *Corporate social responsibility: A theory of the firm perspective*. *Academy of Management Review*. Vol 26 (2001), p117–127.

prosecute offenders, investigate crimes, review judicial processes and accuse judges and courts of justice of penal law infractions.

Grade or ore grade: the ore grade describes the concentration of a commodity of interest that is present in the ore. In the case of gold, ore grade is most often expressed as grams of gold per metric tonne of ore rock (g/t). The unit g/t is equivalent to an alternative unit that is also used – parts per million (ppm) – which in turn is equivalent to one 10,000th of a percent. While the ore grade within mineral deposits, including gold deposits, is often highly variable, the term “average grade” refers to the average of the ore grade within the ore rock that will be processed. In the case of the *La Colosa* deposit, AGA report an average gold ore grade of 0.92 g/t, equivalent to 0.92 ppm or 0.000092 %, for a cut-off grade of 0.3 g/t (see *cut-off grade*).

La Guajira: a department in northeastern Colombia where *El Cerrejón*, one of the largest open-pit thermal coal mines in the world, has operated for over 30 years. Although presented as an emblematic example of “Responsible Mining”, local communities have suffered grave environmental and social impacts.²⁰ *El Cerrejón* is owned by London-listed firms BHP Billiton, XStrata and Anglo American.

Locomotora Minera (literally Mining Locomotive): a policy of the current Colombian government to promote large-scale mining operations by means of investor-friendly policies and other incentives.

Mining concession: a contract with the Ministry of Mines and Energy that grants the holder exclusive rights to carry out mining activities such as exploration and extraction over a particular area. This is subject to other permits (e.g. environmental licenses) being obtained.

Mining district: an area that hosts several separate mineral deposits, very often formed by the same geological processes, that are mined separately (but sometimes sharing infrastructure). The cumulative and multiplicative environmental impacts are significant with respect to a single mine as the environment is overloaded and loses any capacity it may have to ‘dilute’ the airborne and waterborne contamination that emanates from multiple mines. For example, if the headwaters of various tributaries are all polluted by mining activity, the polluted water from one tributary cannot be diluted by the unpolluted water of another, before they all converge on larger river systems downstream.

Municipality: an urban administrative division having limited powers of self-government or jurisdiction.

Ore: the rock extracted from the mine, whether open-pit or underground, that contains a high enough abundance of the commodity of interest (e.g. gold) to be *processed* to recover this commodity.

Páramo: a unique ecosystem, exclusive to the northern Andes, located high in the mountains, between the cloud forests and the snowline. *Páramos* are characterised by the presence of *frailejones* (genus *Espeletia*). *Páramos* provide

²⁰ Oliver Balch. *Colombia's Cerrejón mine: the social impact on surrounding communities*. In *The Guardian*, 25 Jul 2013. www.theguardian.com/sustainable-business/colombia-cerrejon-mine-social-impact-communities

various environmental services: they have unique flora and fauna, possess the ability to act as carbon sinks, and have excellent water retention capacity. The sources of Colombia's major rivers are in *páramo* areas.

Processing or mineral processing: the industrial steps or procedures taken to recover the commodity of interest (e.g. gold) from the *ore* and includes rock crushing and milling followed by mineral separation using chemical, physical, electrochemical or other means. In the case of gold ore processing, a chemical process using cyanide is often used and has been proposed by AGA for *La Colosa*.

Procuraduría: the *Procuraduría General de la Nación* (Office of the Inspector General of Colombia) is an independent, public institution overseeing the public conduct of those in authority or in charge of exercising a public office, and of overseeing the correct functioning of other government institutions and agencies.

Revolving doors: a situation that arises when state officials go to work for a private company. This can be a cause for concern because insiders could put privileged state information into the hands of the company.

Tailings: the large volume of waste material that remains behind after *processing* of the ore to recover the commodity of interest. Tailings are a mixture or "sludge" consisting of very fine grained residual minerals (about 0.005 to 3 mm in size) and mine waters that often contain the dissolved residues of processing chemicals and chemical compounds created by chemical reactions, many of which are toxic. In the case of gold processing, residual minerals may include sulphides that pose an *Acid Mine Drainage* risk and dissolved chemical compounds that include free cyanide and metal-cyanide complexes that are highly toxic.

Tailings dam/Tailings Storage Facility (TSF): a specific type of very large dam used to store the highly toxic residue (the *tailings*) that result from the processing of *ore* to extract gold. Dam-walls are sometimes referred to as "embankments". Two types of dams that may be under consideration by AGA for Tolima include a four-sided, rectangular dam-wall construction (a "ring-dyke" construction) and a single dam-wall construction across a valley (a "valley-fill" construction).

Tax haven: while there is no consensus regarding the definition of the term *tax haven*, it is generally applied to a jurisdiction that offers advantages for companies that require secrecy, in the sense that accounting information and other information about the shareholders and directors is not usually disclosed. According to a list of 46 jurisdictions issued by the International Monetary Fund and the Financial Stability Forum, Anguila, Bermuda, Gibraltar, Isle of Man, British Virgin Islands, Panama and Switzerland, are regarded as tax havens.

Waste rock and waste rock dumps: rock that is extracted from the mine, whether open-pit or underground, that does not contain a high enough abundance of the commodity of interest (e.g. gold) to be processed. The rocks or stones vary in size from centimeters to tens of centimeters. The locality or facility where waste rock is placed is called a waste rock dump. Physically these dumps are very large. Waste rock dumps pose one of

Units and measures

Throughout the document the following units and measures are used:

1 million = 1,000,000

1 billion = 1,000 million = 1,000,000,000

g/t – grams per metric tonne
(gold grade, grams of gold per metric tonne of ore rock)

ha – hectare (1 km² – 100 ha)

km² – square kilometre

m³ – cubic metres

Moz – million troy ounces

Mt – million metric tonnes

MWh – million watt hours

MW – million watts

oz – troy ounces (of gold):

1 troy oz = 31.1034768 grams

ppm – parts per million

t – metric tonnes.

the highest risks of *Acid Mine Drainage* of all mine-related infrastructure. Because waste rock dumps are permeable, never lined underneath with an impermeable barrier and never covered on top with an impermeable barrier while being used, they provide easy ingress (access) for water and air (oxygen) allowing acidifying chemical reactions to take place inside the dump and easy egress (leakage) of acidified, heavy-metal contaminated waters into the environment.

Who's Who

Álvaro Uribe Vélez President of Colombia from 2002 to 2010. During his administration, large swathes of the country were concessioned to multinational mining companies.

Charles Carter AGA Executive President for Colombia.

Felipe Márquez Vice president of Corporate Affairs of AGA Colombia.

Jorge Tapia Former project manager of *La Colosa* project.

Juan Manuel Santos Current president of Colombia and key proponent of the *Locomotora Minera*. President Santos assumed office in 7 August 2010.

Julián Villarruel Director of *Ingeominas* (the Colombian Mining Agency) from 2005 to 2007. During this period, many mining concessions were awarded to AGA. After leaving Ingeominas, he became operating director of the Gramalote AGA project in Antioquia.

Ken Kluksdahl Current president of AGA Colombia.

Luisa Fernando Aramburo Deputy Director of Concessions and AGA mining proposals. She has appeared as a legal representative of several mining companies, including Sociedad Exploraciones Pantanos SAS, Exploraciones Chaparral Colombia SAS, Exploraciones Chocó Colombia SAS, B2Gold Colombia Ltd, Compañía Minera de Caldas SA, Continental Gold Colombia SA, Corona Goldfields and AngloGold Ashanti. She also worked during the nineties to reform Colombian mining laws.

Mark Cutifani Chief Executive Officer (CEO) of AGA from Oct 2007 to early 2013. He became the new CEO of mining group Anglo American in April 2013. He is originally from Australia.

Rafael Herz Rafael Herz was the president of AGA's main subsidiary in Colombia from Feb 2009 to 2012. He was demoted to Vice President of Sustainability, until he left the company in June 2013. He previously worked at the World Bank.

Sandra Ocampo Khon Former AGA communications manager. Currently head of communications at Cerrejón.



Figure 0.7. Cajamarca landscape in which *sietecueros* trees (with purple flowers) can be observed, with Andean cloud forest in the background

1. Background

Company Track Record

AngloGold Ashanti (AGA)²¹ is the third-largest gold-mining multinational in the world, with a presence in various countries including South Africa, Tanzania, Ghana, Congo and Colombia. Shares in the company are traded in key stock exchanges such as those of London and New York. AGA was a subsidiary of the British mining giant Anglo American until 2009.²² At present, it has its headquarters in South Africa, and South African capital investment makes up 31% of the total share capital.²³ However, 44% of shareholders are from the United States and 8% from the UK, which may lead to speculation that its choice as headquarters in South Africa is designed to avoid regulation and scrutiny.²⁴ In 2005, Human Rights Watch revealed that the company had financed paramilitary groups in the Congo,²⁵ a fact that the company itself has acknowledged.²⁶ In 2011, AGA was awarded the prize of *Most Irresponsible Company in the World* by Greenpeace²⁷ due to contamination of drinking water in its Ghanaian operations which affected local people.

In spite of a workers' strike which halted production in the six AGA South African mines for one month, the company announced astronomical profits for 2012, amounting to \$924 million dollars, the second highest on record.²⁸ According to AGA, the strikes in South Africa last year caused a loss of production of 235,000 ounces of gold.²⁹ Nevertheless, it is important to highlight that, aside from the labour problems, South Africa in general presents a worrying outlook for the company, due to various factors:

- The 'maturity' of the mining sector means that the company is forced to dig deeper mines, with higher associated risk of accidents and higher operational costs, to reach gold reefs.
- AGA is facing potentially multi-million dollar law-suits by ex-workers suffering from *silicosis*.³⁰ Hausfeld, one of the legal representatives of the workers, estimates that there could be between 320,000 and 500,000 ex-workers suffering from silicosis in the southern Africa region.³¹

21 In this report, for brevity, we refer to the company globally, and its principal subsidiary in Colombia (AngloGold Ashanti Colombia SA) as AGA.

22 Financial Times. *Paulson & Co to buy Anglo American's stake in AngloGold*. 18 Mar 2009. www.ft.com/cms/s/0/efe63fd8-135f-11de-a170-0000779fd2ac.html#axzz2NywARWYt

23 AngloGold Ashanti. *Annual Integrated report 2012*. p13. www.aga-reports.com/12/download/AGA-annual-integrated-report-2012.pdf

24 For example, South Africa is not an OECD country, meaning that AngloGold's operations in non-OECD countries may not be subject to the OECD Guidelines for Multinational Enterprises.

25 Human Rights Watch. *The Curse of Gold*. 2005. www.hrw.org/en/node/11733/section/1

26 AngloGold Ashanti. *AngloGold Ashanti's Activities in the Democratic Republic of the Congo*. www.anglogoldashanti.co.za/NR/rdonlyres/ECBCA20E-5B45-4625-B4E7-B8517F369043/0/AGA_and_the_DRC.pdf

27 Greenpeace. *South African Company 'Wins' Public Eye Award*. 31 Jan 2011. www.greenpeace.org/africa/en/News/news/South-African-Corp-Wins-Public-Eye-Award/

28 AngloGold Ashanti, *AngloGold annual earnings of \$924m, second-highest ever*. 20 Feb 2013. www.anglogold.com/Additional/Press/2013/AngloGold_Annual_Earnings.htm

29 *Ibid.*

30 Silicosis is a lung disease that is contracted by inhaling microscopic particles of silica (a compound often found in gold-bearing rocks) when working in underground mines without adequate protection. Currently there is no cure, and it significantly increases the likelihood of contracting tuberculosis, lung cancer and other diseases.

31 Hausfeld LLP. *Hausfeld LLP Announces the Filing of Three Major Class Actions on behalf of South African Miners*. 21 Aug 2012. www.hausfeldllp.com/pages/press_releases/571/hausfeld-llp-announces-the-filing-of-three-major-class-actions-on-behalf-of-south-african-miners

- AGA is facing a law-suit due to radioactive contamination in the vicinity of the Vaal River, one of the main waterways in South Africa.³²

These factors suggest that in the future South Africa could become less profitable for gold mining companies, and there has even been talk, within sectors of the political spectrum, of nationalising some of the nation's gold mines. To diversify their portfolio, and in search of new gold reserves, AGA has been exploring in countries such as Colombia, the Philippines and Eritrea, and even under the seabed. In the short term, AGA has plans to significantly reduce gold production in South Africa (from 37% to 29%), and to develop operations in other countries in Africa and in Australia.³³

AngloGold's Expectations of Colombia

Colombia has been described by Chris Lodder, ex-President of exploration for the Americas of AGA as a 'diamond in the rough'.³⁴ The country was the main producer of gold in Latin America between 1514 and 1937, but on a scale not comparable to the one currently sought by AGA. It has only been over the last ten years, during the last two administrations, that the government has promoted the large-scale extractivist model, offering attractive conditions to multinational mining companies. As such, AGA's enthusiasm for Colombia is fuelled by the so-called *Mining Locomotive*, a policy of the Juan Manuel Santos administration which aims to promote economic growth through mining, by means of investor-friendly policies.

Several groups in civil society, including political and academic sectors, have expressed their opposition to this policy. Their rejection of it corresponds to two main considerations. The first is that Colombia's main asset is its unique biodiversity, which is more valuable, in the long term, than its abundance of minerals, and it is feared that the cost of extracting these minerals would be the destruction of pristine ecosystems. The second relates to the social impacts associated with large-scale mining on food production, the displacement and relocation of vulnerable communities, the destruction of cultures and of the cohesion of local communities, the increase in cost of products and services, and importantly, an increase in violence, prostitution and other indicators of social impairment. Even at this early stage, many of these issues are already manifesting themselves in the Municipality of Cajamarca.³⁵

Colombia is a megadiverse country

Colombia's diversity, in both environmental and social terms, has resulted in it being characterised as a *megadiverse* country. In environmental terms, its variety of flora, fauna, landscapes and climates, make it (after Brazil) the second most biodiverse country on the planet. It is one of the richest

32 Mail & Guardian. *AngloGold mine charged with radioactive contamination*. 8 Jan 2013. mg.co.za/article/2013-01-08-mine-charged-with-radioactive-contamination

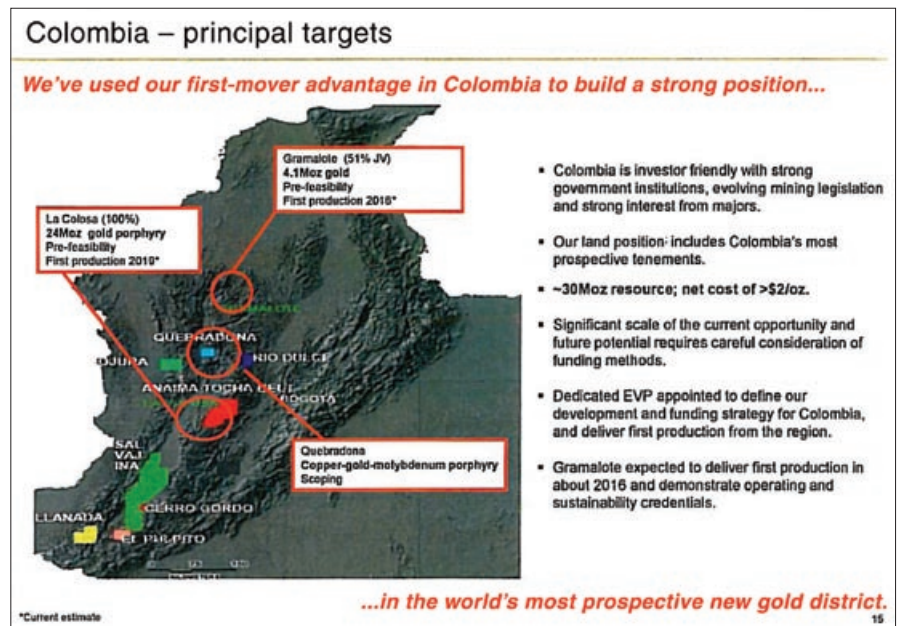
33 AngloGold Ashanti. *Compelling Value: The AngloGold Ashanti Story Scotiabank Latin American Mining Conference 2012*. www.anglogold.com/NR/rdonlyres/E9889C6B-E857-42A3-BA6A-3CE5B9681587/0/ScotiabankLatinAmericanMiningConference2012.pdf

34 Dinero.com. *Minería Colombiana: Diamante en Bruto*. 14 Mar 2008. www.dinero.com/edicion-impresa/negocios/articulo/mineria-colombiana-diamante-bruto/59432

35 Gobernación del Tolima. *El Tolima le dice no a la explotación sexual comercial infantil*. 27 Sept 2012. www.tolima.gov.co/index.php?option=com_content&view=article&id=2526:el-tolima-le-dice-no-a-la-explotacion-sexual-comercial-infantil&catid=2:noticias&Itemid=17

Figure 1.1.

Slide presented by Mark Cutifani at the Gold Forum of Denver in September 2012, with a map showing the company's main interests in the country. It shows that *La Colosa*, the site of the largest gold resource discovered, is located in a proposed mining district called *Anaima Tocha*.



countries in terms of hydrological wealth.³⁶ In social terms, Colombia is also noted for its breadth in cultural diversity, largely a result of its mixed ethnic composition. The inhabitants of Colombia include 102 Indigenous Peoples,³⁷ many at risk of disappearing, as well as Afrocolombians and *campesinos* small scale farmers.

“The world’s most prospective new gold district”

In the Denver Gold Forum in September 2012, Mark Cutifani, former CEO of AGA, announced that ‘Colombia is one of the three global priorities for the company.’³⁸ A slide from the presentation (see Figure 1.1) states: “We’ve used our first mover advantage in Colombia to build a strong position in the world’s most prospective new gold district”. A map highlights areas of interest, which are potential future mining districts, including *Anaima-Tocha*, formerly known as *La Colosa Regional*, *Salvajina*, *Rio Dulce* and *Llanada*. In another presentation for shareholders,³⁹ four projects are highlighted, each in different stages of development: Gramalote (2016), *La Colosa* (2019), Quebradona (2025) and Santa María (2025). If all goes according to plan, 2–3 million ounces of gold per year will be produced in Colombia by 2025 by AGA. The importance of Colombia to the company is also apparent in the fact that it is the country where the company has its largest inferred or expected gold resource after Ghana and South Africa.⁴⁰ Given its expectations of Colombia, it is not surprising that it is also where the company spends the largest proportion (39%) of its annual global exploration budget.⁴¹

36 Instituto de Hidrología, Meteorología y Estudios Ambientales (IDEAM). *Estudio Nacional del Agua 2010*. Dec 2010. <https://documentacion.ideam.gov.co/openbiblio/Bvirtual/021888/ENA2010PrCap1y2.pdf>

37 Organización Nacional Indígena de Colombia (ONIC). *¿Cuales Son, Cuantos y Donde se Ubican los Pueblos Indígenas de Colombia?* www.cms.onic.org.co/pueblos-indigenas/

38 AngloGold Ashanti. *Delivering Sustainable Value*. Sept 2012. www.anglogold.com/NR/rdonlyres/BFE16A4A-0D31-4066-9D40-9EA2157EB1CF/0/MarkCutifaniatthe2012DenverGoldForum.pdf

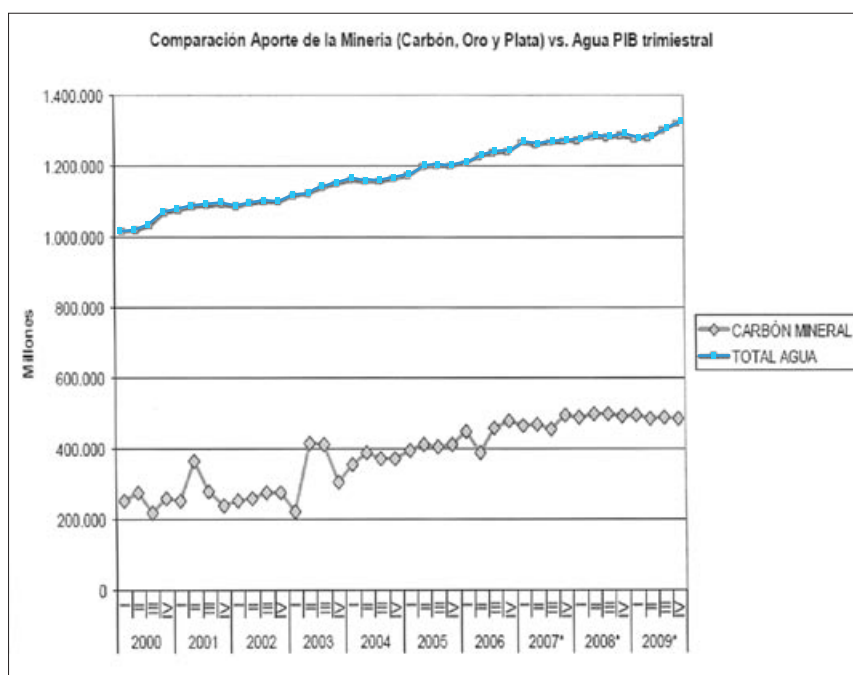
39 AngloGold Ashanti. *Investor Site Visit November 2011*. 16 Nov 2011. www.anglogold.co.za/NR/rdonlyres/A9169AED-3D39-4703-80EA-7061CFC7D870/0/Day1Colombiapresentationforwebsite.pdf

40 AngloGold Ashanti. *Mineral Resource and Ore Reserve Report*. 2012. p. 6. www.aga-reports.com/12/download/AGA-mineral-resource-and-ore-reserve-report-2012.pdf

41 AngloGold Ashanti. *Greenfields Exploration*. 2009. www.anglogold.co.za/NR/rdonlyres/B6F29E2C-EED0-4D87-95B9-CBCC0191FB9B/0/GreenfieldsExplorationOverview01.pdf

Figure 1.2.

Contribution of mining and water to GDP. Source: Colombian Ministry of the Environment, 2011⁴²



The Dilemma of Colombia’s True Wealth: Gold or Biodiversity

“gold mining does not lead to significant improvements in the quality of life of the population [...]” – conclusion of the study by the Colombian economist Guillermo Rudas

Many in Colombian society are concerned that large-scale mining may not be compatible with the preservation of its natural environmental wealth, and as a result, the model of development that extractive industries could bring has been questioned. Even though some argue that the GDP of the country will rise by two points,⁴³ it has been noted that water, a renewable resource, contributes to GDP significantly more than mining, which involves extracting non-renewable resources, bringing into question the supposed benefits of mining (see Figure 1.2). Moreover, a study by the Colombian economist Guillermo Rudas shows that in areas like Antioquia, Chocó, Cesar and La Guajira, where mining has taken place for decades, there are high levels of poverty, as demonstrated by the high levels of Unsatisfied Basic Needs (UBN) in these areas.⁴⁴ The report concludes “gold mining does not lead to significant improvements in the quality of life of the population, which is significantly deteriorated, compared to areas where gold mining does not take place”.⁴⁵ Also, from an ethical point of view, and going beyond technical or economic considerations, many consider that there are arguments that render the government’s policy as unacceptable, as discussed in more detail ahead.

42 Ministerio de Ambiente, Vivienda y Desarrollo Territorial. *Estudio de la vulnerabilidad y los impactos adversos del cambio climático en los páramos y humedales altoandinos de Colombia*. 2011.

43 El Espectador. *Colombia no es potencia minera*. 10 abril 2013. www.elespectador.com/noticias/economia/articulo-415040-colombia-no-potencia-minera

44 El Espectador. *Muchas minas, poco desarrollo*. 3 Nov 2012. www.elespectador.com/noticias/nacional/articulo-385112-muchas-minas-poco-desarrollo

45 Alvaro Pardo. *Algo anda mal: La minería no es una panacea para el desarrollo social o el equilibrio fiscal*. En: Colombia Punto Medio. www.colombiapuntomedio.com/Visualizar/tabid/79/ArticleId/367/Algo-anda-mal-La-mineria-no-es-una-panacea-para-el-desarrollo-social-o-el-equilibrio-fiscal.aspx

AngloGold Ploughs Ahead, Amid Growing Resistance

It is legitimate to question the reliability and objectivity of the information provided by AGA and the mining sector in general, that seek to play down the impacts caused by mining

AGA has amassed a large number of mining concessions.⁴⁶ This has seemingly passed unnoticed by Colombian society, and as a result AGA is currently the mining company with most mining concessions in the country. In July 2012, according to the Colombian Mining Database,⁴⁷ AGA had 424 concessions which covered a land area of 763,337 ha, and 625 applications for a further 865,649 ha throughout the country. This enormous expanse of Colombian territory under which AGA has exclusive rights to mine gives it significant potential to make a strong impact on the future of the country, in environmental, economic, political and social terms. It is clear that AGA has important economic interests in Colombia. For these reasons, it is legitimate to question the reliability and objectivity of the information provided by the company itself, and the large-scale mining sector in general, that seek to play down the seriousness of impacts caused by mining, and to promote its benefits.

Those opposed to open-pit gold mining express concern about the irreparable environmental, economic and social consequences of such activity. They cite the bleak history of this industry throughout the world, and mention examples of environmental contamination, economic inequality and racial discrimination in countries such as South Africa, a country where development was supposedly brought about through mining. Nevertheless, the Colombian government and the wider mining industry, through legislation and media campaigns, assure Colombians that the *Mining Locomotive* will generate development and employment, and that environmental damage can be mitigated. They sidestep an analysis of who would benefit (and who would be negatively impacted) by adopting this model.

The *Mining Locomotive* would significantly affect the lives of millions of Colombians

From academic sectors – apart from economic, environmental and social concerns – many ethical questions have arisen regarding the government's mining policy, arguing, among other things, that it does not respect the importance of perennial vital assets such as water and biodiversity, and favours private profit; that there are serious implications with regard to territorial sovereignty; and that it is not legitimate to destroy the legacy for future generations.⁴⁸ Nevertheless, both sides agree on one point – that the *Mining Locomotive* would significantly affect the lives of millions of Colombians, both now and for future generations. Based on this, it is vital that Colombian society can access objective information about the impact of large-scale mining. It is therefore important for people to understand the costs and benefits, both in the long and short-term, to freely decide if this is really the future that they want for themselves and future generations.

⁴⁶ A mining concession grants the holder the exclusive right to carry out mining activities over a particular area, subject to other permits (e.g. environmental licenses) being granted.

⁴⁷ Colombian Mining Database (Catastro Minero Colombiano) www.simco.gov.co/Inicio/CatastroMineroColombiano/tabid/107/Default.aspx

⁴⁸ Siete Argumentos que hacen inaceptable la minería a cielo abierto. http://youtu.be/JB_ULLoCgdU

Summary of Chapter

London-listed AngloGold Ashanti is the world's third largest producer of gold by volume. AGA is incorporated in South Africa, where it currently operates six 'mature' gold mines, which have been plagued by significant labour disputes over the last year. AGA is facing potentially multi-million dollar law-suits due to radioactive spillages as well as silicosis law-suits by ex-workers. AGA is seeking new, untapped gold deposits in other countries in order to remain profitable to its shareholders.

Colombia is attractive to AGA, as it has a tremendous abundance of minerals, and the government is promoting investor-friendly policies (dubbed the *Mining Locomotive*) to encourage multinational mining companies to exploit them. However, many Colombians feel that the so-called *extractivist model* does not generate added value, is a step backwards in terms of the country's development, and is only advantageous to multinationals. They feel that the country's most important asset is its biodiversity, an asset which provides many opportunities for other forms of development, and which should be preserved for future generations.

2. AngloGold in Colombia

Eight years after the company's arrival, Colombian society learnt that AGA was present in the country

AGA arrived in Colombia in 1999.⁴⁹ The Colombian subsidiary of AGA was legally constituted in 2003 under the name of *Kedahda*, which allowed it to operate secretly for several years.⁵⁰ *Kedahda* was the direct subsidiary of two companies⁵¹ based in the British Virgin Islands, a known Caribbean tax haven.⁵² The true identity of the company only became known in late 2007, when former President Alvaro Uribe learnt of the “extremely large” deposit at the *La Colosa* site in Cajamarca, and made the news public.⁵³ It was only then, eight years after the company's arrival, that Colombian society learnt that AGA was present in the country. This chapter summarises the exploration activities undertaken by AGA in Colombia, and other controversial situations in which the company has been involved.

Exploration History

La Colosa is not the only AGA exploration project in Colombia. Quarterly company reports⁵⁴ up to 2006 reveal that exploration activities began in the departments of Bolívar, Risaralda and Antioquia. Subsequently, the company expanded to other regions. Until 2011, its exploration portfolio comprised priority projects in the departments of Antioquia, Caldas, Tolima, Cauca and Nariño. The first projects, like Miraflores (Quinchía) and Mocoa, were transferred to B2Gold, one of its partner companies.⁵⁵

The Gramalote project is at a much more advanced stage of development than *La Colosa*

Table 2.1 summarises AngloGold's exploration projects in Colombia. Thus far the *La Colosa* project has been the centre of media and political discussion (and is also the focus of this report). AGA's Gramalote project is about ten times smaller,⁵⁶ but it is in a much more advanced stage of development.⁵⁷ It is important to note that if AGA manages to bring the Gramalote project into production, it will enhance the corporation's chances of developing the *La Colosa* project as well. It is also worthy of mention that in the Quebradona project, significant findings have recently been reported by the company.⁵⁸

49 AngloGold Ashanti. *Report to Society*. 2005. p C19. www.anglogold.com/NR/rdonlyres/E69E5630-9189-4F8E-9C52-B5F74DD50632/0/AngloGold_report05.pdf

50 Juan Houghton (Ed). *La Tierra Contra la Muerte: Con líctos territoriales de los pueblos indígenas en Colombia*. Feb 2008. www.prensarural.org/spip/IMG/pdf/10383_1_La_Tierra_contra_la_muerte.pdf

51 The two corporations were named *Compañía Kedahda* and *Compañía Kedahda Segunda*.

52 Chapter 3 discusses the issue of tax havens in detail.

53 ElTiempo. *Hallan en Cajamarca olimba reserva de oro que estaría entre las más grandes del mundo*. 21 Dec 2007. www.eltiempo.com/archivo/documento/CMS-3871744

54 AngloGold Ashanti Quarterly Exploration Updates. Years 2004-2012.

55 Revista Dinero. *B2Gold y AngloGold invertirán US\$36,9 millones en Colombia*. 26 Jan 2012

56 According to AngloGold Ashanti's *Mineral Resource and Ore Reserve Report 2012*, (pp10-11) Gramalote has 2.55 Moz of gold compared with the 26.84 Moz at *La Colosa*

57 The same report indicates that Gramalote already has exploration drill-holes spaced at an average distance of 25 x 25 meters apart, whereas *La Colosa* so far has drill-holes spaced at 100 x 100 meters apart (pp158, 162). According to slide 40 in the presentation (Ron Largent (AGA). *Investor Site Visit (Day 1)*. Nov 2011), the start of production operations in Gramalote is scheduled for 2016, with *La Colosa* starting in 2019. www.anglogold.com/NR/rdonlyres/A9169AED-3D39-4703-80EA-7061-CFC7D870/0/Day1Colombiapresentationforwebsite.pdf

58 AngloGold Ashanti. Q1 2013 *Exploration Update*. www.anglogold.com/NR/rdonlyres/3338DF9F-B4E8-4AF6-8997-E07A03CFBD8E/0/Explorationupdate.pdf

Project	Municipalities	Departments	Communities affected by the projects
Sur de Bolívar	San Pablo	Bolívar	<i>Campesino</i> small-scale farmer and mining communities, human rights organisations.
Gramalote	San Roque, Cisneros, and others.	Antioquia	Information not available.
Miraflores	Quinchía	Risaralda	Embera indigenous people. Human rights organisations.
La Colosa	Cajamarca	Tolima	<i>Campesino</i> , small-scale farmer rice grower communities and environmentalists.
Quebradona	Támesis, Pueblo Rico, and others.	Antioquia	<i>Campesino</i> small-scale farmer communities and environmentalists.
Rio Dulce	Pensilvania and Samaná, Nariño	Caldas and Antioquia	Information not available.
Salvajina	Morales y Suárez	Cauca	Nasa indigenous people. Afro-descendent, artisanal miners. Human rights organisations.
La Llanada	La Llanada, Samaniego	Nariño	<i>Campesino</i> small-scale farmer communities
Mocoa	Mocoa	Putumayo	Indigenous communities
Cordillera Occidental and Pantanos ⁵⁹	Joint venture with Allen Group. Mountainous municipalities in the Chocó region.	Chocó	Afro-descendent Territory Councils and indigenous communities.

Table 2.1.

AngloGold Exploration Projects in Colombia. Sources: from AngloGold Ashanti Exploration Reports, Colombia Mining Register and press reports.

La Toma, Cauca

The district of *La Toma*, in the municipality of Suárez, Cauca, is the home of Afro-descendent communities who derive part of their livelihood from the artisanal mining that they have carried out for three hundred years. These communities are trying to avoid being evicted from their territories after the granting of mining concessions to AGA. After community opposition, it was reported in November 2009⁶⁰ that the company decided to retire from *La Toma* and concentrate on the better prospects offered by the *La Colosa* project.⁶¹ Despite this news, worrying threats by “paramilitaries” have been reported. On 4 December 2009 several community leaders received messages with death threats alluding to AGA’s exit, and in April 2010 alleged paramilitaries killed eight artisan miners. The authorities have linked the case to disputes between rival mining groups and have refused to investigate.⁶²

Although AGA has supposedly withdrawn from the area, in 2012, at a conference on mining in Latin America, AGA showed the Salvajina project (located in the very same municipality of Suárez, as well as Morales in Cauca, in south western Colombia) as one of the priority projects for the company, which expects it to produce 300,000 ounces of gold a year.⁶³

59 AngloGold Ashanti. *Global Greenfields Exploration*. 29 Sept 2012. www.anglogold-ashanti.co.za/NR/rdonlyres/6E96D8C2-5AFD-485A-B500-B1EF58DD2A25/0/Australia-sitevisitGlobalgreenfields.pdf

60 New Internationalist. *Local Communities Fight Mineral Exploration and Eviction in the Andes*. 1 Nov 2009.

61 Mines and Communities. *AngloGold Ashanti says goodbye to Suárez, Colombia*. 31 Nov 2009. www.minesandcommunities.org/article.php?a=9664

62 Semana. *Oro, violencia y muerte en Suárez*. Cauca. 8 Apr 2010. www.semana.com/noticias-problemas-sociales/oro-violencia-muerte-suarez-cauca/137346.aspx

63 AngloGold Ashanti. *Compelling Value: The AngloGold Ashanti Story*. Scotiabank Latin American Mining Conference, 2012. www.anglogold.co.za/NR/rdonlyres/E9889C6B-E857-42A3-BA6A-3CE5B9681587/0/ScotiabankLatinAmericanMiningConference2012.pdf

“The multinational AngloGold Ashanti negotiated our lands for exploration without notifying us” – indigenous people from Quinchía

There are also ominous signs regarding human rights violations and AGA’s interests in the South of Bolívar.^{64 65} Similar situations occur in Quinchía, Risaralda (Miraflores project) where the indigenous people affirm that “the multinational AngloGold Ashanti negotiated our lands for exploration without notifying us”.⁶⁶ Meanwhile, in the Quebradona project, in southern Antioquia, peasant leaders have denounced the company: “multinationals explore our soils and because of that illegals come to plunder. Both are harmful to our environment”.⁶⁷

Tax Evasion and the Revolving Doors Scandal

In recent months recognised experts have also raised tough questions on other AGA business practices. Writing in *Razón Pública* [Public Reason], Julio Fierro comments on the evasion of payment of the *canon superficiario*⁶⁸ [surface levy] by fragmenting the areas of mining leases, and he specifically includes AGA, the largest holder of these exploration leases. This expert says that half the concessions that the company holds can be related to this practice.⁶⁹ In relation to this complaint, in April 2013 the *Contraloría* found deficiencies in the collection of surface levies that benefited AGA to the tune of 7,000 million pesos (3.9 million US dollars).⁷⁰ These findings may result in administrative and criminal proceedings.

Cases have also been widely reported in the media, leading to considerable public criticism and outcry, of former state officials joining AGA after leaving their public positions. Such is the case, for example, of Julian Villarruel, the former Director of Ingeominas (The Colombian Institute of Geology and Mining), and Liliana Alvarado, formerly Assistant Director of Subsoil Resources of the Institute.⁷¹ These personnel movements are a concern in terms of the interests of the nation as they could put privileged state information into the hands of the company.

64 Frédéric Massé y Johanna Camargo. *Actores Armados Ilegales y Sector Extractivo en Colombia*. V Informe 2012. CITpax Colombia y Observatorio Internacional DDR-Ley de Justicia y Paz. 2012.

65 Amnesty International. *Colombia: Killings, arbitrary detentions, and death threats – the reality of trade unionism in Colombia*. July 2007, pp 25, 26. www.amnesty.org/en/library/asset/AMR23/001/2007/en/b6801d38-d3ba-11dd-a329-2f46302a8cc6/amr230012007en.pdf

66 Tras la cola de la rata. *El Tesoro perdido*. 1 Oct 2011. <http://www.traslacoladelarata.com/2011/10/01/el-tesoro-perdido/>

67 El Mundo. *El Suroeste no quiere que saquen su oro*. 29 Feb 2012. http://www.elmundo.com/portal/noticias/antioquia/el_suroeste_no_quiere_que_le_saque_nsu_oro.ph

68 The *canon superficiario* (surface levy) is the payment that the holder of a mining concession must make to the State for the right to carry out activities associated with mining in the respective area.

69 Julio Fierro. *Fraccionamiento de títulos mineros: detrimento patrimonial y dudas sobre la minería responsable*. In *Razón Pública*. 5 Feb 2012. www.razonpublica.com/index.php/econom-y-sociedad-temas-29/2703-fraccionamiento-de-titulos-mineros-detrimento-patrimonial-y-dudas-sobre-la-mineria-responsable.html

70 Contraloría General de la República. *CGR detectó 12 hallazgos fiscales por 7 mil millones al evaluar fiscalización minera a AngloGold*. 22 April 2013. www.contraloria-gen.gov.co/

71 La Silla Vacía. *Los expertos de la administración Uribe se cotizan en las empresas mineras*. 23 marzo de 2011. www.lasillavacia.com/historia/los-expertos-de-la-administracion-uribe-se-cotizan-en-las-empresas-mineras-22761

Summary of Chapter

In this chapter we have seen that AGA, together with its partners, has for years been conducting systematic exploration across the length and breadth of the country. This has caused conflicts with artisan miners in the South of Bolívar and Cauca. In the case of *La Toma*, Cauca, since the company announced its withdrawal from the area in November 2009, there has been continuing harassment of small-scale miners in the area. However, despite its purported withdrawal, the company seems to maintain its interest through the Salvajina project, located in the same area, announced to investors in 2012 as a priority for the company.

AGA has also been denounced by the *Contraloría* due to AGA's handling mining areas by splitting mining concessions, in order to pay US\$3.9 million less in surface levies. This raises doubts about the company's claims to conduct "responsible mining".

The case of the so-called *revolving doors* scandal, in which several state officials have gone to work for the company, is another cause for concern because insiders could put privileged state information into the hands of the company.



Figure 2.1.
Aerial view of a mining site in the hills in the south of West Virginia (US), with a valley filled with mining waste rock.
Photo by Paul Corbit Brown (www.paulcorbitbrown.com), reproduced with permission.

3. Behind the Corporate Veil

In 2007, AGA announced its official arrival in Colombia, and changed the name of its main subsidiary in the country from *Sociedad Kedahda SA* to *AngloGold Ashanti Colombia SA*. *Sociedad Kedahda SA* was a subsidiary of two companies incorporated in the British Virgin Islands, and was used to officially conduct operations from 2003 in Colombia. The use of this company enabled it to acquire a large number of mining concessions throughout the country, while keeping a low profile. This approach was justified by AGA who stated that the company aspired “to make sure that first rights would eventually lead to mineral rights” and to avoid “costly dealings with speculators and competitors”.⁷²

Keeping a low profile

Currently, the company has three subsidiaries in Colombia which are mentioned in its publicly available reports: *AngloGold Ashanti Colombia SA*, *Minera Quebradona Colombia SA*, and *Gramalote Colombia Ltd*, listed in Table 3.1.

The creation of subsidiaries is common practice for multinationals, especially in the case of ‘joint ventures’ with other companies, as is the case with *Quebradona* and *Gramalote*. This practice can offer administrative advantages, as well as the possibility of maintaining a low profile with respect to the breadth and reach of their operations.

Limiting the liabilities of a mine

Another possible reason for the creation of subsidiaries is to try to avoid any large potential environmental and labour liabilities that often result from open-pit gold mining. Robert Moran, an independent mining expert, argues: “Every mineral deposit that becomes a mine is incorporated as an independent company, every large mine has an independent corporation for the country [...] this is mainly due to financial reasons: to limit the liabilities of a mine”.⁷³

Water purification processes often have to be done forever – Robert Moran

The approach towards limiting responsibility of mining corporations is illustrated with the case of the inhabitants of the State of Montana in the United States, who, after considering multimillion dollar decontamination costs that were being borne by taxpayers, compared to the meagre benefits received by local communities, prohibited mining activities with cyanide by means of a referendum. This happened as a result of the mining companies declaring bankruptcy when required to pay for the decontamination costs. The state then became responsible (in perpetuity) for handling the highly hazardous residues of the mines.⁷⁴ The problem of handling residues seems to be the most difficult – and invisible – problem in gold mining with cyanide, according to Robert Moran. He notes: “I have worked in many projects and sometimes for the industry, and also for attorneys representing the industry, and these companies have spent much more than 500 million US dollars in water purification processes which often have to be done forever”.⁷⁵

72 AngloGold Ashanti. *Country Report Colombia*. 2007. www.anglogoldashanti.co.za/subwebs/informationforinvestors/reports07/reporttosociety07/c/files/colombia.pdf

73 Catorce6. Interview with Robert Moran: *En la Colosa hay un conflicto potencial*. Apr–May 2009.

74 Jared Diamond. *Collapse: How Societies Choose to Fail or Succeed*. Viking. 2005.

75 Conference by Dr. Robert Moran on *Metal-mining projects: common impacts related to water*, Universidad de San Juan Argentina. 14–15 Oct 2010. www.mineriasociedad.unsj.edu.ar/videos.php

Name	Location	Company Registration Number	Area in mining concessions (hectares)	Comments
AngloGold Ashanti Colombia SA	Throughout the country	830127076	763,337	AGA's main subsidiary in Colombia, proposer of <i>La Colosa</i> project
Minera Quebradona SA	Jericó, Jardín, Tamesis, Andes and Pueblo Rico in Antioquia	900156833	12,699	Joint Venture with B2Gold (AGA 80.5%).
Gramalote Colombia Limited	San Roque, Santo Domingo, Cisneros, Maceo, San Rafael, Yolombó in Antioquia	900084407	20,716	Joint Venture with B2Gold.

Table 3.1.

Subsidiaries of AGA in projects officially announced by the corporation. Sources: Based on information from the Companies Registrar,⁷⁶ Colombian Mining Registry,⁷⁷ and Ingeominas.

This *modus operandi* of working via subsidiaries could be to avoid potential damage to AGA's reputation

Other Subsidiaries of AGA in Colombia

Apart from the subsidiaries which are mentioned in publicly available reports, there are other subsidiaries of AGA in several regions of the country (see Table 3.2). AngloGold Ashanti Colombia SA has the same registered address as, and has board members in common with, five companies operating in various regions of Colombia. This is the case with, for example, *Exploraciones Chaparral Colombia SA* in Rovira, in the Department of Tolima, or *Exploraciones Chocó Colombia SA* in El Carmen del Atrato and Quibdó, in the Department of Chocó.

It may seem surprising that AGA has these other subsidiaries in Colombia. However, one advantage of such a strategy, as the Kedahda case demonstrated, is that low-profile exploration activities can be carried out, thus managing to avoid scrutiny in cases where there are conflicts with indigenous communities, as in the case of *Exploraciones Pantanos de Colombia*, one of AGA's subsidiaries. This subsidiary has concessions on indigenous territories and other state-protected areas in the villages Frontino and Dabeiba, located in the Antioquia region.⁷⁸ This *modus operandi* of working via subsidiaries could be to avoid damage to AGA's reputation, with which it already seems to be having problems due to the company's exploration activities in protected areas belonging to the *La Colosa* project.

A Gold-mining Cartel in Colombia?

Besides subsidiaries, there seems to be a complex network of shareholding, operative and technical links that makes the mining group in Colombia much smaller than it appears to be at first sight. This network seems to gravitate around AngloGold Ashanti Colombia SA, the company with the largest number of concessions (and, it seems, the highest technical and financial capacity). This may come as no surprise, as in 2008 the company's CEO announced the existence of a strategy that had been implemented since 2000 and that involved achieving a dominant position in the control of mining concessions in strategic areas of Colombia.⁷⁹ The company has focused its efforts on the development of the *La Colosa* project, and has been establishing strategic alliances to transfer concessions and establish joint ventures with other companies.

⁷⁶ www.supersociedades.gov.co

⁷⁷ www.simco.gov.co/Inicio/CatastroMineroColombiano/tabid/107/Default.aspx

⁷⁸ Letter from the Ministry of the Interior (Prior Consultation Group) to Luisa Fernanda Aramburu. *Reply to request for certification of presence of black and/or indigenous communities*. 14 Apr 2011.

⁷⁹ AngloGold Ashanti. *Country Report Colombia*. 2007.

Name	Location	Company Registration Number	Area in mining concessions (ha)	AGA executives in the board of directors of the company
Exploraciones Pantanos de Colombia SA	Dabeiba and Frontino in Antioquia	900156837	2,800	Klaus Rohrbach. ⁸⁰ Legal Representative.
Exploraciones Chocó de Colombia SAS	Medio Atrato, Bagadó, Quibdó and Lloró in Chocó	900193739	61,185	Klaus Rohrbach. Legal Representative.
Exploraciones Chaparral Colombia S.A.S.	Rovira and Valle de San Juan in Tolima	900193150	4,904	Klaus Rohrbach. Legal Representative. Luisa F. Aramburu. Second substitute in the Board of Directors
Board of Directors Exploraciones North-ern Colombia SAS	Tolima, Nariño, Antioquia y Risaralda	900193749	43,225	Klaus Rohrbach. Legal Representative.
Minera Kala Ana SAS ⁸¹		900489783		Felipe Márquez, Legal Representative. (VP y General Counsel Colombia of AGA.)

Table 3.2. Subsidiaries of AngloGold Ashanti in Colombia. Source: Database of the Colombian Companies Registrar,⁸² Colombian Mining Registry,⁸³ and Ingeominas.

Five large corporate groups, depicted in Figure 3.1, have been identified as having a dominant position in the ownership of mining concessions and in exploratory and extractive activities. These groups are:

- AngloGold Ashanti
- Grupo Allen (CG de Colombia, Negocios Mineros SA, Colombia Developmen [sic] Corporation SA, among others)
- Grupo Iacono (Medoro Resources Colombia Inc, Compañía Minera de Caldas, Gavilan Minerales, SIIGA, Zandor Capital SA Colombia, among others)
- Grupo Mineros S.A. and
- Votorantim Metais Colombia SA.⁸⁴

There is evidence that, among these groups, there are close collaborative links that reinforce their dominant position through the accumulation of concessions and apparent sharing of technical information.

According to a report by María Teresa Ronderos entitled *Mining Fever has Taken Over Colombia*,⁸⁵ a list of the 20 corporations with the largest number of mining concessions in the country is included. Seven of those companies are involved in the extraction of gold, namely: AngloGold Ashanti, Minerales Andinos de Occidente SA, Mineros SA, CG (formerly Continental Gold), Negocios Mineros SA, Gramalote Colombia Limited and San Lucas Gold. The first six of them have financial, technical or operative ties with AGA. For example:

80 According to the book *Caminando por Cajamarca* published by AGA, Klaus Rohrbach is the Financial and Administrative Director of AngloGold Ashanti Colombia SA.

81 This company does not appear in the Colombian Mining Registry. However, according to the Colombian Companies Registrar, it has the same address as AngloGold Ashanti Colombia SA. www.informacion-empresas.co/Empresa_MINERA-KALA-ANA-SAS.html

82 www.supersociedades.gov.co/

83 www.simco.gov.co/Inicio/CatastroMineroColombiano/tabid/107/Default.aspx

84 La Silla Vacía. *¿A quién le pertenece el oro en Colombia?* 25 Jan 2012. www.lasillavacia.com/historia/quien-le-pertenece-el-oro-en-colombia-30930

85 María Teresa Ronderos. *La fiebre minera se apoderó de Colombia*. Centro de Investigación Periodística. 5 Sept 2011. www.ciperchile.cl/2011/09/05/la-fiebre-minera-se-apodero-de-colombia/

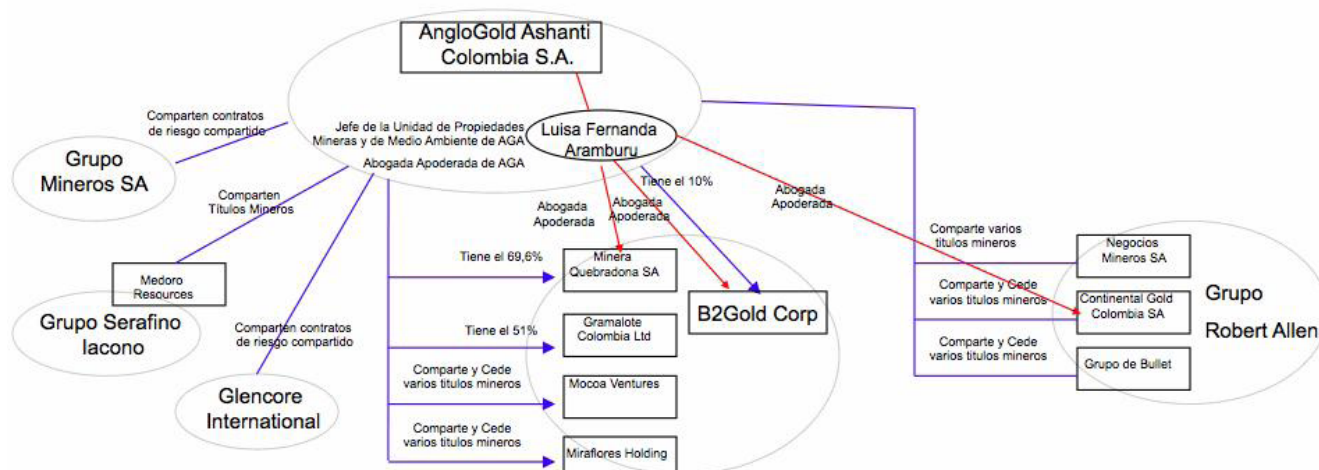


Figure 3.1.

Relationships between AGA and other mining groups in Colombia
 Source: Information from the Colombian Company's Registrar, Ingeominas, and corporate reports.

- The company Negocios Mineros has Robert Allen (owner of Continental Gold) as a board member.
- Gramalote Colombia Limited had Rafael Herz as the Vice Legal Representative, who was at the time the Vice President of Sustainability of AGA in Colombia.⁸⁶
- Furthermore, Minerales Andinos de Occidente SA belongs to Serafino Iacono's group.
- AngloGold Ashanti and B2Gold share ownership of the Quebradona and Gramalote⁸⁷ projects, while AGA owns 10.2% of B2Gold's shares.⁸⁸ Also, AGA's Legal Representative and Deputy Director of Concessions and Mining Proposals, Luisa Fernanda Aramburu, is registered as the Legal Representative of B2Gold in several of its legal transactions.⁸⁹ In May 2008, AGA transferred certain mining concessions in Mocoa to B2Gold, specifically in the Miraflores project (Quinchia, Risaralda), and the Gramalote project, in exchange for 15.9% of B2Gold's shares. The two companies announced joint operations in the Gramalote project for 36.9 million US dollars in 2012.⁹⁰
- AGA has close cooperative links with several companies pertaining to the business group led by Robert Allen. In the case of Continental Gold, between 2007 and 2010, the companies made exploration agreements in the projects Dojura (Bagadó and Lloró in Chocó) and Dominical (La Vega and La Sierra in Cauca).⁹¹ There are also cases where concessions have been transferred, such as the transaction carried out between 2 and 3 March 2011, where twelve concessions owned by Negocios Mineros were transferred to AGA in the towns of San Luis, Ibagué, Rovira and Cajamarca in Tolima.⁹² *Grupo de Bullet* (part of *Grupo Allen*) has also worked closely with AGA.⁹³

86 Rafael Herz was the CEO of AngloGold Ashanti Colombia until 2012, and was VP of Sustainability until 2013.

87 B2Gold Corp. *Company Profile*. 2013. www.b2gold.com/corporate/about/company-profile.html

88 AngloGold Ashanti. *AngloGold Ashanti and B2Gold amend Gramalote joint venture agreement*. 10 Aug 2010. www.anglogold.co.za/Additional/Press/2010/20100812_Gramalote.htm

89 Gobernación de Antioquia. Resolution 0102710. 9 Aug 2010.

90 Revista Dinero. *B2Gold y AngloGold invertirán US\$36,9 millones en Colombia*. 26 Jan 2012. www.dinero.com/negocios/articulo/b2gold-anglogold-invertiran-us369-millones-colombia/143507

91 Continental Gold. *Management's discussion and analysis for the year ended December 31, 2010*. 18 Mar 2011. p7.

92 Ingeominas Registry. *Transfer of rights for Concessions HEM-095 and HEO-133410X*. 1 Mar 2011 and 2 Mar 2011.

93 Website of Bullet Forestal SAS. http://bulletforestal.com/index.php?option=com_content&view=article&id=15&Itemid=16&lang=es

- AGA also shares three concessions with Serafino Iacono's group through the company Medoro Resources in the towns of San Roque, Yolombó, Cisneros, San Rafael, Caracolí and Santo Domingo, in the locality of the Gramalote mining project.⁹⁴
- AGA also has joint ventures with Glencore International and Mineros SA.⁹⁵

In the Municipality of Cajamarca, where *La Colosa* is located, AGA owns 69% of the mining concessions. However, if the concessions from Robert Allen's mining group (Negocios Mineros SA, Continental Gold Colombia SA, and Continental Gold Ltda) are included, these companies have a combined 91% of the concessions in Cajamarca. This would enable them to share geological information, and deploy joint intervention strategies in the area.

There seems to be an oligopoly of large-scale gold mining in Colombia, gravitating around AGA

Together, the concessions belonging to AGA, Robert Allen (Continental Gold and Negocios Mineros), B2Gold, and the companies led by Serafino Iacono (Medoro Resources and Gran Colombia Goldfields) constitute the vast majority of concessions for gold extraction in the country.⁹⁶ This gives them a dominant position in the sector, suggesting the existence of an oligopoly of large-scale gold mining in Colombia, gravitating around AGA. In the words of the company itself, it states in its 2010 financial report: "AngloGold Ashanti will continue to push its first-mover advantage and dominant land position particularly as major competitors realise the potential of Colombia, which has not seen a major gold mine development for decades".⁹⁷

Subsidiaries in Tax Havens

Another aspect that has been observed regarding AGA's use of subsidiaries is the existence of shell corporations in *tax havens*.⁹⁸ Despite having its headquarters in South Africa, in February 2003, executives of AGA created two shell corporations in the British Virgin Islands, which served as the starting point for the creation of Kedahda in Colombia.

AGA has at least 39 shell corporations in tax havens

The case of Kedahda is not an isolated one. It should be noted that AGA has at least 39 shell corporations in tax havens such as Gibraltar, Malta, British Virgin Islands or Isle of Man, 16 of which appear to be linked with subsidiaries in Colombia (see Table 3.3). The majority of these corporations have their headquarters in the British Virgin Islands – and also have a presence in The Isle of Man.

In February 2008, Jorge Molano, a Colombian lawyer and researcher, published findings that demonstrated that shell corporations in the British Virgin Islands were involved with the creation of Sociedad Kedahda SA

94 This is concerning concessions HIWB-02 (7 Jun 2009), HJBM-02 (9 Dec 2008), HJBF-07 (9 Dec 2008).

95 AngloGold Ashanti. *Mineral Resource and Ore Reserve Report*. 2012. p. 156.

96 Alejo Pulido. *¿A quién le pertenece el oro en Colombia?* In *La Silla Vacía*. 25 Jan 2012. www.lasillavacia.com/historia/quien-le-pertenece-el-oro-en-colombia-30930

97 AngloGold Ashanti. *Annual Financial Statements 2010*. p 131.

98 According to Nick Mathiason, while there is no consensus regarding the definition of the term *tax haven*, it is generally applied to a jurisdiction that offers advantages for companies that require secrecy, in the sense that accounting information and other information about the shareholders and directors is not usually disclosed. According to a list of 46 jurisdictions issued by the International Monetary Fund and the Financial Stability Forum, Anguila, Bermuda, Gibraltar, Isle of Man, British Virgin Islands, Panama and Switzerland, are regarded as tax havens.

Name Prior to June 2008	Current Name
AngloGold Ashanti Chaparral Investments One Limited	Chaparral investments One Limited
AngloGold Ashanti Chaparral Investments Two Limited	Chaparral investments Two Limited
AngloGold Ashanti Vichada Investments One Limited	Northern Colombia Investments One Limited
AngloGold Ashanti Vichada Investments Two Limited	Northern Colombia Investments Two Limited
AngloGold Ashanti Eastern Cordillera Investments One Limited	Eastern Cordillera Investments One Limited
AngloGold Ashanti Eastern Cordillera Investments Two Limited	Eastern Cordillera Investments Two Limited
AngloGold Ashanti Pantanos Investments One Limited	Pantanos Investments One Limited
AngloGold Ashanti Mocoa Investments One Limited	AngloGold Ashanti Quebradona One Limited
AngloGold Ashanti Mocoa Investments Two Limited	AngloGold Ashanti Quebradona Two Limited
AngloGold Ashanti Choco Investments One Limited	Choco Investments One Limited
AngloGold Ashanti Choco Investments Two Limited	Choco Investments Two Limited
AngloGold Ashanti Mocoa Holdings Limited	AngloGold Ashanti DRC Holdings 3 Limited
AngloGold Ashanti Chaparral Holdings Limited	Chaparral Holdings Limited
AngloGold Ashanti Choco Holdings Limited	Choco Holdings Limited
AngloGold Ashanti Vichada Holdings Limited	Northern Colombia Holdings Limited
AngloGold Ashanti Pantanos Holdings Limited	Pantanos Holdings Limited

Table 3.3.

AGA's subsidiaries that are related to Colombia registered in Isle of Man. Source: Isle of Man Companies Registry.⁹⁹

in Colombia. A few months later, in June and November of 2008, the 16 corporations related to AGA and Colombia changed their names. 14 of them discarded the words “AngloGold Ashanti” from their names, which had (until then) indicated their relationship to AGA. For example, *AngloGold Ashanti Chaparral Holdings Limited* became *Chaparral Holdings Limited* (See Document 2 in the Appendix). This pattern of behaviour suggests that AGA was trying to avoid knowledge of the existence of these other subsidiaries being disclosed to the public.

These subsidiaries appear to replicate the same pattern of behaviour as that seen in the case of Kedahda, i.e. that of a subsidiary in a tax haven being used as a parent company of subsidiaries in Colombia.

AGA has one or two corporations registered in the British Virgin Islands for most of the countries in which it is present, such as China (*AngloGold Ashanti Xinjiang Limited*), or Russia (*AngloGold Ashanti Russia Holdings Limited*). Nevertheless, there are 16 different companies for Colombia alone.

Having a complex network of corporations in tax havens is not illegal. However, it is not a sign of high ethical standards and a solid commitment to the development of the country in which the company's operations are taking place. It should be noted that in accordance with the National Tax and Customs Department of Colombia (DIAN), there is a suspicion of tax avoidance in the mining sector on the basis of the enormous lack of information, and lack of control, over company subsidiaries in tax havens.¹⁰⁰ According to the head of the DIAN “Some companies in the mining and energy sector transact with offshore entities [...] but there is no information available on the buyers”.¹⁰¹ As a result, it is worth questioning why AGA seems to be interested in maintaining secret networks of companies in jurisdictions considered to be tax havens.

⁹⁹ Isle of Man Companies Registry. www.gov.im/ded/pvi/pvi_fr.html

¹⁰⁰ Juan Ricardo Ortega. *El Sector Minero como motor del desarrollo*. DIAN. p 79. 6 Oct 2011.

¹⁰¹ José Fernando Isaza. *Un Indignado*. El Espectador. 26 Oct 2011. www.elespectador.com/impreso/opinion/columna-307829-un-indignado

In January of 2012, Rafael Herz stated that AGA has invested 350 million US dollars during the 2003–2011 period in Colombia.¹⁰² Nonetheless, and according to the official registries of the Colombian Central Bank (Banco de la República), there have been no flows of foreign investment coming from South Africa. However, during the 2003–2011 period, 822.5 million US dollars entered the country from the British Virgin Islands.¹⁰³ This would appear to demonstrate that AGA is making use of its corporate networks in tax havens in order to manage its investments in Colombia.

Since the tax rate at the country of origin is much higher than at the tax haven, the company avoids paying substantial amounts of tax

According to research carried out by Nick Mathiason,¹⁰⁴ in which 6,038 subsidiaries of the largest extractive corporations in the world were traced, subsidiaries in tax havens can be used to hide income and revenues flowing from countries with natural resources to the countries where the headquarters are located. This is done in order to minimise the amount of taxes to be paid, by means of a practice known as *transfer pricing*. This practice can occur when subsidiaries of the same company trade with each other. For example, consider the case where a subsidiary based in a country where extraction takes place sells commodities to another subsidiary based in a tax haven or secrecy jurisdiction at an artificially reduced price. The subsidiary in the offshore location then sells them on to the country where they are finally consumed at a much higher price. Since the tax rate at the country of origin is much higher than at the tax haven, the company avoids paying substantial amounts of tax. This practice has implied losses, to those countries where the mineral extraction takes place, of millions of dollars in fiscal income from extractive companies.¹⁰⁵ Mathiason also highlights the link between offshore subsidiaries and unlawful payments to politicians and state officials.

Furthermore, a report by the Christian Council of Tanzania and others¹⁰⁶ addresses the issue of tax payments by gold-mining companies in Tanzania, and reinforces the view that tax havens facilitate practices such as transfer pricing. AGA is one of the case studies in the report. The report concludes that although Tanzania should supposedly be benefiting from a gold-mining boom, the low amount of tax paid by these corporations makes the benefits to the country questionable.

It is estimated that the use of tax havens may have cost Africa 38 billion dollars between 2008 and 2010

Another example is presented by Alex Prats, a researcher for Christian Aid, who notes that Swiss registered companies are involved with 25% of exports of commodities from countries in the South, and estimates that between 2007 and 2010, transfer pricing may have cost them 578 billion dollars.¹⁰⁷

In the February 2013 *Africa Progress Report*, led by Kofi Annan, the link is drawn between extractive industries, corporate structures involving tax

102 Portafolio. *Primera producción de oro en Colombia será para el 2016*. 23 Jan 2012. www.portafolio.co/economia/primera-produccion-oro-anglogold-colombia-sera-2016

103 Banco de la República. *Series Estadísticas. Flujos de Inversión Directa*. www.banrep.org/series-estadisticas/see_s_externo.htm

104 Nick Mathiason. *Piping Profits*. Publish What You Pay Norway. 2011. www.publish-whatyoupay.org/sites/publishwhatyoupay.org/files/FINAL%20pp%20norway.pdf

105 Simon J Pak. *Lost Billions. Transfer Pricing in the Extractive Industries*. Publish What You Pay Norway. Jan 2012. www.pwyp.no/sites/all/files/1008a-PWYP_TransferPricing_ENG_DOWNLOAD.pdf

106 Mark Curtis, Tundu Lissu. *A Golden Opportunity? How Tanzania is Failing to Benefit from Gold Mining*. 2ed., Oct 2008. www.pambazuka.org/images/articles/407/gold-enopp.pdf

107 Alex Prats. *Who pays the price? Hunger: the hidden cost of tax injustice*. Christian Aid. www.christianaid.org.uk/images/who-pays-the-price-hunger-the-hidden-cost-of-tax-injustice-may-2013.pdf

havens, and the impoverishment of the continent: “The extensive use by multinational investors of companies registered in tax havens and offshore centres, and their dealings with other offshore companies, is [...] associated with practices that hurt Africa and weaken the link between resource wealth and poverty reduction”.¹⁰⁸ It is estimated that these practices may have cost Africa 38 billion dollars between 2008 and 2010.¹⁰⁹

While the use of tax havens is itself legally permitted, such jurisdictions are used to obscure the activities of companies, and often allow illegal activities to be carried out with impunity. According to the International Consortium of Investigative Journalists,¹¹⁰ tax havens have been used to avoid tax being paid on large fortunes,¹¹¹ hide the wealth of members of authoritarian or corrupt regimes,¹¹² carry out money laundering by large banks,¹¹³ conceal money from scams (such as Ponzi or pyramid schemes), and the establishment of corporate structures used for tax evasion purposes.

Summary of Chapter

On the basis of the information contained in this chapter, it cannot be stated that AGA has engaged in illegal activities. Nonetheless, many more questions than answers emerge concerning its ethical standards and commitment to Colombia. The subsidiaries created by AGA in Colombia could help it maintain a low profile in localities that are more challenging for the company, as well as to limit their potential liabilities for future environmental degradation that may result.

The complex network of ownership and collaboration that exists between several mining companies in Colombia leads one to question how many companies actually exist, and whether a large-scale gold mining cartel has emerged in the country.

The systematic use of tax havens, for a company that “complies with the law in all its activities”,¹¹⁴ is troubling given that tax havens are commonly associated with activities such as transfer pricing and tax evasion, as they provide a framework that enables companies to obscure their activities.

These findings do not seem to be consistent with AGA’s commitment to “guarantee transparent and responsible behaviour within the natural and social context in which [it is present]”.¹¹⁵

AGA’s systematic use of tax havens brings into question its transparency and responsibility

108 Africa Progress Panel. *Africa Progress Report. 2013. Equity in extractives: Stewarding Africa’s natural resources for all.* Apr 2013. p8.

109 *Ibid.* p19.

110 www.icij.org

111 Bastian Obermayer et al. *Interactive: Gunter Sachs’ offshore network.* 3 April 2013. www.icij.org/offshore/interactive-gunter-sachs-network

112 Marina Guevara et al. Who uses the offshore world. 16 April 2013. www.icij.org/offshore/who-uses-offshore-world

113 Michael Hudson. *JPMorgan Chase’s record highlights doubts about big bank’s devotion to fighting dirty money flows.* 30 April 2013. www.icij.org/offshore/jpmorgan-chases-record-highlights-doubts-about-big-banks-devotion-fighting-dirty-money

114 AngloGold Ashanti. *Cumplimos la Ley en Todas Nuestras Actividades.* Press Release. 14 Mar 2013. www.anglogoldashanti.com.co/saladeprensa/DocsComunicadosPrensa/COMUNICADO%20DE%20PRENSA%20DE%20ANGLOGOLD%20ASHANTI%20COLUMBIA.pdf

115 AngloGold Ashanti. *Política Ambiental y de Comunidades.* 4 Apr 2011. <http://www.anglogoldashanti.com.co/Sostenibilidad/Políticas/Pol%C3%ADtica%20ambiental%20y%20de%20comunidades.pdf>



4. Mining Concessions in *Páramos* and Natural Parks

Under Colombian Law 99 of 1993, unique ecosystems such as *páramos* (see Figure 4.1), *sub-páramos* and aquifer recovery areas are designated as being subject to special protection. This legislation prioritises human consumption over any other use, and states that these ecosystems should be protected as the heritage of the Colombian people. Judgment C-339 of 2002 of the Colombian Council of State¹¹⁶ establishes the areas where mining should be banned, and in addition to national parks there are several ecosystems that have constitutional protection. These ecosystems include *páramos*, dry forests, the Amazon rainforest, and others. The same judgement reiterates the preeminence of the collective right to a healthy environment in the context of individual rights such as the right to free enterprise or work.¹¹⁷

AGA has mining concessions in protected areas and has not relinquished them

Figure 4.1.

Páramo ecosystems are considered unique, and are exclusive to the northern Andes. They are located high in the mountains, between the cloudforests and the snowline. They are characterised by the presence of *frailejones* (genus *Espeletia*), which can be seen in the photo. *Páramos* provide various environmental services: they have unique flora and fauna, possess the ability to act as carbon sinks, and have excellent water retention capacity. The sources of Colombia's major rivers are in *páramo* areas.¹²¹ Photo credit: Luisa Bustos.

AGA has acquired mining concessions in areas that have special protection and in which mining is prohibited, refusing to give them up in spite of what the law says. This has given rise to media scandals and contradictory statements from the company. In July 2011, Rafael Herz, president of AGA in Colombia at the time, when interviewed by the regional newspaper *El Nuevo Día*, acknowledged that “The company has concessions in *páramo* areas in Tolima and has taken the decision not to advance any mining activity in these areas”.¹¹⁸ When asked for a list of the concessions he replied: “I do not have this concrete information at this time, but I promise to submit it so the people of Tolima know”. Five days after the interview with Herz, a national newspaper reported the new position of the company: “AGA executives indicated that none of the mining concessions in Tolima are in *páramo* areas or areas of special protection where mining activity is not permitted”.¹¹⁹ In October of 2011, it was revealed that the company had 41,849 ha in concessions that overlap with the *páramos* in Santurbán, the Los Nevados Complex (in the departments of Caldas, Quindío, Risaralda and Tolima), and Chili-Barragán (in the departments of Quindío, Tolima and Valle del Cauca).¹²⁰

In November 2011, AGA announced: “We have relinquished all those concessions we had in *páramos* and natural parks”.¹²² However, according to the magazine *Semana*, in March 2013, AGA still held three concessions

116 www.corteconstitucional.gov.co/RELATORIA/2002/C-339-02.htm

117 Fierro Julio. *Minería en los Páramos: El agua vale más que el oro*. In Razón Pública. 28 Mar 2011. www.razonpublica.com/index.php/econom-y-sociedad-temas-29/1917-mineria-en-los-paramos-el-agua-vale-mas-que-el-oro.html

118 *El Nuevo Día*. *Preguntas Incómodas a AngloGold*. Ibagué. 23 Jul 2011. www.elnuevodia.com.co/nuevodia/actualidad/politica/104211-preguntas-incomodas-a-anglogold

119 *La República*. *AngloGold responde al control de advertencia de la Procuraduría*. 28 July 2011.

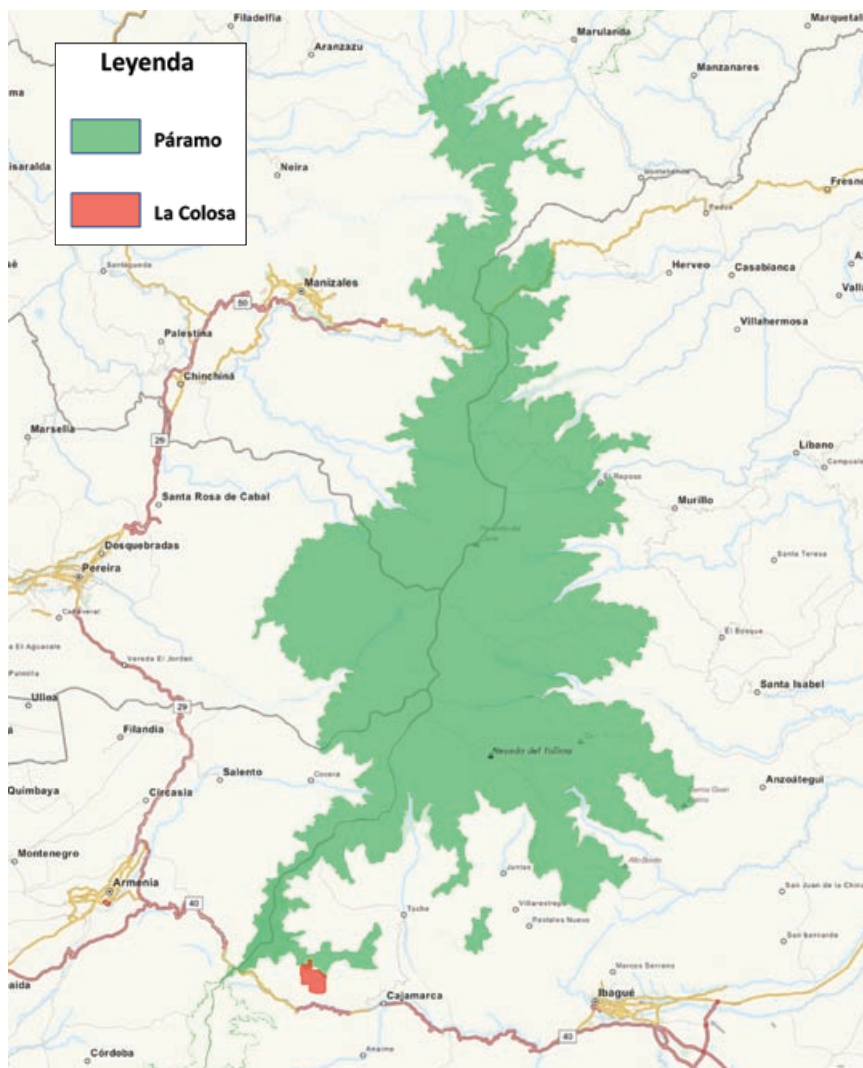
120 Alejo Pulido. *Estas son las empresas mineras en los páramos*. 13 Oct 2011. www.lasillavacia.com/historia-invitado/27599/alejop/estas-son-las-empresas-mineras-en-los-paramos

121 Morales M., Otero J., Van der Hammen T., Torres A., Cadena C., Pedraza C., Rodríguez N., Franco C., Betancourth J.C., Olaya E., Posada E. y Cárdenas L. *Atlas de Páramos de Colombia*. Instituto de Investigación de Recursos Biológicos Alexander von Humboldt. 2007. Bogotá. www.humboldt.org.co/chmcolombia/servicios/jsp/paramos/docs/atlas_paramos.zip

122 AngloGold Ashanti Colombia. *Sin Títulos Mineros en Páramos*. 2 Nov 2011. www.anglogoldashanti.com.co/saladeprensa/Lists/Comunicadosprensa/DispForm.aspx?ID=44&ContentTypeld=0x01004AE48E2DC4F60049AEF252618E526CA

Figure 4.2.

Map of the Los Nevados *Páramo* Complex, located in the Viejo Caldas/Tolima District of the Central Mountain Range. The green area corresponds to *páramo*. Sources: Coordinates from the Instituto von Humboldt. Base map: MapQuest. An official map with more detail is available in Figure 3 of the Appendix.



in Los Nevados National Park (in Tolima and Quindío), and a concession in Florencia National Park (in Caldas and Antioquia).¹²³ According to the Colombian mining registry in July 2012, AGA retains 15 of 21 concessions that it had in *páramo* areas in 2010, amounting to 39,704 hectares of the 41,849 that it originally had. The company relinquished the majority of the concessions that it had in the Santurbán *páramo* (although it retained one with an area of 75 ha), did not relinquish any of its concessions in the Los Nevados *Páramo* Complex, and only relinquished one concession of the ten that it had in the *páramo* of Chili-Barragán (see Table 1 in Appendix).

La Colosa is on the Páramo

In 2008, the environmental authority of Tolima (*Cortolima*) noted that the *La Colosa* project, which is AGA's flagship project in Colombia, had concessions on areas overlapping with *páramo* areas.¹²⁴ When asked about this, in July 2011, Rafael Herz (then president of AGA in Colombia)

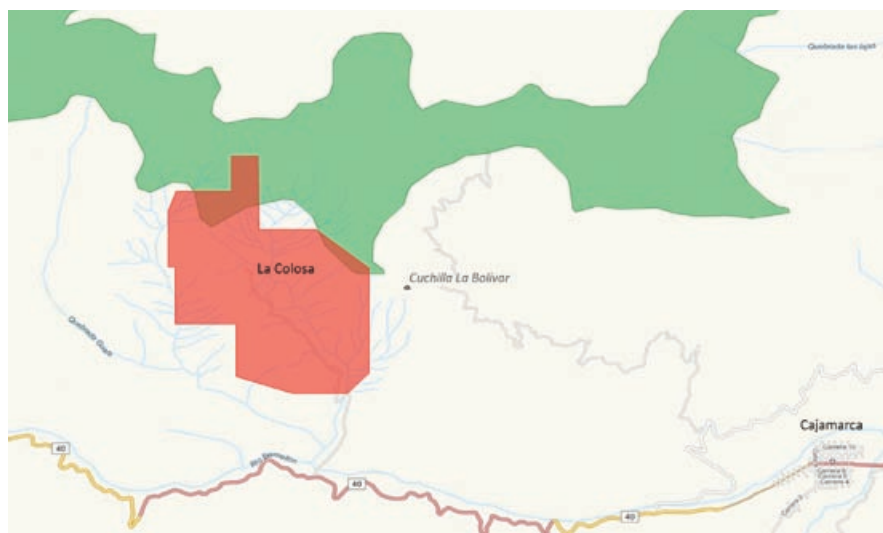
123 Revista Semana. *Naturaleza Minada en Parques Nacionales*. 23 Mar 2013. The concessions are: FEE-119 in Pensilvania, Caldas and Nariño, Antioquia, GLN-094 in Ibagué and Salento, HB7-086 in Cajamarca, Ibagué and Salento and HEM-097 in Anzoátegui, Tolima. www.semana.com/nacion/articulo/naturaleza-minada-parques-nacionales/337666-3

124 Cortolima, Resolución 205 of 2008. 21 Feb 2008. https://dl.dropbox.com/u/14730821/cortolima%20resolucion_205_20080001.pdf

Figure 4.3.

Northern Cajamarca with the new definition of *páramos* (green) and the *La Colosa* mining project (red). Note the overlap of the project on the *páramo* area.

Sources: *Páramo* area coordinates taken from Instituto von Humboldt. *La Colosa* project coordinates taken from Ministry of Environment Resolution 0814 dated 4 May 2009. Base map: MapQuest.



claimed: “It is not true that part of the project is located in a *páramo* area, and much less so that the work carried out there up until now has affected the ecosystem”.¹²⁵

Approximately 50 hectares of a total of 515 hectares of *La Colosa* project is located in a *páramo* area

In September 2012, the Von Humboldt Institute conducted a new delineation of *páramos* in Colombia, which resulted in an increase of 30% of the area that should be protected as *páramo* in the country. Despite being mandated by the Ministry of Environment, this entity still has not officially adopted the new delineation, which has caused controversy.¹²⁶ Figure 4.2 shows the new delineation of the Los Nevados *Páramo* Complex. Figure 4.3 shows the northern part of Cajamarca in the map in Figure 3.2 in more detail. This has serious implications, as part of the area of the *La Colosa* project (approximately 50 hectares of a total of 515 hectares) is located inside the *páramo* area. The area where the project overlaps with the *páramo* area is indicated in Figure 4.4. In light of this, it is also reasonable to assume that a considerable area of the project would also overlap with areas of *sub-páramo*.

According to the overlap identified between *páramo* areas and AGA mining concessions (see Figure 4.4), the company should relinquish nine mining concessions located in the Los Nevados *Páramo* Complex and the northern Cajamarca area (north of the Bermellón River).¹²⁷ This includes concessions GGF-151 and EIG-163 where *La Colosa* is located. Furthermore, concessions EIG-163 and ELJ-118 belonging to AGA, and GEBM-03 belonging to Mistrato SA, are in the area of the source of the Chorros Blancos stream, the source of Cajamarca’s water supply.

Finally, it should be noted that there is evidence that the company has carried out drilling in areas defined as *páramos* under the new delineation. According to cross-sections showing the exploration drilling presented by Jorge Tapia in November 2011 (see Figure 4.5 for an example of one of the

125 El Espectador. *Mientras sube el oro, la Colosa no avanza* 27 Jul 2011. www.elespectador.com/impreso/negocios/articulo-287604-mientras-sube-el-oro-colosa-no-avanza

126 Andrés Bermúdez Liévano. *Los Páramos de la Discordia*. La Silla Vacía. 6 April 2013. www.lasillavacia.com/historia/los-paramos-de-la-discordia-42644

127 The concessions are: EIG-177, GGF-151, EIG-163, ELJ-118, GLN-095, GLN-099, HHA-14251X, ELJ-117 and CQ3-145.

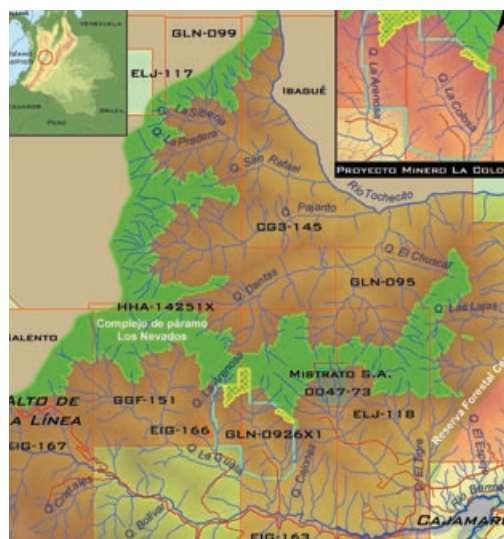


Figure 4.4. (above left) Northern part of Cajamarca with the new definition of *páramos*, mining concessions and the *La Colosa* mining project. Note the overlap of the project on the *páramo* area. Source: Comité Ambiental en Defensa de la Vida.

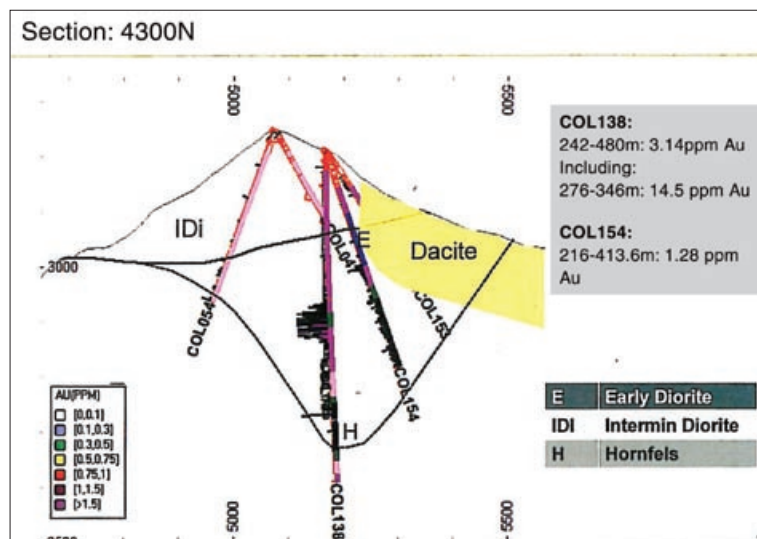


Figure 4.5. (above right) Cross-section of drilling at the *La Colosa* project. Note that the heights of the two platforms (with five boreholes in total) is over 3200 metres above sea level, the threshold which defines the new delineation of the *páramo* in northern Cajamarca. Source: Jorge Tapia (AGA). *La Colosa Site Visit (Day 2)*. November 2011. Slide 10.

slides), at least six boreholes had been drilled in the *páramo* area.¹²⁸ It is not however clear if these areas were classified as *páramo* when the drilling took place.

Mining Concessions located over Vital Water Sources

In September 2011, the local attorney [*Personería*] of Ibagué filed a class action before the Administrative Tribunal of Tolima citing irregularities in the issuance of mining concessions located in the Combeima and Cocora river basins. These are the only rivers that supply water to the city of Ibagué. Of the fourteen concessions listed in the class action, eight are in AGA's name. This is in spite of some of the land in these areas being owned by the mayor of Ibagué and *Cortolima*, the regional environmental authority. The regional newspaper *El Nuevo Día* counted twenty AGA mining concessions on the river basins that supply water to the city.¹²⁹

According to AGA, the Ibagué Supreme Court ordered the suspension of the concessions claimed by the local attorney of Ibagué. The company has appealed this decision and is awaiting the outcome.¹³⁰ The company's reluctance to giving up the concessions is becoming increasingly apparent.¹³¹ In March 2013, the mayor of Ibagué requested that AGA relinquish 157

128 Boreholes COL054, COL047, COL138, COL153, COL154 and COL048 have been found to be over the 3200 m height threshold, which corresponds to the *páramo* in this area. Source: Jorge Tapia (AGA). *La Colosa Site Visit (Day 2)*. Nov 2011. Slides 10 and 11.

129 According to *El Nuevo Día*, on 12 September 2011, there were 20 AngloGold concessions in river basins that supply the city's water: GEB-10N, GLN-093, GLN-094, GLN-095, ELJ-113, HB7-086, JB6-15011, HEG-153, JB6-14541, HEM-095, HEM-096, HHV-08231, JB6-14521, JB5-15421, JB5-15401, HEG-154, GLT-081, CG3-145, EKQ-102 and FEE-121. See: (*El Nuevo Día*. Objeto Titulos mineros en fuentes de agua potable. 12 Sept 2011). As of 29 April 2013, the concession HEM-096 now belongs to Negocios Mineros SA, and GEB-10N has terminated. The remainder still belong to AGA.

130 AngloGold Ashanti. Annual Financial Statements 2011. 2012. page 161.

131 On 12 September 2011, *El Nuevo Día* published the list of mining concessions located over the river basins that supply Ibagué with water. Subsequently, on 31 October 2011, concession JB6-14561, located in the Cocora river basin, was transferred from AGA to Exploraciones Northern AngloGold Colombia (a subsidiary of AGA in Colombia). In the Cocora river basin, concession HEB-166 belongs to Continental Gold, a company whose legal representative, Luisa Fernanda Aramburu, was also Deputy Director of Mining Concessions and Proposals for AngloGold Ashanti Colombia SA.

Ibagué Council requested that AGA relinquish 157 mining concessions

mining concessions, and 100 applications for mining concessions that it had in the municipality, in particular those in areas that supply water to the city.¹³² This was on the basis that having mining concessions located in such areas threatens the availability and quality of the water supply, a service of primary importance for the inhabitants of Ibagué.

The Impacts of Climate Change

In 2011, the Ministry of the Environment presented a study on the effects of climate change on the *páramos*, given their vulnerability to climatic conditions.¹³³ In this study, it is stated that in *páramo* areas (generally located between 3,000 and 4,200 metres above sea level) there is a downward trend in annual rainfall and a strong increase in the maximum temperature. Furthermore, Daniel Pabón¹³⁴ reports that relative reductions in humidity are projected for the period 2011–2040 in the departments of Cesar, Guajira, Huila and Tolima. He also notes that the most vulnerable crops in the country would be rice, tree tomatoes, potatoes and wheat.

There is a downward trend in annual rainfall and a marked increase in the maximum temperature in *páramo* areas

According to Manuel Rodríguez,¹³⁵ the Global Development Centre ranks Colombia as one of the most vulnerable countries (19 of 233) facing the probability of extreme climatic changes. Colombia is also the third most vulnerable country to the impacts of earthquakes, floods, cyclones, and landslides, according to the mortality risk index of the United Nations. It has also been found that the freshwater and saltwater fishing sectors of the Colombian economy are the second most vulnerable in South America as a result of global warming. According to the IDEAM (the Colombian Institute of Hydrological, Meteorological and Environmental Studies), in 25 years' time, 70% of municipal areas could face water shortages.¹³⁶ The same institute states that in the event of the *El Niño* phenomenon reoccurring, 7% of the population in the area may not have access to drinking water.

According to climate change predictions for the country, over the next 27 years,¹³⁷ it is expected that there will be an increase in temperature and decrease in relative humidity. This would imply the reduction of available water for human consumption and agriculture. This is particularly serious for the Tolima department, where 71% of agricultural land (281,000 hectares) may be heavily impacted by climate change. It also emphasises that almost 100% of the area used for irrigated rice cultivation in Tolima may be severely impacted, while it is also the area considered to be most vulnerable. Tolima therefore has the worst predicted impacts in the country.

132 El Tiempo. *Piden a AngloGold que renuncie a 157 títulos en Ibagué*. 14 Mar 2013. www.eltiempo.com/colombia/tolima/ARTICULO-WEB-NEW_NOTA_INTERIOR-12689002.html

133 Ministerio de Ambiente Vivienda y Desarrollo Territorial. *Estudio de la Vulnerabilidad y los Impactos Adversos del Cambio Climático en los Páramos y Humedales Altoandinos de Colombia*. Bogotá. Jan 2011.

134 Daniel Pabón. *El Cambio Climático en Bogotá Región*. Weather, Climate and Society Working Group Universidad Nacional de Colombia. 2010.

135 Manuel Rodríguez y Jason García. *Las políticas de prosperidad económica y la adaptación al cambio climático*, in: *Desarrollo Económico y Adaptación al Cambio Climático*, Martha Cárdenas y Manuel Rodríguez (Eds) Fescol y Foro Nacional Ambiental. Bogotá, April 2013.

136 Instituto de Hidrología, Meteorología y Estudios Ambientales. IDEAM. *Informe anual sobre el estado del medio ambiente y los recursos naturales renovables en Colombia*, Bogotá 2004.

137 Instituto de Hidrología, Meteorología y Estudios Ambientales. IDEAM. *Segunda Comunicación Nacional ante la Convención Marco de las Naciones Unidas sobre el Cambio Climático*. Bogotá, Jun 2010.

Figure 4.6.

Image taken from AGA's campaign about the "myths and realities" of the *La Colosa* project



Cajamarca is one of the most vulnerable municipalities to climate change

According to a study by the Ministry of the Environment about adaptation to climate change,¹³⁸ the Municipality of Cajamarca is one of the most vulnerable to climate change in the country. This issue would be exacerbated by the development of mining in Cajamarca.

Climatic variations in the region have already been a cause for concern. During the *El Niño* phenomenon in 2010, Cajamarca was thrown into a crisis due to severe water shortages. The manager of the Tolima water board said: "There they take the water from the *Chorros Blancos* stream, which went from 220 to 60 litres per second, and of the *Dos Quebradas* tributary, which went from 120 to 10 litres".¹³⁹ This situation meant that the water retention capacity of the area was very important, as it ensured a supply of water to the population. Unfortunately, water scarcity in the region is likely to happen again in the future.

Summary of Chapter

Páramos, despite being relatively unknown to Colombian society, are a key ecosystem for its welfare. It is worrying that AGA still has mining concessions on the *páramos* and in national parks, despite claiming to have given them up.

The new delineation of *páramos*, conducted by the Von Humboldt Institute in late 2012, indicates that 50 hectares of the *La Colosa* project is located in a *páramo* area. There are also likely to be *sub-páramo* areas surrounding these 50 hectares. By looking at company presentations for investors, it can be observed that AGA has already carried out drilling in areas that are above the elevation threshold of where the *páramo* starts (3200 m above sea level).

There are also concerns about how climate change and the associated *El Niño* phenomenon will affect the Tolima Department, as predictions suggest that there will be a scarcity of water in the future. This situation is likely to be aggravated by the impacts of mining, which would not only result in the destruction of ecosystems that are key to water production, but also consume huge amounts of water.

138 Ministerio de Ambiente Vivienda y Desarrollo Territorial. *Estudio de la Vulnerabilidad y los Impactos Adversos del Cambio Climático en los Páramos y Humedales Altoandinos de Colombia*. Bogotá. Jan 2011.

139 El Tiempo. *En Peligro de secarse río Combeima por fenómeno de "El Niño"*, alertó Cortolima. 21 Jan 2010.



5. *La Colosa*: A Project of Colossal Scale

The *La Colosa* Project is in Cajamarca, Tolima, some 30 kilometres west of the city of Ibagué, the capital of the department. On the day the gold discovery was announced, the Ministry of Mines and Energy talked about a gold deposit that would be one of the 10 largest in the world, estimated at 12.9 million ounces (Moz), equivalent to nearly 22 billion dollars.¹⁴⁰ However, the resource estimate has shown an upward trend: in the AGA Mineral Resource and Ore Reserve report of 2011, an increase to 16.27 Moz¹⁴¹ was reported. In February 2012, the company announced an increase in the resource to 24.15 Moz.¹⁴² In the most recent report, published in April 2013, the company announced a resource of 26.85 Moz.¹⁴³ According to the presentations aimed at investors the resource may reach 35 Moz¹⁴⁴ (equivalent to almost 60 billion dollars). To give an idea of the magnitude of this figure, it may be compared with the value of Colombia's external debt, which amounts to 80.2 billion dollars.¹⁴⁵

“*La Colosa* is a large, world-class gold resource and is getting bigger [...] and is only the tip of the iceberg given a wealth of targets in Colombia” – AGA

The *La Colosa* mining project is extremely significant to AGA.¹⁴⁶ In its presentations to investors, the main question facing the company does not seem to be whether the project is viable or not, as they have repeatedly claimed to communities in Colombia. Rather, the focus appears to be about how large the deposit may turn out to be. At a conference on mining in Latin America held by Scotiabank, AGA states: “*La Colosa* is a large, world-class gold resource and is getting bigger [...] and is only the tip of the iceberg given a wealth of targets in Colombia”.¹⁴⁷ Figure 5.1 (a slide presented by AGA at the conference) demonstrates the importance of *La Colosa* compared to other world-class gold deposits, some of which belong to competitors.

Expansion towards the Plains of Tolima

The *La Colosa* mining project would potentially affect various other municipalities of Tolima, even if they do not have gold deposits underground, as AGA will need to process and store vast quantities of material coming from a pit in Cajamarca

The company is not just looking towards the mountains, where Cajamarca and *La Colosa* are located, but also towards the plains of Tolima. On 5 December 2012, in the village of Doima in the municipality of Piedras, representatives of AGA held an informative meeting with the community. In the meeting, they began by clarifying that they were not looking for gold in the area, but for a place to process the ore from *La Colosa*, and that they were carrying out tests to assess soil stability. This meeting didn't last long, as it was suspended due to the community's rejection of the plans, fuelled by the discontent that resulted when it emerged that the company

140 Calculated as the average of the London Afternoon (PM) Gold Price Fix for 249 days of trading during 2012, as listed by [www.usagold.com](http://www.usagold.com/reference/prices/2012.html) at: <http://www.usagold.com/reference/prices/2012.html>

141 AngloGold Ashanti. *Mineral Resource and Ore Reserve Report*. 2011.

142 AngloGold Ashanti. *Results for the first quarter*. Q1 2012.

143 AngloGold Ashanti. *Mineral Resource and Ore Reserve Report*. 2012.

144 Ron Largent (AGA). *Investor Site Visit (Day 1)*. Nov 2011. Slide 39. www.anglogold.co.za/NR/rdonlyres/A9169AED-3D39-4703-80EA-7061CFC7D870/0/Day1Colombiapresentationforwebsite.pdf

145 El Espectador. *Deuda externa de Colombia llegó a US\$ 80.231 millones a octubre*. 30 Jan 2013. www.elespectador.com/noticias/economia/articulo-401928-deuda-externa-de-colombia-llego-us-80231-millones-octubre

146 According to the 2011 Annual Integrated Report, of the 230 million dollars budgeted by the company for exploration in 2012, 150 million (65%) was destined for the feasibility studies at *La Colosa* and Gramalote

147 AngloGold Ashanti. *Compelling Value: The AngloGold Ashanti Story*. Scotiabank Latin American Mining Conference 2012

Figure 5.1. Graph showing the envisaged growth in resource at *La Colosa*, highlighting the importance it has for AGA, presented at the Scotiabank Latin America Mining Conference in 2012.



had been present in the area for nearly a year without the knowledge of the community.¹⁴⁸ However, it became clear that the *La Colosa* mining project would potentially affect various other municipalities of Tolima, even if they do not have gold deposits underground, as AGA will need to process and store vast quantities of material coming from an open-pit in Cajamarca somewhere else.

In the meeting, company representatives stated that for the ore processing plant they were considering 15 municipalities within a 100 kilometre radius of Cajamarca. They stated that, in addition to Tolima, they were considering Valle del Cauca department, but not Quindío, as it is a UNESCO world heritage site. When the company representatives were questioned about which other municipalities were being considered, they responded that they were unable to provide that information, but that they were doing evaluations in parallel, each location being at different stages in the process.

The company is looking to establish its ore processing plant in the plains of Tolima department

In 2008 Robert Moran, a renowned hydrogeological expert in open-pit gold mining, expressed concern about the location of a possible tailings dam in Cajamarca, as due to its highly unstable seismology and topography¹⁴⁹ a breach could mean the risk of a toxic waste spill into the River Coello basin. This may be one of the reasons why the company is looking to establish its ore processing plant in the plains of Tolima Department, possibly including some of the municipalities of Piedras, Ibagué, Coello, San Luis, San Juan, Guamo and Espinal.

According to informal discussions held with representatives, the company has considered various means of transporting ore material from the open-pit to the mineral processing infrastructure (which may span a distance of up to 100 kilometres). Options for transport include a railway line, the roads, a conveyor belt and/or a slurry pipeline. With regard to the potential water usage of the project, the Head of Environmental Sustainability,

148 See the video recording of the meeting at <http://www.youtube.com/watch?v=fD-UuuQc1bA>

149 IKV Pax Christi. *Informe sobre el proyecto de minería de AGA en Cajamarca*. 12 May 2009.

Héctor González, told the community of Piedras that if they do put the processing plant there, there would be no problems with water because “the water that is there [referring to Cajamarca], we will bring here”.

The evidence currently available shows that the area of influence of an open-pit gold mine in Cajamarca will not just be restricted to the municipality. Indeed, it may encompass a significant part of the mountains and plains of the Department of Tolima.

The Footprint of *La Colosa*

The land used by a large-scale mining operation extends much further than the open-pit, the hole which is excavated in order to access the ore and from which the ore (and waste rock) is removed. The main steps are summarised in Figure 5.2. Once the rock is taken from the pit, it is classified either as waste rock¹⁵⁰ or ore. The *waste rock* is rock that does not contain enough gold to be economically exploitable, and the *ore* is rock that does contain enough gold to be processed. The waste rock is transported to a rock dump, and the ore is crushed and milled into small particles. The extraction of gold from the milled ore takes place at an *Industrial Plant*, using a process of chemical leaching with cyanide. This leaching process produces highly toxic residues (the *tailings*) that are stored in a particular type of dam called a *Tailings Storage Facility* (TSF). The rock crushing machines are normally located as close to the pit as possible. However, the waste rock dumps, the grinding machinery, the treatment plant and the TSF can be located in different places. They may be a considerable distance from the pit, although transporting material for longer distances increases operational costs.

All the operational steps in Figure 5.2 require considerable areas of land. In addition, the methods of transport to move the material from one step to the next (be they roads, railway lines, conveyor belts or slurry pipelines) also require significant areas.

Electricity and water consumption is also significant, even though these issues have not been discussed sufficiently when considering the costs and benefits that the mining project would bring. Certain parts of the mining infrastructure, such as the industrial plant, consume a lot of electricity. Page 57 of this report provides figures about electricity and water consumption. The generation of electricity is a factor that increases the footprint of this type of project, whether it is generated using a hydroelectric project or by another method.

Open-pit or Underground Mine?

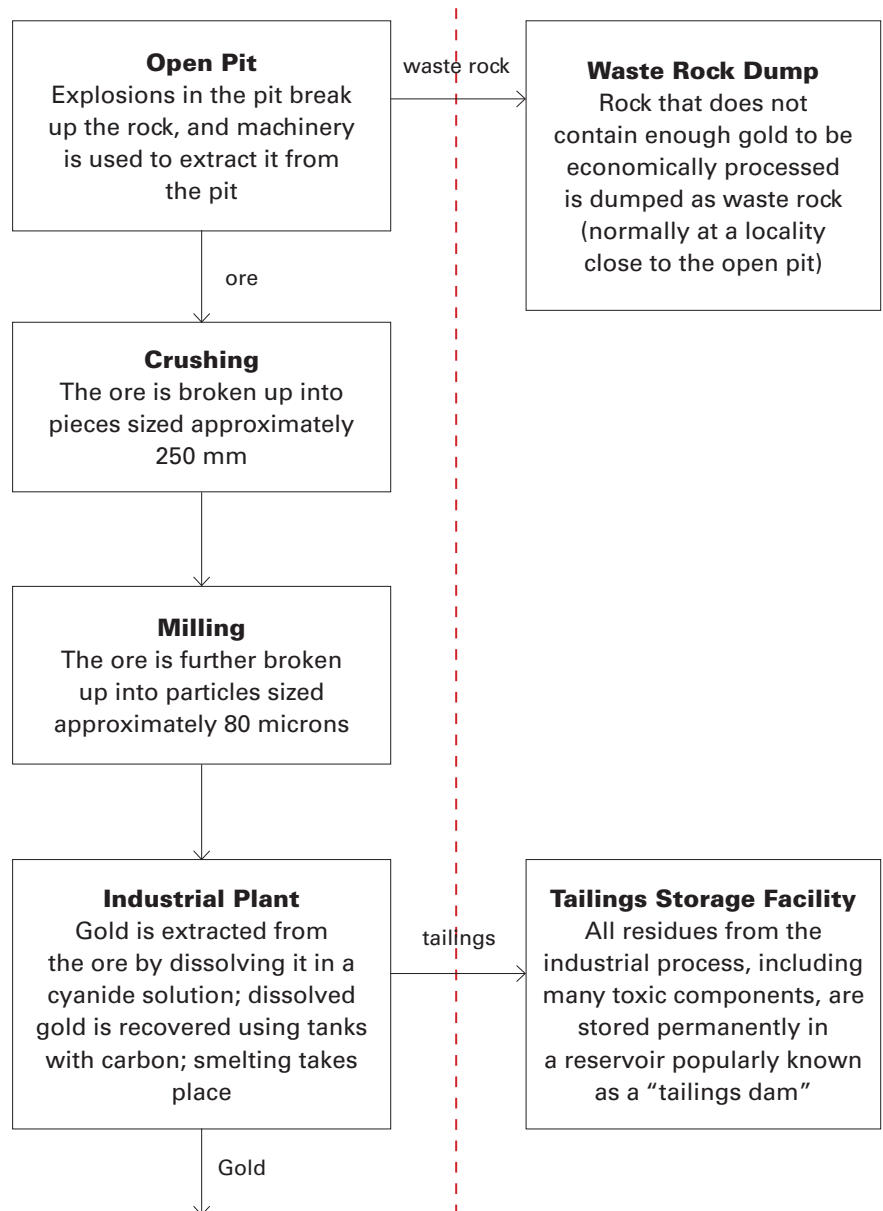
According to AGA, they have not yet determined whether *La Colosa* would be an open-pit or an underground mine.¹⁵¹ Considering both the gold concentration variability and distribution of the ore underground, and the economic considerations that normally drive the mining of these

¹⁵⁰ AGA refers to waste rock as *sterile rock*, thereby implying that it is harmless. It does however have chemical reactivity, and can lead to the release of acid waters and other toxic substances (e.g. heavy metals) to the surroundings.

¹⁵¹ Letter from Sandra Ocampo Kohn to journalist Germán Uribe in response to his column in the magazine *Semana* entitled *La Gata “Colosa”*. Feb 2013.

Figure 5.2.

A simplified flowchart showing the operational stages of gold production. In its promotional material, AGA does not illustrate the waste rock dump or tailings storage facility used to store toxic waste, both of which form very significant parts of the mining infrastructure (See Figure 5.3). Figure based on letter from AGA to *La Silla Vacía*¹⁵² and discussion with Mark Muller.



“The mining depth and timing of the transition from an open-pit to an underground operation is purely an economic decision” – Mark Muller

low-grade deposits, Mark Muller¹⁵³ considers an exclusively underground mine unlikely. He notes that it is possible that *La Colosa* would be a combination of an open-pit and an underground mine, an option which was confirmed by AGA executives.¹⁵⁴ According to Mark Muller, in copper porphyry deposits, which are geologically similar to the *La Colosa* gold-copper porphyry deposit, it is becoming common practice to develop an underground mine underneath the open-pit. Mark Muller notes “The mining depth and timing of the transition from an open-pit to an underground operation is purely an economic decision”.

152 This letter was written by AGA Communications Manager, Sandra Ocampo Kohn, in response to questions posed by journalist Andrés Bermúdez, from *La Silla Vacía*, at the start of 2013. <http://es.scribd.com/doc/124253078/AngloGold-Ashanti-Respuestas>

153 Dr. Mark Muller is an independent researcher and consultant. He is an ex-mining geophysicist with over ten years’ experience working for multinational mining companies, including Anglo American. Since 2009 he has worked with Mines and Communities and London Mining Network providing scientific support to peoples affected by the impacts of mining.

154 Meeting between Andy Higginbottom (CSC), Charles Carter (AGA Executive President for Colombia) and others, on 14 May 2013, in Johannesburg.



Figure 5.3.

Explanatory drawing produced by AGA for communities, depicting the mining process shown in Figure 5.2. Note that neither the rock dump(s) nor the tailings dam(s) appear in the drawing, and these are together the largest and potentially the most hazardous parts of the mining infrastructure. However, emphasis is placed on the water treatment plant. Source: AGA, *Caminando por Cajamarca*, March 2013.

The Waste Rock Dump

Questions arise about the quantity of waste rock generated, and the location of the waste rock dumps. The waste rock dump, or dumps, deserve special attention because they may emit Acid Mine Drainage and contaminate surrounding waters. AGA claims that “The figures for the quantity of rock that will be moved during the project have not yet been ascertained and this forms part of the studies we are currently undertaking and that will continue for at least another two years”. Since AGA has not yet published figures for the volume of waste rock that will be generated, those concerned about this issue may feel compelled to make their own estimates, based on the information available. In the Mineral Resource and Ore Reserve report published in April 2013, AGA estimates a mineral resource of 904.86 million tonnes of ore, and in the presentation of Jorge Tapia of November 2011, there are data showing the distribution of the orebody underground and the design of the proposed open-pit. Based on this information, Mark Muller has estimated that approximately 100 million tonnes of waste rock (that will not be processed to recover gold) would be generated during the life of the mine.¹⁵⁵

Mark Muller estimates that approximately 100 million tonnes of waste rock would be generated during the life of the mine

In order to consider where AGA is likely to put the waste rock, it should be taken into account that Cajamarca has a mountainous topography with steep-sided valleys. A possible option for storing the rock would be to fill-in valleys located close to the open-pit, as has been done, for example, in the Appalachian Mountains in the US¹⁵⁶ (see Figures 5.4 and 5.5). In the Appalachians, this has had serious impacts such as contamination of water sources, destruction of forests and the disappearance of the headwaters of streams. Another option would be to transport the rock to a flat area (such as within the municipality of Piedras), and pile it up to create very large artificial hills. However, transporting the waste rock for a longer distance would imply higher costs for AGA, so they are more likely to dump the waste rock as close to the open-pit as possible. Furthermore, a map published in the regional newspaper *El Nuevo Día*, strongly indicates that

155 Figures in the presentation (Jorge Tapia (AGA). *La Colosa Site Visit (Day 2)*. Nov 2011), showing both the ore-grade distribution and the proposed pit design (Pit 99 shown in slides 13-19), indicate that approximately 10% of the rock within the shell of the open-pit falls below the current cut-off grade of 0.3 g/t. Ten percent of the current 904.86 million tonne Mineral Resource, estimated at a cut-off grade of 0.3g/t, equates to 90.486 million tonnes or approximately 100 million tonnes of waste rock.

156 MA Palmer, ES Bernhardt, WH Schlesinger, KN Eshleman, E Foufoula-Georgiou, MS Hendryx, AD Lemly, GE Likens, OL Loucks, ME Power, PS White, PR Wilcock. *Mountaintop Mining Consequences*. 8 Jan 2010, In Science, Vol 237, p. 148. www.filonverde.org/images/Mountaintop_Mining_Consequences_Science1%5B1%5D.pdf



Figures 5.4. (left) and 5.5. (right)
Aerial view of a mining site in the hills in the South of West Virginia (US), with a valley filled with mining waste rock. Figure 5.5 shows a close up of the valley fill waste rock dump in Figure 5.4.

Photos by Paul Corbit Brown (www.paulcorbitbrown.com), reproduced with permission.

AGA is considering the option of filling-in valleys to store the waste rock (see Figure 5.6).

Finally, it is worth considering whether the rocks dumps from *La Colosa* would be likely to generate acidic waters, which in turn, may contain dissolved metals including heavy metals (which are highly toxic). Such acidic and metal-bearing waters are generally referred to as Acid Mine Drainage (AMD). Mark Muller points out that rock dumps are ideal “incubators” for AMD given that they:

- Consist of coarse chunks of rock that are porous and permeable, allowing easy access for water and oxygen (the driving elements of AMD) into the dump;
- Are never sealed at the top, to prevent water ingress, while in commission during mining, and
- Are never underlain by an impermeable lining to prevent water that is potentially acidic and metal bearing from passing from the rock dump into surface or underground water systems.

The waste rock is not “sterile”: it is chemically reactive

According to Mark Muller, even though AGA describes the rock that has too little gold in it to be of economic interest as ‘sterile rock’, it is reasonable to assume (based on the geological characteristics of similar mineralised porphyry occurrences elsewhere along the South American Andes, e.g. in Chile), that the waste rock will contain a significant amount of sulphide mineralisation.¹⁵⁷ He notes further that, at present, the amount of sulphide mineralisation present in the waste rock is not clear. According to AGA,¹⁵⁸ the ore contains 5% pyrite and traces of chalcopyrite and molybdenite (all of which are sulphide minerals). Pyrite is of particular concern because, of all the sulphide minerals present in porphyry deposits, it is the most amenable to oxidation in the presence of water and oxygen and therefore presents the highest AMD risk. Furthermore, 5% is considered to be a high enough proportion of pyrite to pose a risk.

¹⁵⁷ These amounts are potentially similar as in the rock with gold grades above the cut-off grade.

¹⁵⁸ AngloGold Ashanti. *Mineral Resource and Ore Reserve Report*. 2011.

Figure 5.6.

Map published in *El Nuevo Día* shows the pit at *La Colosa* (on the right) and the waste rock dump (indicated by the abbreviation WRF, for Waste Rock Facility) towards the South of *El Diamante* district. This area corresponds with the valleys where the *La Guala* and *La Arenosa* streams are located. The yellow line from left to right is the national road from Ibagué to Armenia.¹⁵⁹



However, AGA does not state the sulphide mineral concentration of rock that will be regarded as waste. Until AGA clearly define the sulphide mineral concentrations of their waste rock, Mark Muller considers it very reasonable geologically to assume that significant sulphide concentrations will be present in sub-economic waste rock, and that the dumping of waste rock presents an Acid Mine Drainage risk.

The Tailings Dam

AGA has stated its intention to investors to establish a tailings dam (often referred to as a Tailings Storage Facility or TSF) to store toxic waste from the mining operations with a minimum capacity of 1,420 million tonnes (Mt) and a maximum embankment height of 250 metres.¹⁶⁰ Topographic constraints make placement of the TSF at the open-pit site itself unfeasible and AGA is therefore considering the vicinity of Piedras, where the terrain is flatter, as a site for the TSF. The TSF must remain in place in perpetuity, long after the closure of the mine.

Gigantic Proportions

To understand the magnitude of the structure AGA proposes to construct, Mark Muller points out that the final embankment height of 250 m in particular, if realised, would be one of the highest in the world¹⁶¹ and would comfortably dwarf the height of all other man-made constructions in Colombia. The tallest building in Colombia, the *Torre Colpatría* in Bogota

159 *El Nuevo Día*. *AngloGold Ashanti, con más terreno para explorar*. 17 Jul 2013. www.elnuevodia.com.co/nuevodia/tolima/regional/188467-anglogold-ashanti-con-mas-terreno-para-explorar

160 Jorge Tapia (AGA). *La Colosa Site Visit (Day 2)*. Nov 2011. Slide 23. www.anglogold.com/NR/rdonlyres/EA35AAA2-2C9E-4D65-AB83-ED03B8C022B5/0/ColombianInvestorSiteVisitLaColosaDay2.pdf

161 The only definitive instance found of a Tailings Storage Facility with a design height higher than 250 m is at Cerro Verde Mine, Peru, where the centreline TSF has a planned completion height of 300 m, when measured from the downstream toe of the dam wall to the crest, and 260 m when measured at the centreline itself. The current height is 140 m (www.infomine.com/library/publications/docs/Obermeyer2011b.pdf; <http://www.infomine.com/library/publications/docs/Obermeyer2011.pdf>). The El Mauro TSF in Chile has an embankment height quoted variously between 248 m and 270 m (www.infomine.com/library/publications/docs/Barrera2011b.pdf; www.ipsnews.net/2012/06/mine-tailings-pollute-a-chilean-towns-water/).

“What we seek to do is build a metallurgical plant, perhaps the largest in the world” – AGA

is, in comparison, 192 metres high.¹⁶² Mark Muller estimates that the tailings dam would cover an area of at least 370 ha (i.e. a 1.9 km x 1.9 km area if constructed to a square “ring-dyke” design). This includes a margin for drainage channels and a perimeter road around the TSF. Less conservative estimates suggest the footprint (for a “ring-dyke” design) could be as large as 420 ha, if not more,¹⁶³ making it extremely large by worldwide mining standards in terms of both its storage capacity and embankment height. This is consistent with the claim of the company in the newspaper *El Nuevo Día*, “What we seek to do is build a metallurgical plant, perhaps the largest in the world”.¹⁶⁴

The tailings dams at Olympic Dam copper and uranium mine in Australia, shown in Figure 5.7, have a total area of 395 ha, which could be similar to the *La Colosa* TSF footprint.¹⁶⁵ However, it is noted that the final design height for the embankment at Olympic Dam is only 30 m, whereas at *La Colosa* AGA have proposed a height of 250 m. As can be seen in Figure 5.8, the land footprint of the supporting infrastructure, which includes evaporation ponds, an ore processing plant and a quarry used to obtain construction materials for the embankment, cover a significantly larger area than the tailings dams themselves.

The gigantic tailings dam in Antamina, Peru, only has 40% the capacity of that proposed for *La Colosa*

Most TSFs with embankment heights in excess of 200 m are built to a “valley-fill” design, in which tailings are impounded behind a single large embankment (dam wall) constructed across a valley. An example is the giant valley-fill TSF at Antamina copper-zinc mine in central Peru with a final embankment design height of 240 m.¹⁶⁶ With a designed storage capacity of 570 Mt, the Antamina TSF is only 40% of the size proposed by AGA for *La Colosa*. While AGA remains non-committal, the possibility exists that they will seek to implement a valley-fill TSF design if a suitable locality can be identified at some distance away from Cajamarca somewhere in Tolima or a neighbouring department. A valley-fill TSF, however, would occupy a far larger spatial footprint than that estimated for a square ring-dyke design. Mark Muller estimates that a valley-fill TSF could occupy a land area in excess of 670 ha if AGA’s stated storage capacity of 1,420 Mt is to be achieved.

162 From www.emporis.com/building/torrecolpatria-bogota-colombia

163 Given the mass of tailings to be stored (1,420 Mt), estimation of the spatial extent of the TSF requires that an assumption be made of the density of the dry tailings, from which the volume of the tailings can be determined. Given the height of the embankment (250 metres) and assuming a plausible width of the embankment from its centreline to toe, the area can be calculated from the volume estimate. The 370 hectare estimate is based on assumed values of 2700 kg/m³ for density (yielding a volume of 525.93 x 10⁶ m³), 450 m for embankment width and a 50 m perimeter width for drainage channels and access road. This area estimate is conservative in that the tailings density is likely to be lower than assumed and the embankment width wider – both leading to a larger spatial area estimate. A 420 ha estimate is delivered when assuming a density of 2400 kg/m³ and an embankment width of 500 m.

164 *El Nuevo Día*. *AngloGold*: “solo estamos buscando opciones para la planta industrial”. 11 Dec 2012. www.elnuevodia.com.co/nuevodia/tolima/regional/165774-anglo-gold-solo-estamos-buscando-opciones-para-la-planta-industrial

165 The analogy being made concerns the physical appearance of the dams, the size of the footprint, the size of the associated processing plant and other infrastructure etc. The physical risks are also analogous, i.e. leakage from pipes, dam failure, overflows etc. The “chemical” risks are somewhat different, as the processing chemicals used are different: sulphuric acid or alkali ammonium carbonate are used to extract metals from copper oxide and uranium oxide ores, not cyanide as is used for gold. But as tailings from both gold and copper-uranium ores will have sulphide minerals in them, both almost always present Acid Mine Drainage risks – although AMD risk is case specific from mine to mine, depending on local geology.

166 www.antamina.com/en/content.php?354/operations/tailings_dam.html

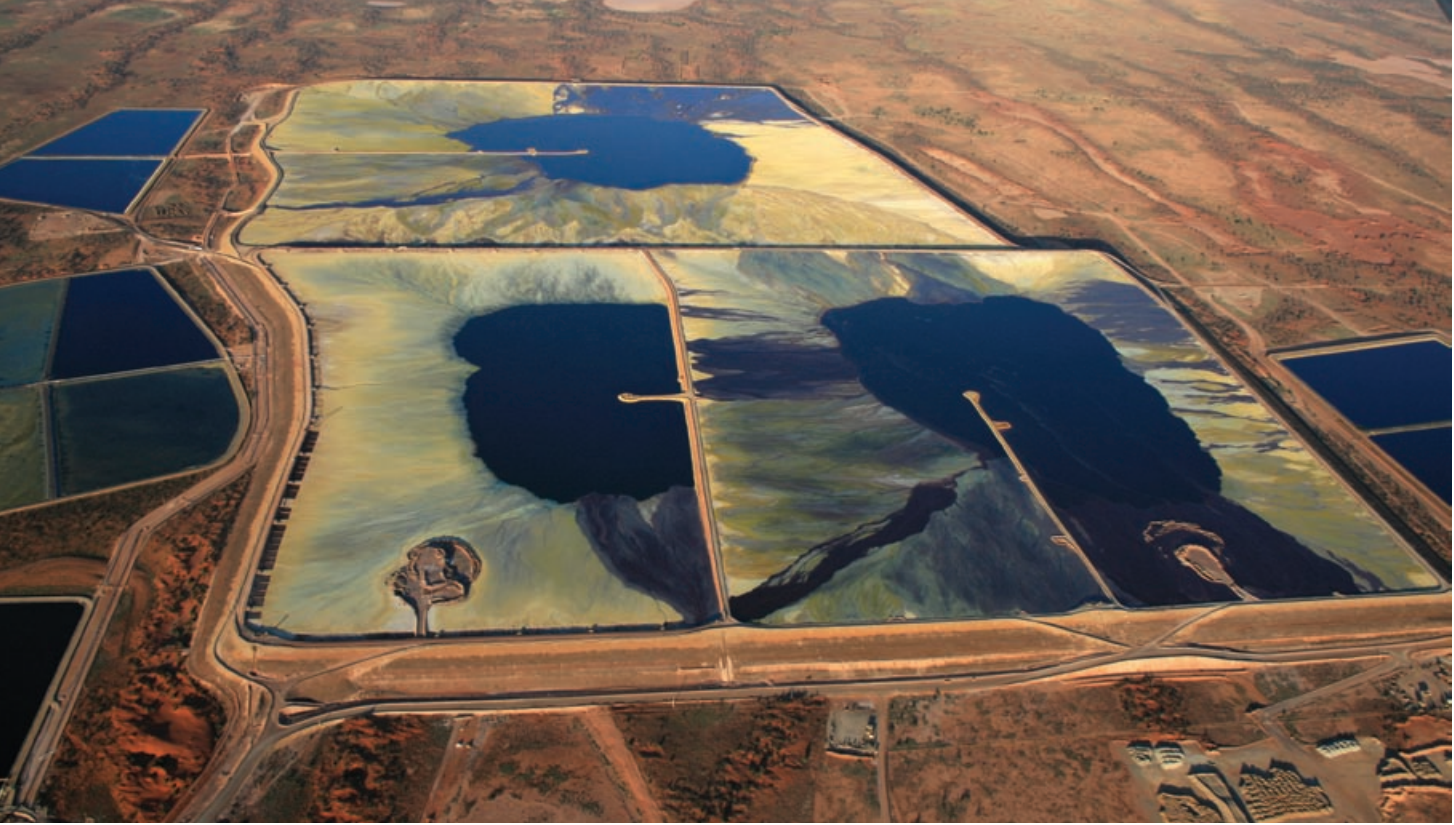


Figure 5.7.

The “ring-dyke” tailings dam at Olympic Dam copper-uranium-gold-silver mine in Australia. Photo credit: David Dare Parker and Australian Geographic.

“Failures due to unusual rain increased from 25% pre-2000, to 40% post-2000. This might be attributed to the recent changes in climatic conditions, particularly at mine sites [...] located in equatorial regions” – Shahid Azam

Mark Muller notes that there is a history of breaches in TSFs, and despite improvements in the technology, the rate of breaches in tailings dams has not diminished in recent years. According to Shahid Azam, the main cause of such breaches is unusually high rainfall: “Failures due to unusual rain increased from 25% pre-2000, to 40% post-2000. This might be attributed to the recent changes in climatic conditions, particularly at mine sites [...] located in equatorial regions”.¹⁶⁷ However, Mark Muller notes that while TSF failure is quite an extreme situation, minor negligence during every day operations is sufficient to cause leaks of harmful substances to the surrounding ecosystem. In a recent study by Earthworks about the performance of copper porphyry mines in the US, all of the mines investigated were characterised by regular pipeline spills, tailings leakages and water collection and treatment failures throughout the periods of operation of the mines.¹⁶⁸ At Olympic Dam Mine in Australia, such incidents also occur on a regular basis.¹⁶⁹

A further pertinent and important point emerges from the observation that the design capacity of the tailings facility (1,420 Mt) far exceeds AGA’s current resource estimate for *La Colosa* and the quantity of tailings that would be generated. Processing of the 904 Mt of ore at *La Colosa* would generate 904 Mt of waste tailings as the gold constitutes only 0.000092% of the ore (AGA’s stated average ore grade is 0.92 g/t). According to Mark Muller, this suggests that AGA anticipates either:

- potential extensions to the *La Colosa* deposit that will further increase the size of the project and mine, or

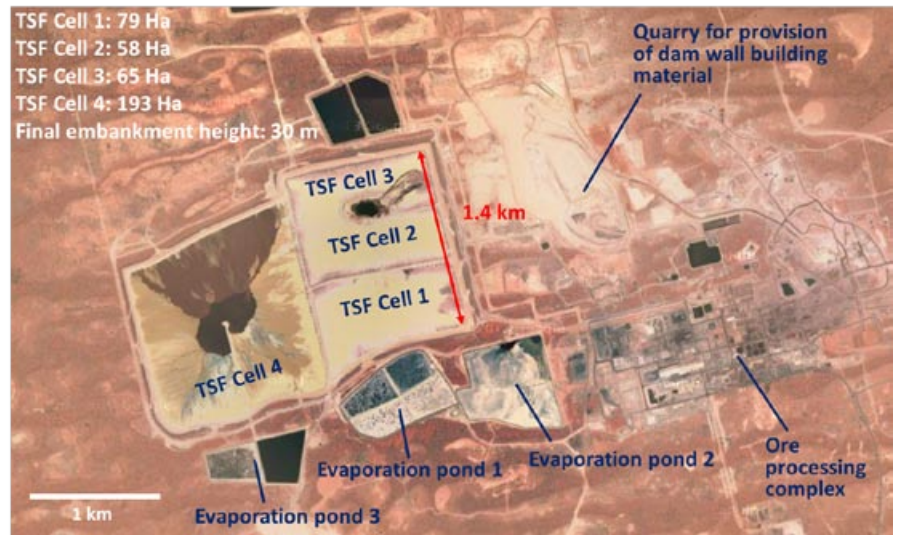
¹⁶⁷ Shahid Azam, Qiren Li. *Tailings Dam Failures: A Review of the Last One Hundred Years*. In Geotechnical News. Dec 2010. www.infomine.com/library/publications/docs/Azam2010.pdf

¹⁶⁸ Bonnie Gestring (Earthworks). *US Copper Porphyry Mines Report. The Track Record of Water Quality Impacts Resulting from Pipeline Spills, Tailings Failures and Water Collection and Treatment Failures*. July 2012; Revised Nov 2012. www.earthworksaction.org/files/publications/Porphyry_Copper_Mines_Track_Record_-_8-2012.pdf

¹⁶⁹ Government of South Australia. Department for Manufacturing, Innovation, Trade, Resources and Energy. *Olympic Dam incident summary (2003–2012)*. www.pir.sa.gov.au/minerals/mines_and_developing_projects/approved_mines/olympic_dam/olympic_dam_incident_summary_2003_-_2012

Figure 5.8.

The “ring-dyke” tailings dam and surrounding infrastructure at Olympic Dam mine in Australia. Source: Mark Muller using technical information produced by BHP Billiton and Cnes/Spot, DigitalGlobe, Landsat image on Google Maps.



Minor negligence is sufficient to cause leaks of harmful substances to the surroundings

- discovery and development of other orebodies within a wider mining district that would also be serviced by the proposed TSF (see the following ahead entitled “*The Colosa Regional Project, or Anaima Tocha*”).

Water Consumption

There are various options for transporting the ore material from one mining stage to the next: by road, by conveyor belt, or by slurry pipeline among others. Mark Muller points out that transport using a slurry pipeline is only possible after the milling stage, and requires considerable quantities of water, as the minerals mixture needs to be fluid if it is to be pumped through a pipeline. If AGA uses a slurry pipeline to transport the milled minerals from Cajamarca, the stages of crushing and milling to form the slurry would necessarily need to take place in Cajamarca, and most probably using water from the area. This is consistent with what Sandra Ocampo Kohn, the AGA Communications Manager, said in her letter to the journalist Andrés Bermúdez: “The water that would be used in this process would come directly from the *La Colosa* project, mixed together with the transported material and would be processed in the metallurgical plant”.¹⁷⁰ However, it still remains possible that AGA would use a method other than a slurry pipeline, or more than one method, to transport the ore from the pit to the industrial processing plant.

La Colosa’s operations would use more water than the domestic water consumption for the whole of Tolima

According to figures provided by AGA to investors, water consumption would be between 0.5 and 1.0 cubic metres (m³) per tonne of processed ore.¹⁷¹ This is “depending on water recycling”, which implies that AGA considers that, by reusing water, it can reduce its consumption by a maximum of 50%. Calculations based on these figures indicate that the potential water consumption at *La Colosa* would range between 1,885,125 and 3,770,250 m³/month.¹⁷² Assuming that the minimum water

¹⁷⁰ <http://es.scribd.com/doc/124253078/AngloGold-Ashanti-Respuestas>

¹⁷¹ Jorge Tapia. *La Colosa Site Visit November, 2011*. Slide 24.

¹⁷² According to Jorge Tapia’s Nov 2011 presentation, between 0.5 m³ and 1 m³ of water would be consumed per tonne of processed ore, depending on water recycling. In AGA’s 2012 Resource and Reserves Report, p163, the ore reserves are 904.86 million tonnes (based on a cut-off grade of 0.3 grams per tonne). Assuming a 20 year lifetime for the mining operations, the amount of processed ore would be (904.86 / 20 = 45.243 million tonnes) per year, and (45.243 / 12 = 3.77025 million tonnes) per month. The lower bound for water consumption per month is therefore (3,770,250 × 0.5 m³ = 1,885,125 m³) and the upper bound is (3,770,250 × 1 m³ = 3,770,250 m³).

consumption for a family is 6 m³/month,¹⁷³ this is equivalent to the water consumption of between 314,187 families (1.25 million people) and 628,375 families (2.5 million people). According to the DANE,¹⁷⁴ the population of Tolima is estimated at 1,387,641 people for 2010,¹⁷⁵ which indicates that it is very likely that *La Colosa's* operations would use more water than the total domestic water consumption for the whole of Tolima.

Electricity Consumption

Electricity consumption would be vastly higher than the domestic electricity consumption of the whole of Tolima

The industrial plant would likely be the mining component with the greatest demand for electricity. However, crushing and milling also require electricity, and in open-pits, trucks are often electrically assisted during ascents. Jorge Tapia, in his investor presentation of November 2011, predicts that the industrial plant will require 100 – 140 MW of electricity,¹⁷⁶ which may require the construction of an electricity substation. According to the Colombian utility company *Empresas Públicas de Medellín*, the average electricity consumption per family is 152 kWh/month.¹⁷⁷ The upper bound of *La Colosa's* energy consumption is therefore equivalent to the energy demands of 663,000 families (2.7 million people).¹⁷⁸ This indicates that electricity consumption would be vastly higher than the total domestic electricity consumption of the whole of Tolima.

This gives rise to important questions about how AGA will satisfy its energy needs. 140 MW is equivalent to over twice the capacity of the Prado hydroelectric dam in Tolima, which has an installed capacity of 60 MW.¹⁷⁹ It is likely that AGA plans to use electricity generated by hydroelectric projects such as the ones in Cucuana in Roncesvalles (60 MW)¹⁸⁰ or El Quimbo in Huila (400 MW).¹⁸¹ In any case, it is important to bear in mind that significant amounts of land will have to be sacrificed by Colombians to meet the energy demands of project of this nature.

Colosa Regional: A New Mining District

In AGA's 2010 investor reports,¹⁸² the company says that exploration in Colombia includes the Colosa Regional Project, with an area of 60,000 hectares, much greater than the *La Colosa* project itself, which is 515.75 hectares and is currently in pre-feasibility stage. According to these reports, the Colosa Regional project aims to explore in the surroundings of *La Colosa* "with the objective of discovering and quantifying similar gold-rich

173 Figure for minimum water consumption for a family, established by Bogotá town hall, which aims to guarantee the right to water for low income neighborhoods. www.goo.gl/9LyR6

174 The DANE (*Departamento Administrativo Nacional de Estadística*) is the state institution responsible for censuses, computing economic indicators, among other things.

175 DANE. *Censo General 2005: Perfil Tolima*. www.dane.gov.co/files/censo2005/PERFIL_PDF_CG2005/73000T7T000.PDF

176 AngloGold Ashanti, *La Colosa Site Visit. Noviembre 2011*.

177 www.epm.com.co/site/clientes_usuarios/Clientesyusuarios/Empresas/Energ%C3%ADa/Pymes/Tipsparaelusointeligente.aspx

178 Assuming a usage of 140 MW, in one month the industrial plant would consume (140,000 × 24 × 30) = 100,800,000 kWh.

179 Electrolima. *Cuaderno de Información de la Central Hidroeléctrica de Prado*. www.electrolima.com/contratacion/cuaderno_informacion_hidroelectrica_prado.pdf

180 www.incubodc.com/memorias_congreso_cal/Octubre_29/Expansion_EPSA.pdf

181 Endesa, www.endesa.com/es/conoceendesa/lineasnegocio/principalesproyectos/Colombia

182 AngloGold Ashanti Report to shareholders, for the quarter and six months ended 30 Jun 2010. Quarter 2 2010, p5.

porphyry mineralisation styles [to those already found at *La Colosa*]”.¹⁸³ At a mining conference in Australia in 2010,¹⁸⁴ AGA claimed that *La Colosa Regional* has a potential gold resource much higher than 50 million ounces (double the size of the most recent resource estimate for *La Colosa*). This explains why this project is currently one of the exploration priorities for the company.

The *La Colosa Regional* project would cover the municipalities of the central mountain range in Tolima and a significant part of the department of Quindío

According to a map in a report published in 2012 by AGA,¹⁸⁵ the *La Colosa Regional* project is now being called *Anaima Tocha*, and would cover the municipalities of the central mountain range in Tolima and a significant part of the department of Quindío. According to Mark Muller, if the geology in other parts of the Central Mountain Range is similar, which seems likely, that other significant deposits might be found in other parts of the mountains of Tolima, from the Nevados National Park to the Nevado del Huila. According to Mark Cutifani, former CEO of the company, the *Anaima Tocha* project surrounding *La Colosa* and control of which is in the hands of AGA could become a new mining district.

The cumulative environmental implications of a mining district are significant as the environment is overloaded by contamination emanating from multiple mines

Mark Muller defines a *mining district* as “an area that hosts several separate mineral deposits that are mined separately but are very often formed by the same geological processes. These ore bodies tend to be similar, and may be connected or not. There is no set number of mines in a mining district – it can vary from two to half-a-dozen or even more mines. Infrastructure (such as roads, railway links and TSFs) may be shared. The environmental implications are significant as the environment is overloaded and loses its capacity to ‘dilute’ or cope with the airborne and waterborne contamination emanating from multiple mines. For example, each mine very often affects the headwaters of different tributaries, which downstream all converge on the same rivers. This decreases the capacity for different tributaries to dilute the pollution caused by one mine”.

In July 2013, AGA publically announced its intentions of creating a mining district in the area, stating “*La Colosa* could become the first mining district in the country, and this would mean moving from 20 years of income for Tolima, to 50 years”.¹⁸⁶ Mark Muller considers that this is not necessarily true, since the company may wish or decide to, depending on the economic outlook at any time, exploit the additional reserves as quickly as possible in order to maximise shorter-term earnings. In *El Nuevo Día*, a map was published showing the proposed mining district, which increased in size from 60,000 ha to 200,000 ha, mainly covering *páramo* unique ecosystem areas between Cajamarca and Roncesvalles, shown in Figure 5.9.

183 AngloGold Ashanti Annual Financial Statements, 2010, p131. www.anglogoldashanti.co.za/subwebs/InformationForInvestors/Reports10/financials/files/AngloGold-annual-financial-statements-2010.pdf

184 Presentation by AngloGold Ashanti to the conference *Diggers and Dealers* (“Cavadores y Negociantes”) in Kalgoorlie, Australia, 2 Aug 2010. http://www.anglogold.com/NR/rdonlyres/DFF3E149-64AB-48EB-A659-5AB32A14568B/0/20100802_Diggers-Dealers.pdf

185 AngloGold Ashanti Sustainability Report 2011, p53. <http://www.aga-reports.com/11/sustainability-report/priorities-and-progress/resource-management/country-focus-colombia>

186 AngloGold Ashanti. *Decirle No a La Colosa es Darle una Oportunidad a la Minería Ilegal en el Tolima*. 10 Jul 2013. www.anglogoldashanti.com.co/saladeprensa/Lists/Comunicadosprensa/DispForm.aspx?ID=60&ContentTypeld=0x01004AE48E2DC4F60049AEEF252618E526CA

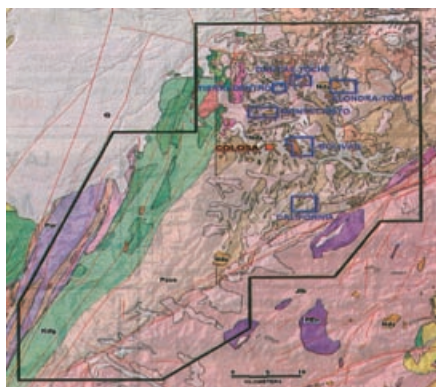


Figure 5.9.

The mining district announced by AGA seems to have the following projects: Dantas-Toche, Alondra-Toche, Tierradentro, Montecristo, Bolívar y California¹⁸⁸

The mining district announced by AGA in July 2013 has an area of 200,000 ha

Santa María Project

Within the *Colosa Regional* or *Anaima Tocha* project, the company seems to have found a new deposit with promising characteristics that has been named *Santa María*, and is the fourth project in AGA's pipeline in Colombia, expected to come into production in 2025.¹⁸⁷ However, the location of this project is not public knowledge at present, and does not appear in the map in Figure 5.9.

Summary of Chapter

La Colosa has the potential to become a mining project on a truly massive scale, which would impact on a significantly larger area of land than most Colombians currently realise. Over the life of the mine, 100 million tonnes of waste rock would likely be generated, which, if dumped in valleys in the area or elsewhere, would present a high risk of Acid Mine Drainage (AMD) contamination of surface and underground waters, both during mining and after mine closure.

The waste generated by the industrial plant would remain in perpetuity after the closure of the mine in one of the biggest tailings dams in the world and could remain toxic and a potential environmental contaminator for a long period of time after mine closure. According to the company's own figures, the tailings dam would have a capacity of 1,420 million tonnes and a height of 250 metres. Given that the failure rate of tailings storage facilities (TSFs) worldwide remains high, and that very common minor negligence is sufficient for toxic chemicals to contaminate the local environment, this presents a worrying, high-risk situation for the inhabitants of the area.

It is noted that the proposed mine's water and electricity consumption would be greater than the total domestic consumption of all the inhabitants of Tolima. This would explain why, throughout Colombia, hydroelectric projects are being developed that appear to be principally destined to serve projects such as *La Colosa* rather than the local inhabitants' needs.¹⁸⁹

Finally, it should be noted that there are plans to create a mining district of 200,000 ha known as *Anaima-Tocha* or *Colosa Regional*. This would further multiply the impacts of *La Colosa* as described in this chapter, and lead to even greater contamination of the rivers in the region and of other elements of biodiversity. The resulting social impacts would also be extremely significant.

187 AngloGold Ashanti *Investor Site Visit (Day 1)* November, 2011. www.anglogold.co.za/NR/rdonlyres/A9169AED-3D39-4703-80EA-7061CFC7D870/0/Day1Colombiapresentationforwebsite.pdf

188 El Nuevo Día. *AngloGold Ashanti, con más terreno para explorar*. 17 Jul 2013. www.elnuevodia.com.co/nuevodia/tolima/regional/188467-anglogold-ashanti-con-mas-terreno-para-explorar

189 Johan Castellanos. *¡Cuando río suena, hidroeléctricas lleva!* In *El Nuevo Día*. 13 Feb 2013. www.m.elnuevodia.com.co/nuevodia/opinion/caricatura/172131-cuando-rio-suena-hidroelectricas-lleva



6. About the Exploration Works

In this and subsequent chapters, in order to gain a deeper understanding of circumstances within the *La Colosa* project, it has been necessary to gather testimonies from various people who have been participants or witnesses of the issues investigated. We consider that their information is highly credible, given that it was provided in a disinterested fashion without any reward, often in situations when it is easier to keep silent than to take the risks necessary to contribute to the truth. In some cases, for security reasons, we have not used the real name of the interviewees. This is indicated using an asterisk.

Milestones

The mining concessions within which *La Colosa* is located cover the districts of *La Luisa*, *La Paloma* and *El Diamante* in the municipality of Cajamarca. The discovery of *La Colosa* was announced on December 21, 2007 in *El Tiempo* newspaper, where it was referred to as “one of the ten largest deposits in the world”.¹⁹⁰ The same article stated: “*El Tiempo* learnt that the gold mine is located in the district of *La Luisa*, between the town of Cajamarca and the *Alto de la Línea*, where four years ago a South African company started exploration work”. The oldest mining concession in the area is dated 9 January 2003,¹⁹¹ and predates the creation of AGA’s first subsidiary in Colombia (*Sociedad Kedahda SA*), established in September 2003. However, it was only at the end of 2007 that the community of Cajamarca officially became aware of the multinational’s presence.

In February 2008, Cortolima halted the exploration works because AGA had been carrying out drilling illegally

In February 2008, *Cortolima*, the regional environmental authority, halted the exploration works as the company had been carrying out drilling without the necessary environmental permits, given that the project is located in an area of forest reserve.¹⁹² According to *Cortolima*’s resolution, concession GGF-151 has *paramos* covering 36% of its area, and EIG-163 has “areas for conservation such as reserves, areas for the protection, regulation and supply of superficial water sources, and areas for the conservation of biodiversity” covering 68.1% of its area.

On 29 April 2009, the Ministry of Environment, via Resolution 785 of 2009, initiated legal proceedings against AGA for violation of environmental regulations, given that AGA had been conducting exploration in an area that is legally designated as forest reserve.

The Ministry of the Environment subsequently excludes 6.39 ha from the forest reserve to allow exploration works to continue

However, it is worrying to note that on 4 May 2008 (two working days later), the same Ministry of the Environment issued Resolution 814 of 2009, in which it stipulated that 6.39 hectares of the Central Forest Reserve had been “excluded” from the protected area of the reserve, in order to allow the exploration works to continue. This area corresponded

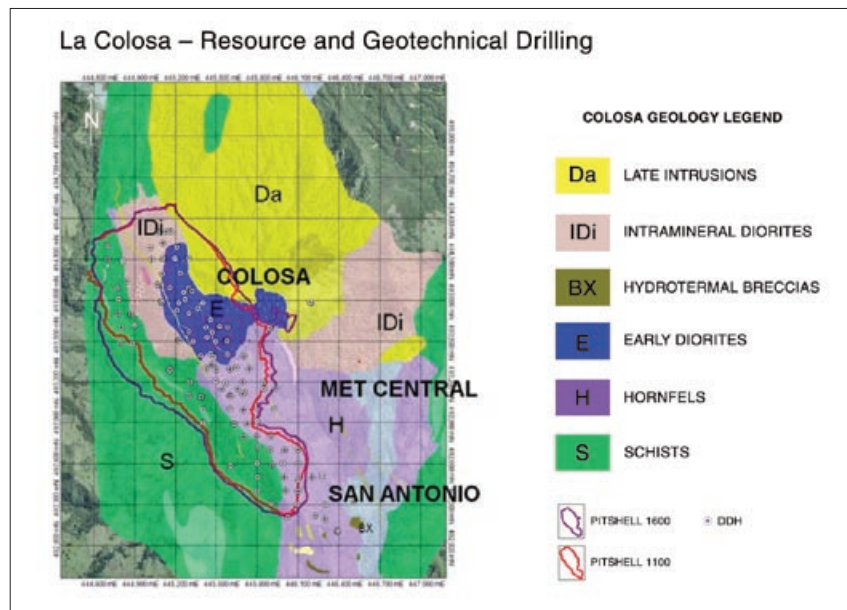
¹⁹⁰ *El Tiempo*. *Hallan en Cajamarca (Tolima) reserva de oro que estaría entre las más grandes del mundo*. 21 Dec 2007. Available at: www.eltiempo.com/archivo/documento/CMS-3871744

¹⁹¹ This is concession CG3-145, which does not lie within the *La Colosa* project area.

¹⁹² *Cortolima*. *Resolución 205 de 2008 – Por medio de la cual se impone una medida preventiva, consistente en suspensión de una actividad minera*. 21 Feb 2008. www.cortolima.gov.co/sites/default/files/images/stories/nuestra/normatividad/forestales/resolucion_205_20080001.pdf

Figure 6.1.

This geological map produced by AGA for its investors in November 2011¹⁹³ shows the points where drilling has been carried out. Each square on the map grid is 300 × 300 metres (9 hectares).



to “roads and access, heliports, camps and drilling platforms”.¹⁹⁴ AGA’s website, when referring to the size of area authorised for exploration, emphasises “In reality it is a very small part of the Forest Reserve”.¹⁹⁵

The Ministry of Environment, when it authorised the “exclusion”, ignored the warning dated 21 November 2008 by the *Procuraduría* [the Office of the Inspector General], who had formally requested the Ministry to reject it, citing the irreversible environmental impact it would have on the forest reserve in question.¹⁹⁶

On 30 July 2010, AGA was fined 70,000 US dollars by the Ministry of the Environment for carrying out drilling without having previously requested an “exclusion” permit required to carry out such activities in a forest reserve.¹⁹⁷

Concerns about the forest reserve exclusion

In 2011, the *Contralora* Sandra Morelli expressed her concern about the fact that the permit did not refer to a contiguous area, and about the mobility of the platforms, which “in practice can result in a larger area [than 6.39 hectares granted]”.¹⁹⁸ Indeed, a company map shows that the overall area of influence of the boreholes is significantly larger (see Figure 6.1).

In 2011, during an interview with business newspaper *Portafolio*, Rafael Herz of AGA indicated that the project would need to request another exclusion of the Central Forest Reserve to complete the feasibility

193 Jorge Tapia (AGA). *La Colosa Site Visit (Day 2)*. Slide 8. Nov 2011.

194 See Resolution of Ministry of the Environment: www.minambiente.gov.co/documentos/normativa/gaceta_ambiental/2009/res_0814_040509.pdf

195 www.anglogoldashanti.com.co/nuestronegocio/Paginas/creencias-realidades.aspx

196 Procuraduría General de la Nación. *Informe de la Oficina del Fiscal General de la Nación sobre el Impacto Ambiental del proyecto minero de La Colosa*. 21 Nov 2008.

197 Ministerio de Ambiente, Vivienda y Desarrollo Territorial. *Resolución 1481*. 30 Jul 2010. www.minambiente.gov.co/documentos/normativa/gaceta_ambiental/2010/res_1481_300710.pdf

198 Contraloría General de la República. *Función de advertencia – Prevención de amenaza al recurso hídrico en la ejecución del proyecto de La Colosa*. 2011.

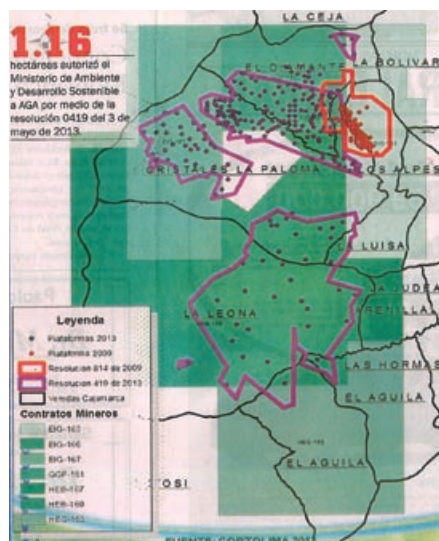


Figure 6.2. Map showing drilling sites authorised for AGA to continue exploration. Source: *El Nuevo Día*, 17 June 2013.

Additional “exclusions” of the forest reserve quietly granted to AGA

studies.¹⁹⁹ This was confirmed in the company’s latest reserve report, published in April 2013, which stated that it was seeking “the construction of additional platforms in the forest reserve, and therefore, additional forest exclusion permits”.²⁰⁰ This would be for the following reasons:

- AGA needs to carry out drilling at a distance less than the average of 100 × 100 metres it currently has between boreholes. Mark Muller believes it is likely that this is necessary to give investors a more accurate and reliable estimate of the gold resource, required for further funding of the project.
- AGA wants to identify the limits of the gold reserves (i.e. conduct drilling over a wider area).

On 17 July 2013, shortly before the publication of this report, the regional newspaper *El Nuevo Día* announced to the people of Tolima that AGA had been awarded additional “exclusions” of the forest reserve, with a total area of 1.16 ha.²⁰¹ This had been approved by the Ministry of Environment through Resolution 419 on 3 May 2013,²⁰² without public knowledge. As shown in Figure 6.2, additional exclusions are in the *Cristales, La Paloma, El Águila, El Diamante* and *La Ceja* districts, and cover a significant part of Anaime. *Cortolima*, the regional environmental authority, has requested that the resolution be revoked, citing “inconsistencies of a technical and legal nature”.²⁰³ It is noted that while the application for the “exclusion” was lodged by AGA at the Ministry of Environment in October 2012, the people of Tolima were not made aware of this until two months after it had been approved. Unlike the first “exclusion”, no public hearing was conducted which would have provided a minimum degree of community participation.

Expansion towards *La Bolívar*

The mountain where *La Colosa* is located,²⁰⁴ is known by local *campesino* small-scale farmers as *La Mina*,²⁰⁵ and is shown as the place where gold exploration is currently taking place (see Figure 6.3). However, a significant portion of the project area of 515 hectares includes *La Bolívar* ridge, which

199 During an interview, Rafael Herz said “One percent of the requested area was granted, which is insufficient to complete the pre-feasibility studies, so we are going to have to request a new extraction. We have not [yet] determined the area to be requested, or the term that it will be requested for”. Portafolio. *Se han generado mitos alrededor del tema Minero*. 26 Sept 2011. www.portafolio.co/economia/se-han-generado-mitos-alrededor-del-tema-minero

200 AngloGold Ashanti. *Mineral Resource and Ore Reserve Report*. 2012. p162. www.aga-reports.com/12/download/AGA-mineral-resource-and-ore-reserve-report-2012.pdf

201 *El Nuevo Día*. *AngloGold Ashanti, con más terreno para explorar*. 17 Jul 2013. www.elnuevodia.com.co/nuevodia/tolima/regional/188467-anglogold-ashanti-con-mas-terreno-para-explorar

202 Ministerio de Ambiente y Desarrollo Sostenible. *Resolución 419 de 2013. “Por la cual se sustrae temporalmente un área de la Reserva Forestal Central, establecida mediante la ley 2 de 1959, y se toman otras determinaciones”*. 3 May 2013. www.anla.gov.co/documentos/9159_res_0419_030513_MIN.PDF

203 *Cortolima*. *CORTOLIMA solicitó revocatoria directa total o parcial de la Resolución del Ministerio de Ambiente y Desarrollo Sostenible No.0419 del 3 de mayo de 2013, en la cual se sustrae nueva área de la Reserva Forestal Central en Cajamarca*. 16 Jul 2013. www.cortolima.gov.co/contenido/cortolima-solicit-revocatoria-directa-total-o-parcial-resoluci-n-ministerio-ambiente

204 AngloGold Ashanti. *Proyecto de exploración La Colosa*. 2012. <http://www.anglogoldashanti.com.co/saladeprensa/Presentaciones/la-colosa-anglogoldashanti-2012.pdf>

205 According to farmers in the region, in the past several underground mines operated there. One of them, *San Antonio*, was in the immediate vicinity of what is now the project area.



Figure 6.3. (above left) Slide showing the mountain where *La Colosa* is located. However, this is only part of the mining project where drilling takes place. Source: AngloGold Ashanti. *Proyecto de exploración La Colosa*. 2012.

Figure 6.4. (above right) Diagram showing the location of the project in relation to Cajamarca and *La Bolívar* ridge. Sources: Google Earth image (Image U.S. Geological Survey), local testimonies and maps produced by AGA for an environmental study for the application of forest reserve exclusion.²⁰⁷

No one is sure about the eventual extent of the impact of mining activities

Rapid change of ownership and land use in Cajamarca

is between 2,800 and 3,400 metres above sea level. This mountain range begins at the edge of the town of Cajamarca, and rises in a north-westerly direction until it meets the mountain where *La Colosa* is located (see Figure 6.4). On the eastern slope of the ridge is the *Chorros Blancos* river that feeds the aqueduct of Cajamarca. In November 2011, AGA announced to its investors that drilling had been concentrated at *La Colosa*, at locations between 2,800 and 3,300 meters above sea level, with boreholes that reach 600 meters in several directions. AGA also announced more than 300,000 ounces of gold deposits, referred to as the Bolivar Oxides, and noted “Early stage exploration; significant upside remains”.²⁰⁶ This is an indication that the company intends to carry out drilling on *La Bolívar* ridge, where the source of *Chorros Blancos* is located.

Land Acquisition in Cajamarca

The area of impact of the project is a matter of concern for most of those interviewed during the investigation, because no one is sure about the eventual extent of the impact of mining activities in Cajamarca, or the Department of Tolima. According to the municipality’s land records (as of 11 January 2013),²⁰⁸ 576.86 hectares are held in AGA’s name, consisting of twenty farms in rural areas, and four properties in the urban area.

However, this information shows various inconsistencies:

- The valuation of rural properties ranges from 90,000 pesos to 3.15 million pesos per hectare. There are cases in which the prices are so low that they are questionable. There are also two properties without a reported price.
- There are three properties with an area of zero hectares.

It is of concern that a municipality that is in a state of such rapid change of ownership and land use has such inconsistencies in land registry information.

According to information from interviews with farmers and inhabitants of Cajamarca, the company has acquired, or is acquiring, land in the districts of *El Diamante* (1,068 hectares), *La Luisa* (900 hectares), *Potosí* (2,000 hectares),

206 Jorge Tapia (AGA). *La Colosa Site Visit (Day 2)*. November 2011. Slide 7. Available at: www.anglogold.com/NR/rdonlyres/EA35AAA2-2C9E-4D65-AB83-ED03B8C022B5/0/ColombianInvestorSiteVisitLaColosaDay2.pdf

207 AngloGold Ashanti. *Estudio Ambiental para la solicitud de sustracción de un área de la reserva central en el Municipio de Cajamarca – Respuesta al Oficio MAVDT No2100-2-101925 de septiembre 26 de 2008 – Expediente SRF-025*. 3 Oct 2008.

208 Gina López, Secretaria General y de Gobierno, Alcaldía de Cajamarca. *Respuesta Derecho de Petición*. 22 Nov 2012.

La Bolívar (1,000 hectares), totalling 4,968 hectares. Purchases of land are allegedly also taking place in the districts of *La Ceja*, *La Paloma* and *Los Alpes*, although these have not been confirmed. Interviewees also report land purchases in the Coello district in Ibagué, Piedras and Salento, which again have not been confirmed. According to interviews, the company is also acquiring land through third parties, or through trusts, which makes it more difficult for communities to monitor the situation. It is therefore also likely that AGA has acquired a larger area of land than is reported here. These land purchases appear to be consistent with AGA's plans to create a mining district.

There are also reports of *compraventa* contracts,²⁰⁹ or sales of land that would not appear in the official records. This information has been confirmed by Luis Carlos Hernandez, from the organisation *Ecotierra*, who also says that according to its latest research, the lands acquired total 14,000 hectares, equivalent to a third of the municipality.²¹⁰

According to interviews with small-scale farmers, the price of land in the city has soared due to speculation generated by the mining project

AGA has not made its land acquisitions public. The change in the makeup of the region's land ownership results in changes to the territory's production and environment, as well as all the local society. Furthermore, it implies a reconfiguration that gives AGA a dominant position in local politics. Another effect of the accumulation of land by AGA is that of speculation in *campesino* small-scale farm lands. According to interviews with small-scale farmers, the price of land in the city has soared due to speculation generated by the mining project. A leader in the region who wants to remain anonymous says: "a hectare cost one million pesos five years ago, now it is being valued at 10 million pesos, and there are cases known where they are even asking 20 million per hectare". Reportedly, in some cases 40 million pesos per hectare has been asked for.²¹¹ The local farming economy has been the first sector to be affected by the increasing cost of land.

Irregularities within the Mining Project

Reports of Unauthorised water use

The regional environmental authority, *Cortolima*, has issued AGA with a permit to use four litres of water per minute from rivers and streams in the area of *La Colosa*.²¹² This is a relatively low amount, due to the priorities established for the use of water in the Coello River basin, namely drinking water and water for agricultural use, coupled with *Cortolima's* resolution announcing that the water resource is currently exhausted.²¹³ The mining

209 A *compraventa* agreement stipulates that an asset will be sold to a specific party at a future date. If one of the parties fails to comply, a penalty is payable.

210 El Nuevo Día. "La Colosa," *personaje central en mesa de educación ambiental*. 29 Jan 2013. www.elnuevodia.com.co/nuevodia/tolima/regional/170657-la-colosa-personaje-central-en-mesa-de-educacion-ambiental

211 These figures are inconsistent with the price per hectare in official records, which are at least an order of magnitude smaller.

212 Dinero.com. "La Colosa" *podría albergar US\$36.000 millones en oro*. 18 May 2012. www.dinero.com/actualidad/nacion/articulo/la-colosa-podria-albergar-us36000-millones-oro/151288

213 Cortolima. *Resolución 1765 "Por la Cual se Declara el Agotamiento del Recurso Hídrico Superficial de la Cuenca del Río Coello"*. 20 Apr 2011.

company, seeing itself affected by the water limitation, said it would buy the water it needs from Girardot, a town 80 kilometres from Cajamarca.²¹⁴

The former president of AGA admitted that the amount of water currently permitted is insufficient for its needs, and AGA will need more water in the short term, and therefore additional water permits.²¹⁵ In an interview with national newspaper *El Espectador*, the company says that “for the exploratory phase, the water required is minimal and what we have done is collected rain water creatively, and [also] transported it [from Girardot] in tankers. The water that is required is the equivalent of a holiday farm, and also, the water is recycled. There have been no discharges into rivers”.²¹⁶

Much larger volumes of water than the permitted were allegedly collected

According to Marcos*, a former worker of the mining project, the company only bought water in tankers from Girardot for a few months, and then started collecting water from river sources in the northern part of the project, near the sources of La Arenosa and *La Colosa* streams. Reportedly, this was possible because of the limited capability of environmental authorities to supervise the company’s activities. Although the amount of water collected is not known, it is reported that several hoses of a half, one and two inches were used. This would have meant that much larger volumes than the permitted four litres per second were collected.²¹⁷ According to Jorge*, another company employee, the water collected is stored in tanks hidden in the mountains, up in the forests. These are 15,000 litre tanks which are constantly being filled by the high mountain water sources within the project. Another worker, Rodrigo*, stated that there is a recycling system but that is not the only source of water supply. He also claims that water is being drawn from *La Arenosa*: “I installed a four-inch hose, now there are three of these hoses collecting water from the stream”.

Reports of Logging

Several workers at the company have given testimony on this topic. Cristobal* started working on the project seven years ago, when the project worked in an abandoned farmhouse. He has observed several irregularities over seven years of operations, and is well aware that “the amount of forest cut down is enormous; they sent us to hide the wood up the mountain”. The same issue was reported in two other interviews with former employees of the company.

Inappropriate handling of hazardous substances

Fernando Gaona is a carrier who worked for the *La Colosa* project until 2011. His testimony reports another issue relating to the exploration works: “I did not know what chemicals I was transporting, so I requested safety data sheets, and then I realised that these substances caused cancer”. In relation to the measures for handling hazardous substances, he confirmed that those loading these substances did not use the necessary protection

“People who offloaded the chemicals had the masks but did not use them [...]”. Fernando Gaona – former worker of the project

214 AngloGold Ashanti. *Cronología proyecto La Colosa*. 2010. www.anglogoldashanti.com.co/nuestronegocio/Paginas/lacolosa-hitos.aspx

215 Dinero.com. “*La Colosa*” podría albergar US\$36.000 millones en oro. 18 May 2012.

216 El Espectador. *No hemos sacado el primer gramo de oro*. 29 Feb 2012. www.elespectador.com/impreso/negocios/articulo-329298-no-hemos-sacado-el-primer-gramo-de-oro

217 A two-inch hose can collect 4 litres per second of water.

for their toxicity. According to Fernando, the company did not use the signage required by regulations for the transport of hazardous substances.²¹⁸ Fernando also observed the lack of precautions in transporting the canisters and packages on mules: “People who offloaded the chemicals had the masks but did not use them, which were the most important [element of protective gear]”. Max-Gel is a substance with an associated cancer risk; another product used is Poly Plus which has traces of Acrylamide, a probable human cancer generator (see Table 3 in the Appendix). Fernando says he had to transport between 60 and 80 sacks of these products per week to the mining project. Despite the apparent toxicity and danger of some of these substances and their residues, there is no control over their management by the environmental authorities.

According to Alvaro*, one of the farmers neighbouring the mining project, these chemical residues were not harmless. He says: “I saw one of those canisters falling from a drilling platform up the hill, then I saw all the grass was burned by the chemical, so I worried about the water in the spring nearby, because all of us who live around here drink that water”. Alvaro* reported that he claimed for the damages caused by the spillage, but received no response from the company, nor did they take any responsibility for what had happened.

Visits to the Exploration Works

“We knew of the irregularities about the water consumption, and illegal dumping of hazardous waste, but we lack the tools to carry out the necessary control” – former employee of Cortolima

According to former officials of the regional environmental authority, *Cortolima*, who wished to remain anonymous, environmental control officials are uncertain of what happens in the mining project due to the difficulties and distractions created by the company. “We knew of the irregularities about the water consumption, and illegal dumping of hazardous waste, but we lack the tools to carry out the necessary control. When we visited they would give us the run around before entering the project, they would make us wait all morning, and then would not let us access several areas, saying that it was due to security reasons” says a former employee. This is confirmed by the testimony of several former employees of the company. Marco* says: “They [AGA] took them for a ride. They held them [the officials] for hours in an industrial safety talk, then they had lunch, and when they wanted to go up where the water is being taken from the streams, they couldn’t, because there was no time left, and we would make them go up along a very difficult route, and they would turn back to the start of the path”.

“We would be told about the Cortolima inspections the day before, and right away they would get us cleaning up and collecting everything” – former worker of the mining project

Amongst the testimonies are also reports about how workers were alerted a day before the visit by *Cortolima*: “We would be told about the *Cortolima* inspections the day before, and right away they would get us cleaning up and collecting everything”. The degree of uncertainty of what is happening is such that “If we had used a helicopter to photograph the project they would have shot it down, there was no way to check what was happening within the project” says a former employee of *Cortolima*.

In contrast to the visits of environmental authorities, the company has invited politicians, journalists and sectors of society to the mining project. The area they can come to see is just a part of the project. “After the visit

218 The handling and transport of dangerous goods by road is regulated by Decree 1609 of 2002.

you change your perception and change your mind. This project is very viable for the local farmer” affirms Ferney Rojas, councillor for Rovira, after the taking the guided tour.²¹⁹ A deputy of the Tolima Assembly, Graciela Vergara, said after the visit “I see they have really followed the rules, they have been careful to keep all the laws and have been very responsible”.²²⁰

The company does not appear to allow entry of journalists who are critical of the mining project

The company does not appear to allow entry of journalists who are critical of the mining project in these organised visits. In 2009, a journalist from the regional newspaper *El Nuevo Día*, Alma Liliana Sánchez, explains “I made a request to accompany the politicians’ visit, but the company said it had no helmets for me to enter, and I said it did not matter, that I would buy one, but they insisted that I could not enter”. Despite her insistence, as with other journalists, it has not been possible for Alma Liliana to carry out independent checks on what happens within the mining project.

AGA has also refused entry to the project to members of Conciencia Campesina

AGA has also refused entry to *La Colosa* to members of *Conciencia Campesina*, the local small-scale farmer organisation that opposes the mining project. They have asked the company to allow *campesinos* to visit the project operations with a group of experts, but have not received approval for entry.

Guided tours have also been carried out to the company’s *Córrego do Sítio* project in Brazil. Between 2011 and 2012, groups of journalists, social and political leaders went on a trip with expenses paid for by AGA to become acquainted with the project, and many people were favourably impressed with the operation of the mining company.

Summary of Chapter

The respondents interviewed during the fieldwork report serious inconsistencies and irregularities within the exploration works at *La Colosa*, potentially including unauthorised water use, forest clearance and improper handling of hazardous substances. These cases highlight a violation of the sector’s regulatory framework, and represent a risk to workers, neighbouring communities and the surrounding environment.

Recently, AGA has managed to quietly obtain additional forest reserve exclusion permits. The inhabitants of Tolima were, in this case, denied the opportunity to participate in a decision which may have significant impacts on their future wellbeing.

Concern that an Environmental Impact Assessment is no longer required for the exploration phase of a mining project

These situations are aggravated by the weakness of relevant institutions, and the lack of social control over what is happening within the project. At a national level, it also raises concerns about a change in Colombian law that no longer requires an Environmental Impact Assessment to take place for the exploration phase of a mining project.²²¹

219 Interview cited in the AGA’s local magazine *Caminando por Cajamarca*, Number 4, Sept 2012, p20.

220 Interview published in *Caminando por Cajamarca*, Number 2, Mar 2012. p14. www.anglogoldashanti.com.co/saladeprensa/Reportes/Caminando%20por%20Cajamarca%20Marzo%202012.pdf

221 *El Espectador*. *Débil control ambiental a minería*. 31 Oct 2012. www.elespectador.com/noticias/actualidad/vivir/articulo-384536-debil-control-ambiental-mineria

7. About the Workers

Myths and Realities

“People don’t dare to speak out, I go there because they pay me, but they have misled us, I can’t afford to leave, now I am a [team] leader and they are paying me 1,500,000, so I cannot leave this job” – AGA project worker

“If they have to walk long, winding, muddy paths, they will do so without stumbling, if they have to work on the roads, they will do so without complaint with pickaxes and sticks, and if they are asked to plant seedlings or build inclines, they will also cooperate”.²²² This is how AGA describes its woman employees in their magazine. Clearly this is an effort to demonstrate the enthusiasm and devotion of the workers at the mining project. Many workers are pleased with the employment opportunities offered by the company, and are loyal and grateful, especially as it provides a source of income to support their families. Nonetheless, although many of the employees interviewed during the fieldwork defend the mining project because of what it means for their income, they do not necessarily defend the actions of the company. One worker commented “People don’t dare to speak out, I go there because they pay me, but they have misled us, I can’t afford to leave, now I am a [team] leader and they are paying me 1,500,000, so I cannot leave this job”.

Another worker said “We don’t have many options in terms of employment, we know this mining project is bringing problems, but I have to support my family”, a view which seems to be widely shared among the interviewees. Throughout the interviews with the workers, there was an atmosphere of distrust and fear in making statements about their work. In a few cases people stated they feared reprisals from the sub-contractors, such as not having their contracts renewed. From the outset, during their training, the workers are warned: “They said to us from the beginning, don’t say anything about what happens at the project, and don’t take photos or anything”.

The subcontractors employ most of the workers at the project on fixed-term contracts that generally last for less than a year, and then are extended on the basis of criteria which were unknown to those interviewed

In the interviews carried out with the employees and ex-employees, several cases of possible labour rights violations were reported. In total seven people were interviewed. All were employed (or had been employed) by sub-contractors who served as intermediaries for working at the project. These companies, according to the testimonies, were originally set up as so-called ‘worker cooperatives’,²²³ until these were banned in Colombia due to the labour rights violations that they were involved in.²²⁴ The subcontractors employ most of the workers at the project on fixed-term contracts that generally last for less than a year, and then are extended on the basis of criteria which were unknown to those interviewed. The range of salaries reported was between 850,000 pesos (440 US dollars) and 1,500,000 pesos (780 US dollars) per month.

Of the seven people interviewed, four said they felt they were mistreated by their team leaders or coordinators, who on the whole used insulting and

222 AngloGold Ashanti, *Caminando por Cajamarca*, Number 2, Mar 2012. www.anglogoldashanti.com.co/saladeprensa/Reportes/Caminando%20por%20Cajamarca%20Marzo%202012.pdf

223 The term cooperative suggests that all members share control of the entity. However, according to respondents, these ‘cooperatives’ operated more like employment agencies.

224 El Nuevo Día. *Nuevo decreto ajustaría a las Cooperativas de Trabajo Asociado*. 20 Jun 2011. www.elnuevodia.com.co/nuevodia/actualidad/politica/100920-nuevo-decreto-ajustaria-a-las-cooperativas-de-trabajo-asociado



Figure 7.1.

Demonstration in favour of mining in Cajamarca, 1 May 2012.

Source: *Caminando por Cajamarca*, June 2012.

The working climate is dominated by the fear of losing one's job

“They [AGA] paid us as if it was a usual day at work, and told us to come [to the 1 May event] well-dressed, and accompanied by our families.”

offensive language. In the majority of cases, the team leaders or coordinators worked for the same subcontracting firm. When we asked about the behaviour of staff employed directly by AGA, no examples of mistreatment were reported.

The interviewees considered that their working atmosphere was tense. A constant distrust among colleagues, and a periodic rotation of staff among different teams was reported. According to their testimonies, the working climate was dominated by the fear of losing one's job, which can happen as a result of a single remark made by a team leader. In this atmosphere, there are no trade unions or workers united in defence of their labour rights. Ramiro*, an ex-project worker, said, “They prohibit the formation of unions: the lady at Occupational Health of SOS [a subcontractor] said, ‘Don't come here and start revolutions, because I will sue you and report you as a revolutionary.’ I said it is legal [to form a trade union] and she said I should not start a union as it would create problems, my dismissal being the least of them”.

The first of May is celebrated by AGA as the day it arrived in Cajamarca. At this event in 2012, three thousand people took to the streets to march, among them workers and their families, collaborators, contractors and all the friends of the company.²²⁵ At the demonstration there were placards with all the names of the organisations who had benefited from the presence of AGA, many of these with the AGA logo on them. The interviewees reported how they participated: “They paid us as if it was a usual day at work, and told us to come well-dressed, and accompanied by our families”.

Disabilities caused by Accidents at work

In its *Report to Society 2008*,²²⁶ AGA describes the case of Carlos Martínez, who worked for the company, and then after a spinal injury, feared dismissal. Carlos is grateful to the company for being able to keep his job, and says that for the company people definitely come first. While the case of Carlos is held up as an example, it does not seem to be what always happens. The interviews with former workers reveal a serious problem, involving painful, personal dramas which were almost more than they could bear.

The interviewees included four workers who had been injured at work and subsequently lost their jobs. All the cases involved workers who had been injured carrying heavy loads, and now had problems with their spines and with hernias. According to their reports, they had to carry heavy machinery, used on the drilling sites, on uneven, muddy and steep terrain which was extremely hazardous.

225 AngloGold Ashanti. *6 años construyendo futuro*. In *Caminando por Cajamarca*. Number 3. Jun 2012.

226 AngloGold Ashanti. *Report to Society 2008*. p151. http://www.anglogold.com/subwebs/informationforinvestors/reports08/ReportToSociety08/f/AGA_RTS2008.pdf

Antonio*, one of the disabled workers, reported that while moving machinery, he injured his back. He was sent straight to the hospital, and then to Tolima Clinic in Ibagué. According to Antonio*, he was not given sick leave, despite having injured five discs in his spine. Antonio's* case became more difficult when he asked for his medical history notes to claim sick leave. He found out that the documents recording emergency help had disappeared from Cajamarca's hospital. As a result, he had no proof that the accident happened while at work.

“Fighting with those people [the company] is a lost cause, they have a lot of power and the best lawyers, you have lost”

Ramiro*, another interviewee, said the company refused to assume responsibility for his hernia operation. The hernia was a result of excessive physical strain while at work. Ramiro* had to pay for the surgery himself, after months of insisting that the company pay for it. Ramiro* took his case through every legal channel he could find, including the Ministry of Labour in Bogotá, where he was advised: “Fighting with those people [the company] is a lost cause: they have lots of power and the best lawyers. You have lost”. According to those interviewed, there are no effective social organisations or government agencies in place to protect mine workers' rights.

The workers who have ended up with work injuries report that they have had to fight against a bureaucratic and anonymous system. Ramiro's* case is an example of direct intimidation: “After trying to get them to pay for the costs of my treatment, someone came to my house – I didn't know where he was from. He said, ‘it is better to be quiet, these people will end up killing you, there have been cases in an African country where the company's security guards are responsible for killing people. It is best not to keep fighting.’” Ramiro* did not report the incident to the authorities, as it took him a while to realise he had been threatened in his own house, by a person he had never seen before in his town.

“I would never work again for the company because they disowned me, they said they didn't know me, if I die they won't answer for me even though I worked very hard for them for 7 years [...]” – disabled former worker of the project

Luis* has two slipped discs, which he considers will be a source of chronic pain for the rest of his life. When he saw himself sidelined by AGA as a result of his disability, and facing the difficult reality of getting a job, he says: “I would never work again for the company because they disowned me, they said they didn't know me, if I die they won't answer for me even though I worked very hard for them for 7 years. I have always been a diligent worker.”

Summary of Chapter

Colombia Solidarity Campaign received information about a number of alleged violations of labour rights, some of which are of very serious nature. Precarious working conditions and the pressure on workers makes it hard to quantify the real scale of the problem. AGA's business strategy of subcontracting from employment agencies is weakening its obligations to workers of the project. In the cases observed, the workers did not have guarantees, or the necessary support, to stand up for their rights and put forward grievances effectively. AGA seems to have enough power to be able to avoid the legal responsibilities it has towards its workers.

Testimony 7.1.

Antonio*, an injured former employee of a company sub-contracted by AngloGold Ashanti.

I was a [team] leader and worked in infrastructure, building roads, kerbs, drains, and when there was a need to move machinery, I would be called. While moving machinery to another platform I suffered a back injury. I was sent straight to the hospital. At that time I was employed by the temporary agency *Gelco*. I was attended to at the hospital and was then sent to Tolima Clinic in Ibagué. After they let me out of the hospital I wasn't given sick leave or anything. They took X-rays: I have five discs injured. I was the only one injured among the five people who slipped. [...]

I think it is very strange that the medical history disappeared and also the medical report of the accident in the health centre. After the incident I asked for my medical history documents, to make a case, but the information wasn't there. Those people [AGA] buy everyone. [...]

They told me that I had injured five discs, but I continued working there. In the end, when they saw I wasn't able to lift anything, they took me out of the group, and gave me work in the warehouse, where the work is lighter. I was there until December, in the last three months I was given even lighter work directing traffic as a banksman. [...]

They said there wasn't any more work for us. We asked why and they said they don't need our services any more. They knew that we were injured, that was it. Five of us were injured and we were scared, we had no job any more. So we decided to sue. I did it in the Office of Labour, the Social Protection one. They told me to get a lawyer who specialised in labour law, but he didn't do anything because they couldn't find my medical history. I told him that I had the results from the test I did after the contract ended. They sent us to have the medical tests three days after the end of the contract. They shouldn't have dismissed us without doing the medical tests first. So that was that: the lawyer said there was no case to fight for. I don't know why. [...]

The 1st of May, they said it was their anniversary, and if you don't go you wouldn't get paid, it was kind of mandatory. Before going to the demonstration, they took our fingerprints with the [clocking in] machine, and also at the end, to prove our attendance. With that machine, you put your finger and your name shows on the system. If your fingerprint wasn't in the system, they would say that you didn't attend, it was mandatory to go. The demonstration was three hours long but I received payment as normal for that day. They asked you to bring your family, as many people as you could. They gave me a T-shirt and snacks. [...]

I've been unemployed, I've applied to work at the tunnel project [a highway project], they did a [medical] test and I failed because of my spine, so what can I do? I cannot carry heavy loads, I cannot work anymore. My son is studying, I live on my own, and I have lost everything. [...]

My back hurts all the time, I have a pain here [in the neck] and breathing is difficult. I don't have health insurance [...] I was a member of *Saludcoop* [a private health company], and fifteen days after I lost my job they stopped the service, I had to continue paying myself. The monthly payment was 80,000 pesos [41 US dollars]. I asked the company for severance pay. I was 50 when the accident happened [...] I have spoken to them, but that is a lost cause, they said there is no proof, since the medical history disappeared. [...] Nowadays, the [monthly] cost of a room is 150,000 [78 US dollars] to

“I cannot carry heavy loads, I cannot work any more. My son is studying, I live on my own, and I have lost everything”

180,000 Colombian pesos [93 US dollars]. I live on my own in a very small room, paying 120,000 [62 US dollars]. There is only space for the bed and a closet. Before the project came the rent for a room was 50,000 [26 US dollars].

Testimony 7.2.

Ramiro*, an injured former employee of a company sub-contracted by AngloGold Ashanti.

I was legally employed, and I was earning 780,000 pesos [415 US dollars]. I had health insurance, safety and an allowance for the children. When I joined they treated me very well. I started with a company that was a contractor to AngloGold. At first they would paint us a beautiful picture, which is what they tell people in training. But there are bosses there who want to do with you whatever they want. They say, “We are in charge here”. They put us on jobs that require a lot of strength, but the terrain is detrimental, and the movement of machinery screwed us. It weighed 20 to 30 arrobas,²²⁷ with seven [workers] on both sides, and we were all screwed. We carried the machinery through a quagmire. [...]

When I joined I was well, but I left with a hernia. When I left, when my contract ended, the doctor who did the test said I had a hernia. I had felt discomfort but I didn't know it was a hernia. There the problem started, but no one answered for anything. The occupational health clerk told me, “it is not possible that you have a hernia,” and asked me to undergo a specific [medical] examination, and the doctor sent me for surgery. But they wouldn't operate on me anywhere, because I was no longer in the company. She threw me out [of the company], she insulted me. [...]

I kept paying the EPS²²⁸ and their lawyer called me, from SOS in Bogotá, because I was making a scandal, and I told him that they must give me what is mine. I told him that I have no job, and I have to have surgery. She asked me how much I was asking to keep quiet. I said was asking for the cost of the operation, that it would cost 3.5 million pesos [1860 US dollars]. When I finally had the operation, I had to pay for it with my own funds. After I had surgery, they called me to congratulate me [on my recovery]. [...]

After trying to get them to pay for the costs of my illness, someone arrived at my home, I didn't know where he was from, who needed to talk to me. He said, it is better to be quiet, these people will end up killing you, there have been cases in an African country where the company security guards are responsible for killing people. It is best not to keep fighting. [...]

This happened when I met with other injured workers, and then I don't know what happened, it seems that they were intimidated, they were threatened. [...]

We tried to sue SOS, but we were never able to figure out who SOS was, and we never found the legal representative of the company. The lawyer was in Bogotá but we were not able to figure it out. The *Personero* [Human Rights Ombudsman] told me that it was better not to mess with these people, as they have a lot of money. I called the [radio] stations to denounce

²²⁷ An *arroba* is a unit of mass equivalent to 25 pounds (11.3 Kg), hence the machinery weighed between 226 and 340 Kg.

²²⁸ EPS is an abbreviation for *Entidad Promotora de Salud*, a private health insurance entity in Colombia.

“These people will end up killing you, there have been cases in an African country where the company security guards are responsible for killing people. It is best not to keep fighting.”



Figure 7.2.
The hills of Cajamarca

Fighting with those people is a lost cause, they have a lot of power and the best lawyers, you have lost

them, but the stations hung up on me, you could not do anything related to AngloGold. [...]

The people working there are never going to say it's wrong, because they know that they would be thrown out, they know that when you speak ill of them you are thrown out of work. There was a young guy who tried to speak of the problems we had, about possible accidents. Within two days they got rid of him, he was working temporarily. They can sack you anytime. [...]

Fighting with those people [the company] is a lost cause, they have lots of power and the best lawyers, you have lost. A colleague in a similar situation went to see one of the best lawyers in Tolima, he took him all the relevant documents, but the lawyer told him, "I'm not going to mess with these people". Everyone is afraid of AngloGold, no one fights with the company. [...]

Now my colleagues who are maimed for life but cannot afford medical insurance, which at the moment costs 70,000 pesos [37 US dollars] per month, are living on family charity. Here it is fruitless to fight against these people, I didn't keep fighting because I was alone.

8. Misinformation

AGA has an intense media campaign about its social and environmental responsibility

Article 20 of the Constitution of Colombia guarantees the freedom of all persons to receive truthful and impartial information. Despite this fundamental principle, the researchers witnessed, throughout this investigation, a lack of awareness among members of society and the state authorities about the *La Colosa* project, its current impacts, and the possible consequences of a future production phase. AGA has an intense publicity campaign in the media about its social and environmental responsibility. The company argues that technical knowledge is needed in order to establish the debate on a proper footing. That, however, excludes in advance the humble people who have experienced the other side of the coin: the *campesino* small-scale farmers of the region, who speak of a divided community, the increase of the cost of living in Cajamarca, the degradation of local society, and the worsening of social and state corruption.

AGA has various means of communication which it uses systematically. It participates in the local television channels of Cajamarca and Ibagué, it has published several books that present the communities' lives in an idyllic way, it produces a magazine called *Caminando por Cajamarca* [literally, 'Walking around Cajamarca'] which showcases the opinions of its employees, beneficiaries, and kindred columnists. The company also has a small theme park in the town of Cajamarca called *El Casco Minero* [literally, 'The Miner's Helmet'] where guided visits are given by local students and workers. This venue also hosts talks, workshops and courses for all sectors of society, aimed at women, young people, local leaders and small business owners. Most notable, however, is AGA's intense campaign in the local media, with messages exalting its activities as a philanthropic entity that promotes development. This communications effort obviously seeks to win the sympathies of public opinion and of the media that sells advertising space.

In spite of all this, in the most recent departmental and municipal elections (February 2012), a majority of candidates with critical and independent stances on mining were elected,²²⁹ which can be seen as a clear message from the public against mining. AGA's publicity campaign generates suspicion. A *campesino* small-scale farmer from Anaime said: "If AngloGold does things so well, if mining is as good as they say, if it generates so much well-being, if they have so much support from people, then why do they spend so much money on their propaganda?"

Talks in schools and El Casco Minero

Talks organised by AGA generated controversy, as they only presented one point of view on the issue of mining, ignoring the current debate, and discrediting opposition to the company's project

During the fieldwork, several of those interviewed mentioned that over the last few years AGA has been giving informative talks in the local schools. In these talks, the company has presented the benefits of mining for the country and for the local people. These talks have generated controversy, as they have only presented one point of view on the issue of mining, ignoring the current debate, and discrediting opposition to the company's project. The headmaster of the *Ismael Perdomo* School claims to

229 Emisora Ecos del Combeima. *Mandatarios tolimenses en contra del proyecto minero La Colosa*. 4 Mar 2012. <http://www.ecosdelcombeima.com/regionales/nota-15971-mandatarios-tolimenses-contra-del-proyecto-minero-la-colosa>



Figure 8.1. Promoting the “Miners Helmet” in Cajamarca. Source: *Caminando por Cajamarca*, Sept 2012.

maintain a neutral position in the debate, and has an open-door policy for all the organisations that wish to express their opinions on mining. In 2012, he said, representatives of the company came to speak about the mining project on two occasions, and there were no talks hosted presenting alternative viewpoints on the issue. Some young people interviewed had pro-mining positions like that expressed by a girl from the *Ismael Perdomo* School, who said that “a group of inhabitants who cling to the idea of rescuing agriculture are closing ranks to prevent the development brought by mining”.²³⁰

The message transmitted in these talks uses the figure of Pinocchio (*Pinocho*), the children’s story character whose nose grows when he tells lies. This character is used as a resource to “refute” the affirmations of those who oppose the mining project. The message, which is more of a rhetorical publicity strategy directed at an infantile public than a sober presentation of the arguments, is based on the supposed “myths” that environmentalists have put forward about *La Colosa*. This publicity campaign is centred largely on *El Casco Minero*, where young students, workers from the mine, and the general Cajamarca public are encouraged to participate. It is a space where “thousands of students from different institutions of the municipality have attended, as well as teachers and directors of these institutions”.²³¹ One student from the *El Rosario* School reported that the visit to *El Casco Minero* was a trip that the students were taken on every year, even though several of them had already visited it.

Participation in the school talks in Cajamarca is encouraged by some teachers, especially in *El Rosario* School. Students from this school who were interviewed said that they were put under pressure academically to participate in the talks on mining. The company also regularly carries out its own meetings and conferences in the school buildings, which suggests that some school directors might have interests in promoting mining.

Mining operations behind people’s backs

In the municipality of Piedras, in early 2013, three hundred people blocked the road by which AGA transports its machinery into the site

When Uribe’s government announced the deposit of *La Colosa* in December 2007, the country was informed officially of the company’s activities, which apparently had already been in the municipality for five years. The news surprised many of the region’s inhabitants. However, this is not the only case in which AGA has carried out operations behind people’s backs and without the consent of a community. In late 2009, in Anaima, a town in the municipality of Cajamarca, AGA workers had to leave after it was discovered that the company had been carrying out exploration at the water source which supplied the population’s aqueduct.²³² Although the company has tried to overcome the mistrust that was generated, the population in Anaima continues to reject any mining activity. In the municipality of Piedras, in early 2013, three hundred people blocked the road by which AGA transports its machinery into the site for several weeks, due to the rejection and mistrust that was generated when it was discovered that they were operating without the community’s knowledge.²³³

230 Aprominca. Revista Punto C. Number 2, Aug 2012 p14.

231 AngloGold Ashanti. *Venga al Casco minero!* In *Caminando por Cajamarca*. Number 4, Sept 2012.

232 See video of the event: <http://youtu.be/jlxQp1y3rqM>

233 La Silla Vacía. *Doima declara a AngloGold Ashanti minera non grata*. 6 Feb 2011. www.lasillavacia.com/historia/doima-declara-anglogold-ashanti-minera-non-grata-41344

Journalism in Tolima gets Mined

The company finances adverts integrated seamlessly within the news programmes dubbed ‘positive news about the development of Tolima’, presented in almost all the local radio channels

The controversy about *La Colosa* and mining in general is an issue that has gained space and interest in regional media. Because of this, and given the breadth and number of media under its influence, AGA is frequently both source and subject of journalistic output in the local and regional media. Furthermore, the company is also the source of publicity funding for the media, as a result of an active publicity campaign to promote a positive image. As well as commercials, the company finances adverts integrated seamlessly within the news programmes dubbed ‘positive news about the development of Tolima’, presented in almost all the local radio channels. According to interviews with several journalists from Tolima, the intensive media presence of AGA is aimed at legitimising its image in the eyes of a society in which serious questions are circulating about the consequences that open-pit mining would generate in the region. A radio journalist interviewed (who wished to remain anonymous) said, “AGA does not at the moment think that the people are a threat, but does think that the media poses a threat, because they publish things which might be replicated at a national and even at an international level. They are afraid of the protest becoming legitimised in the public sphere, through the media”.

Advertisement funding has changed journalistic reporting of the mining project

Several cases testify to the effects of AGA’s influence in the media. Andrés Tafur, a journalist who has worked for the website of the radio station *Ecos del Combeima* [Echoes of Combeima], quit his job following his director’s prohibition of publishing information about the public march against the *La Colosa* mining project. Andrés says that “AGA’s advertisement funding has changed the journalistic focus of the station [...] I’m not in favour of or against mining, but there are no conditions for an open and transparent debate about the mining that will affect the department”. According to Tafur, coverage of the demonstrations against the mining project have been systematically discredited or ignored by the radio station’s news programmes.

Tafur adds that he has not seen any interest in the issue of mining from the journalists or the media directors, despite the fact that “they are the ones who filter the information which gets to the people”. He also says that they have not cared to reproduce institutional information on the issue of mining, such as the reports of the *Contraloría*.

Gilberto Buitrago, news director of the channel RCN [Radio Cadena Nacional], told us: “I did not know that I had been declared their [AGA’s] enemy. They made it emphatically clear: they refused to speak to me because they said that I was on the other side”. He assumed that the reason for this accusation is that in his coverage on the issue he has tried to include all points of view, to give balanced information. Gilberto is concerned about the seriousness that the mining problem has acquired in the whole of Tolima, not just in Cajamarca. Mauricio Gómez, director of the chain of radio stations *Caracol Radio*, has a clear position that supports *La Colosa*. He gave a statement in AGA’s own magazine: “I think some people in Tolima are short-sighted because they oppose projects just to put sticks in the spokes, without really understanding why. A minority is causing a lot of harm to the department”.²³⁴

234 AngloGold Ashanti. *La Colosa significa el desarrollo de esta región*. In *Caminando por Cajamarca*. Number 4, Sept 2012.

Well-known local journalists have been on AGA's payroll or have been part of projects they have financed, such as the company's free local magazine *Caminando por Cajamarca* [Walking around Cajamarca], or have been contracted in order to produce informative programs that feature the company as protagonists. AGA makes use of various channels and ways to approach the department's media. "The advance of AngloGold and the company Portex [intermediary of radio stations, magazines and newspapers] began with the innocent sponsorship of media parties, celebrating the Day of the Journalist, end of year parties and so forth [...] They organised programmed visits to the mine, they began to buy radio advertising space and build their publicity campaign, and they gave out VIP tickets to football games [...] In 2010 and 2011 AngloGold introduced all-expenses paid trips to Brazil", says Alexander Correa in his book *Sombras Ocultas* [Hidden Shadows], on journalism in Tolima. Alexander is currently concerned about the level of power which the mining company has acquired based on its enormous cheque-book.

"When I published a piece called 'AngloGold continues to seduce representatives' [...] I received a call from an AGA official, furious, saying that it wasn't true, asking what I had against mining, and he passed me to the company president, who insulted me and said that what I had done was practically an assault to the company." – journalist Alma Liliana Sánchez

It seems that the company does not only offer carrots, but there is also a stick, in the form of intimidation of critical journalists. "When I published a piece called 'AngloGold continues to seduce representatives'²³⁵ in *El Nuevo Día* [New Day, regional newspaper of Tolima], about the company's invitations to departmental representatives without permitting press coverage, I received a call from an AGA official, furious, saying that it wasn't true, asking what I had against mining, and he passed me to the company president, who insulted me and said that what I had done was practically an assault on the company. I reported this threat to the FLIP [*Fundación para la Libertad de Prensa* – Foundation for Press Freedom], and I told him to think what he liked, that what I had written was the truth. This is press censorship, and I was declared *persona non grata* by them. Sadly, another colleague who was critical of AngloGold is now working for them." Alma Liliana Sánchez was at the time of these events working as a journalist for the regional newspaper *El Nuevo Día*. Her case is included in the 2009 *Report on Aggression Against Journalists* for threats from AGA officials.²³⁶ Alma Liliana no longer works in journalism.

There have been cases in which opponents of the *La Colosa* mining project have been persecuted in the media. One environmentalist leader, who wishes to remain anonymous, says that he has felt persecuted by radio programmes, after leading several actions opposing the *La Colosa* mining project. Some public officials have said that after demanding that AGA comply with environmental norms they have had to bear media pressure, which can be seen in the internet portal "eltolimenso.com", from which vulgar discrediting campaigns against opponents to mining interests are carried out.

In fact, the company shows a clear indisposition towards those who oppose their interests. "The opponents to mining, some fundamentalist

²³⁵This article is no longer available on the website of *El Nuevo Día*. However, it can be read at the www.conciencia-ambiental09.blogspot.com/2009/04/anglogold-sigue-seduciendo-diputados.html

²³⁶Federación Internacional de Periodistas. *Informe Sobre Agresiones Contra Periodistas. Violaciones a la libertad de prensa y expresión y ataques contra periodistas en Colombia, entre el 31 de diciembre del 2008 al 30 de noviembre de 2009.* www.somosdefensores.org/attachments/article/301/Informe_sobre_libertad_de_prensa_2009_FIP.pdf

“The opponents to mining, some fundamentalist environmentalists and those who are ‘eco-gullible’ or ignorant on the subject, do not recognise the benefits that transcend to the economy, and they reproduce inaccurate or false stories which misinform and construct imaginary situations that connect with sentiment but not reality” – Ramiro Santa, Vice-President of Corporate Affairs for AGA

environmentalists and those who are ‘eco-gullible’ or ignorant on the subject, do not recognise the benefits that transcend to the economy, and they reproduce inaccurate or false stories which misinform and construct imaginary situations that connect with sentiment but not reality”, wrote Ramiro Santa, Vice-President of Corporate Affairs for AGA, in a column in *Portafolio*, the national business newspaper.²³⁷

Henry Pineda, correspondent for RCN radio, renounced the professional connection he had with AGA for *De cara a la ciudadanía* [“Face to Face with the Citizens”], a weekly programme in the local Cajamarca television channel, due to the ethical and professional conflict that this meant for him. “As well as my role as a journalist, they wanted me to be a kind of spy... I was taking photos of the opponents [of the mine]”, he says. In the programme *De cara a la ciudadanía*, which according to Pineda is under the direction of AGA executives, ‘positive’ news is aired featuring the company.

Most of the regional media are economically vulnerable, because advertising revenue is slender and uncertain. This has allowed the interests of the company to monopolise news and advertising space, and to acquire a massive media presence. Many journalists of the region receive very low salaries, which are augmented by selling advertising space to commercial companies or to the state. Alexander Correa says that to some journalists, the ‘popularity’ of a politician depends on how much advertising space he is capable of buying. There is concern about the future of the media due to the economic weakness of many newspaper editors and journalists.

The enormous economic muscle of the company has created concern and suspicion in the region. In 2012, AGA funded the professional football team *Deportes Tolima*, the National Folklore and *Bambuco* Festival, the Tolima Music Conservatoire, and a good number of events and spaces which bring media attention to the people of Tolima. There is deep concern shown by almost all those interviewed about AGA’s “asphyxiating publicity”, which has blocked the possibilities of creating a broad and transparent debate about the desirability of mining in Tolima. They see the use of money as a means of gaining acceptance, that it is tantamount to bribery, and that it sows the seeds of corruption. The central point of their concern is the contradiction between economic interests and the ethics of journalism.

AngloGold Ashanti’s Discourse

It is clear that AGA and other entities which seem to promote their interests use a systematic discourse to dissuade, ridicule and discredit opponents of the mining project. The language they use consistently omits important relevant details, purposely confuses concepts like exploration and exploitation, or makes promises for the future that require acts of faith from the communities. AGA’s discourse is carefully elaborated. The ways in which the company’s officials systematically respond to questions suggest that AGA trains their employees with a script they must use in order to present the company’s arguments. Below are some examples of AGA’s discourse, with comments.

237 Ramiro Santa. *La Gran Minería: Supuestos y Realidades*. In *Portafolio*, 9 Jul 2012. www.portafolio.co/columnistas/la-gran-mineria-supuestos-y-realidades-0

Strategy	Examples	Comments
Minimising the perceived size of the project	Until recently, the claim has been maintained that the area of operations is 6.39 hectares. In corporate presentations, the mining project is presented as a single hill.	As discussed in Chapter 5, the area impacted by the mining project would be much larger than what society currently realises. The Mining District of <i>La Colosa</i> , according to the company's own map, would cover 200,000 ha. The associated infrastructure (e.g. tailings dams used to store toxic waste) would affect many municipalities in Tolima.
Claiming that people oppose the project due to ignorance	<ul style="list-style-type: none"> • “We know that the communities’ concerns lie in their ignorance of the mining process”²³⁸ • Use of terms such as “myths and realities” and “prejudices” – the myths are the arguments against the mining project, and the realities are the arguments in favour²³⁹ • AGA published a leaflet distributed throughout Cajamarca called <i>No coma cuento</i> (‘Don’t be gullible’). The title is a form of ridiculing anyone who questions the project. 	<ul style="list-style-type: none"> • Given the history of open-pit mining in terms of human rights and environmental impacts, it is legitimate to point out possible and potential impacts. • Discrediting people is an effective way to avoid arguing with concrete facts (<i>argumentum ad hominem</i>). • Ridiculing is an effective way of attacking people, especially if they lack technical knowledge about mining.
Confusing exploration, a phase with relatively low impact, with production, a phase with significant impacts	<ul style="list-style-type: none"> • The pamphlet about Pinocchio responding to the “myth” that “<i>La Colosa</i> will finish off the region’s water” says that “the current consumption of water is less than that of a holiday farm.” The question is about a future production phase, and the answer with the current exploration phase. 	<ul style="list-style-type: none"> • This can be seen as a deliberate effort to confuse and misinform the communities.
Speaking of achieving a “positive net impact”	<ul style="list-style-type: none"> • Pinocchio pamphlet²⁴⁰ 	<ul style="list-style-type: none"> • This is a very bold claim and AGA has yet to back it up.
Speaking of improving the quality of water they use	<ul style="list-style-type: none"> • “We return the water to its hydrological sources in equal or better conditions than when it was taken.”²⁴¹ 	<ul style="list-style-type: none"> • Mark Muller believes that purifying water to legal standards is in principle possible, but he points out that this is a costly operation and requires company commitment. The notion of “equal or better” water condition is a simplification that fails to acknowledge the complex link between hydrological and ecological systems. Pumping large volumes of “purified” water back into hydrological systems may, for example, increase river flow rates, increase erosion and sediment loads and dilute or change the natural balance of nutrients and minerals on which sensitive aquatic biota are dependent, for example, fresh-water oysters.

238 Letter written by AGA Communications Manager, Sandra Ocampo Kohn, in response to questions by journalist of *Silla Vacía* Andrés Bermúdez, at the start of 2013, available at: <http://es.scribd.com/doc/124253078/AngloGold-Ashanti-Respuestas>

239 *Caminando por Cajamarca*, Nov 2011.

240 AngloGold Ashanti. Folleto de Pinocho.

241 Letter from Sandra Ocampo Kohn to Andrés Bermúdez, 2013.

Strategy	Examples	Comments
Omitting facts that would lead to questions and debate, when talking about the project	<ul style="list-style-type: none"> • In the March 2013 edition of <i>Caminando por Cajamarca</i>, there is a picture of the infrastructure for the project. In the drawing, there is no waste rock dump (where the rock that does not contain enough gold is deposited), or a tailings dam (where highly toxic residues are stored following the process of leaching with cyanide). 	<ul style="list-style-type: none"> • According to Mark Muller, these two components present the highest risks of causing the most serious environmental damage and which together will appropriate a far larger area of land than the open-pit itself (see Chapter 5).
Saying one thing to the communities, and another to the investors	<ul style="list-style-type: none"> • “We reiterate that it has not yet been defined whether in <i>La Colosa</i> there will be a production phase with underground or open-pit mining”²⁴² versus slides with geological information from Jorge Tapia²⁴³ (Nov 2011) • “It is still premature to define the quantities of tonnes of rock that will be in the deposit”²⁴⁴ (Jan 2013) versus Jorge Tapia’s presentation which indicates that the tailings dam will have the capacity to store 1,420 million tonnes (Nov 2011).²⁴⁵ • Ron Largent’s presentation (Nov 2011) speaks of the Santa María project which is part of <i>La Colosa</i> regional (an area of 60,000 hectares) and would be AGA’s fourth project in its pipeline in Colombia.²⁴⁶ However, to date (November 2013) the location of this project has not been announced to the people of Tolima. 	<ul style="list-style-type: none"> • According to Mark Muller, geological characteristics shown in Jorge Tapia’s presentation and the economic considerations that normally drive the mining of these low-grade deposits indicate that an exclusively underground mine is very unlikely. However, an underground mine underneath the open-pit remains a possibility. • It is ethically questionable that foreign investors, who will not be affected by the impacts of these projects, know about the plans before the affected communities.
Claiming that if the state authorises the mining project then it is therefore acceptable from an environmental point of view	<ul style="list-style-type: none"> • “The environmental viability is assured because if the mine enters a production phase it is precisely because the project has obtained an environmental licence that includes the environmental management plans established by the respective authorities”²⁴⁷ 	<ul style="list-style-type: none"> • This statement assumes that there are no irregularities in the permit granting procedure. However, there are clear signals they do take place. For example, the so-called ‘revolving doors’ scandal has potentially led to conflicts of interest. • Many consider that Colombian environmental legislation favours the interests of multinationals above those of communities: for example the researcher Javier Toro points out that between 1994 and 2005, only 3% of all applications for mining concessions in the country were denied.²⁴⁸

242 Letter from Sandra Ocampo Kohn to journalist Germán Uribe in response to his column in the magazine *Semana* entitled *La Gata “Colosa”*: Feb 2013

243 Jorge Tapia (AGA). *La Colosa Site Visit (Day 2)*. Nov 2011. www.anglogold.com/NR/rdonlyres/EA35AAA2-2C9E-4D65-AB83-ED03B8C022B5/0/ColombianInvestorSiteVisit-LaColosaDay2.pdf

244 Letter from Sandra Ocampo Kohn to Andrés Bermúdez, 2013.

245 Jorge Tapia (AGA). *La Colosa Site Visit (Day 2)*. Nov 2011. Slide 23.

246 Ron Largent (AGA). *Investor Site Visit (Day 1)*. Nov 2011. Slide 41. www.anglogold.co.za/NR/rdonlyres/A9169AED-3D39-4703-80EA-7061CFC7D870/0/Day1Colombiapresentationforwebsite.pdf

247 Carta de Sandra Ocampo Kohn a Andrés Bermúdez, 2013

248 Jerónimo Rodríguez. *La modificación de las licencias ambientales en el Plan de Desarrollo*. In *La Silla Vacía*. www.lasillavacia.com/historia-invitado/21624/jeronimo-rodriguez/la-modificacion-de-las-licencias-ambientales-en-el-plan-d

Strategy	Examples	Comments
<p>Claiming that they comply with rigorous international standards and that they have the best practices of the sector</p>	<ul style="list-style-type: none"> • AGA has said on numerous occasions that it complies with the International Cyanide Management Code,²⁴⁹ the Voluntary Principles of Security and Human Rights,²⁵⁰ the principles of the International Council on Mining and Metals,²⁵¹ and reports through the GRI (Global Reporting Initiative).²⁵² 	<ul style="list-style-type: none"> • These agreements and standards are voluntary and are not legally binding. They have been created by multinational companies, which makes their efficacy and rigour questionable.
<p>Giving the impression that the only alternative to large-scale mining is illegal mining, thereby implying that those who oppose <i>La Colosa</i> support illegal mining.</p>	<ul style="list-style-type: none"> • In a recent press release, the company stated "Saying no to <i>La Colosa</i> is to reopen the door so that instead of responsible mining, illegal mining proliferates in Tolima, and that negative experiences in other municipalities and departments of the country are repeated with permanent environmental damage, informal employment, and zero social or tax benefits for the population".²⁵³ 	<ul style="list-style-type: none"> • This seems to be an often used technique to avoid the actual debate, i.e. mining vs. no mining. The text is also misleading because the negative impacts cited also often arise in contexts where legal mining takes place, so they are not limited exclusively to illegal mining.

Summary of the Chapter

AGA has a clear corporate strategy to reduce the perceived dimensions and impacts of their mining projects.

They have a visible strategy which involves permeating the media by purchasing advertising and publicity space, and offering courtesies and gestures of solidarity to journalists, in the search for control over the media.

They flex their cheque-book in order to present a charitable image via sponsorship of, and participation in, events or celebrations that have media impact. These strategies act as an obstacle to prevent an open and transparent debate about the viability of mining in the region. The use of money as a means of gaining acceptance can be viewed as a practice close to bribery, and sows the seeds for corruption to take place.

249 www.cyanidecode.org/bienvenido-al-icmi

250 www.voluntaryprinciples.org

251 www.icmm.com

252 www.globalreporting.org

253 AngloGold Ashanti. *Decirle No a La Colosa es Darle una Oportunidad a la Minería Ilegal en el Tolima*. 10 Jul 2013. www.anglogoldashanti.com.co/saladeprensa/Lists/Comunicadosprensa/DispForm.aspx?ID=60&ContentTypeld=0x01004AE48E2DC4F60049AEEF252618E526CA

9. Social, Economic and Political Impacts Caused by the Project

Large-scale projects, such as *La Colosa*, can lead to significant changes in the way people live their lives. Therefore, it is important that local authorities adhere to their responsibility to protect communities from any adverse impacts that may occur. Similarly, it is necessary that the mining company respects human rights and ensures that it is not complicit in their violations.²⁵⁴ Social, economic and political impacts generated during the current exploration phase can adversely affect the liberty of people to decide freely about the future of their region, an issue that also needs to be considered.

Social Investment

The budget for the municipality of Cajamarca in 2010 was 11.123 million pesos (5.8 million USD). In the same year, AGA invested 6.059 million pesos (3.2 million USD) in the area

AGA, on its website, announced that it had invested 350 million US dollars in exploration between 2003 and 2011. This figure includes the surface levy, employment, Corporate Social Responsibility, and environmental projects.²⁵⁵ The company has a broad portfolio of community engagement projects ranging from the creation of leadership workshops for rural women, to the organisation of tours to Brazil for the media. The budget for the municipality of Cajamarca in 2010 was 11.123 million pesos (5.8 million US dollars).²⁵⁶ In the same year, AGA invested 6.059 million pesos (3.2 million US dollars, equivalent to 55% of the municipal budget) in the area,²⁵⁷ a figure that shows the enormous economic influence of the company on local communities.

A significant sector of the local population has direct or indirect economic ties with the mining project. It seems as though the company has a “productive proposal” targeting all sectors and social classes (see Table 5 in the Appendix for a list of some of the AGA projects in Cajamarca): the *jornaleros*²⁵⁸ have been offered employment contracts in the mining project with a minimum salary of 850,000 pesos, which for many is significant progress in financial terms; *campesino* small-scale farmers have benefited from several agricultural and livestock farming projects; local merchants and landowners benefit from direct contracts with the company that range from transport to land purchases, the youth have received financing for training programmes, women’s groups have been the object of small business initiatives, the hospital now has an ambulance, and the rubbish collection service has a recycling scheme.

AGA presents these investments as part of its Corporate Social Responsibility (CSR) within the regions where it operates mining projects. While financial support from AGA can be beneficial to some sectors of society, these projects can also have negative impacts.

254 Global Compact. Principles 1 and 2

255 AngloGold Ashanti. *Proyecto de exploración La Colosa*. 2012, p5. www.anglogold-dashanti.com.co/saladeprensa/Presentaciones/la-colosa-anglogoldashanti-2012.pdf

256 Alcaldía de Cajamarca. *Plan de Desarrollo Para volver a creer. 2012-2015. Acuerdo 011 de 2012*, p190.

257 AngloGold Ashanti. *Caminando por Cajamarca*. Jan 2010, p12.

258 A *Jornalero* is a labourer who is employed on a daily basis.

Figure 9.1.
AGA “Good Neighbours”
advertisement promoting the
Hass Avocado Project.



People and entities that receive direct assistance from AGA are expected to be in favour of the mining project

CSR projects are often not sustainable, lack accountability mechanisms, and create dependencies

CSR projects seem to be focused on creating perception that the objectives and policies of AGA are environmentally friendly and compatible with agriculture

Three main issues arise from these investments in the affected territory. Firstly, CSR projects are dividing the local community. People and entities that receive direct assistance from AGA are expected to be in favour of the mining project. People interviewed confirmed that there is a growing sense of community division and hostility between those in favour and those who are against the project. In the words of the town’s attorney, Emilio Toro: “The company is trafficking with people’s needs; it is buying the consciences of the people of Cajamarca”.

Secondly, CSR projects are often not sustainable²⁵⁹ and lack accountability mechanisms.²⁶⁰ While financial support can kick-start local initiatives, major investments create aid dependency and may be terminated at any time without explanation. AGA has in the past created dependencies, and has subsequently and unexpectedly cut off financial support without warning. For example, in January 2013 workers of the mining project returned from their Christmas holiday and learned that most of their contracts would not be extended. This came as a surprise, and put them in a precarious financial situation, especially those who had considered their jobs to be stable enough to take out loans.

Based on these events, the future of AGA’s proposed and funded agricultural projects is uncertain. Of particular concern are those projects that have introduced new crop varieties to the region, such as Hass avocado.²⁶¹ If there are problems with the harvest, the company could avoid any responsibility and leave the burden of economic loss to the small farmers.

Finally, these CSR projects seem to be focused on creating the perception that the objectives and policies of AGA are ecologically and environmentally friendly. For example, AGA has recycling and reforestation projects, which could be designed to project an image of benevolence towards the

259 Corporate Watch. *What is wrong with Corporate Social Responsibility?* 2006. www.corporatewatch.org.uk/download.php?id=55

260 Christian Aid. *Behind the Mask: the Real Face of Corporate Social Responsibility.* 2004. www.baierle.files.wordpress.com/2007/11/behind-mask.pdf

261 El Nuevo Día. *Cajamarca podría exportar aguacate Hass de alta calidad.* 11 May 2012. www.elnuevodia.com.co/nuevodia/tolima/regional/144584-cajamarca-podria-exportar-aguacate-hass-de-alta-calidad

environment. Similarly, projects like the Hass avocado or the eradication of bovine tuberculosis could be designed to dispel the argument that mining is not compatible with the agricultural potential of the region.

Town Council of Cajamarca

After the elections in October 2011, the composition of the Town Council of Cajamarca changed significantly: only two former councillors remained in power. This change is also reflected in the council's position regarding mining in the municipality. Prior to the last elections, eight of eleven councillors represented the interests of *campesino* small-scale farmers who saw mining as a threat to their way of life. According to a previous councillor, "the company came with lies and never informed us what the project was about". However, since the elections, nine members see mining as inevitable: "We cannot ignore the presence of mining in the municipality. In the 2012 Development Plan mining has been included as the primary axis of development in order to recognise our underground mineral wealth" says the Chairman of the Council, Erwin Valencia.

Most of the councillors interviewed²⁶² stated that they were not aware of the concerns about the mining project raised by the national *Contraloría*, and other related criticism published in local and national media outlets. Councillor Erwin Valencia states that the negative environmental impacts associated with open-pit gold mining are not certain. Some council members took the time to see the AGA mining project in Brazil – a trip organised and funded by the company. However, the participation of council members in discussions and forums organised by local organisations opposed to the project is quite low.²⁶³ It seems that the Town Council of Cajamarca accepts the information provided by the mining company without rigorous analysis, and does not take serious steps to make an independent assessment of the environmental, economic and social impacts that could be caused by the project. For example, the Municipal Development Plan 2012 – 2015²⁶⁴ includes a transcript from a socioeconomic study commissioned by AGA in 2009.

Reportedly, more than half of the current council members have had direct or indirect financial links with the mining company

Reportedly, more than half of the current council members have had direct or indirect financial links with the mining company – which constitute a conflict of interest. For example, Councillor Julio Cerquera, according to his own statement, has a daughter working for a contractor of AGA. Councillor Jaider Martinez was working as a journalist for the company's television programme. Furthermore, Councillor Jorge Parra has family members working directly or indirectly with the mining company, and has previously also had business with AGA. While it is difficult to escape economic ties with a company that has such a strong presence in the territory, financial relationships between elected representatives of the Cajamarca community and the mining company increase the risk of manipulation and control of democratic structures.

262 During the fieldwork, all current members of the Council were invited for an interview. Out of eleven, only five accepted the invitation.

263 For example, only two members of the Council participated in the forum *Primer Foro Regional, Nacional e Internacional de Bosques de Niebla y Alto Andinos* that took place in Cajamarca on 29 April 2013.

264 Alcaldía de Cajamarca. *Plan de Desarrollo: Para volver a creer*. 2012–2015. Acuerdo 011 de 2012. p129. www.cajamarca-tolima.gov.co/apc-aa-files/37376235303133626638663865643366/PLAN_DE_DESARROLLO_2012_2015_definitivo_abril_30_186_EN_AD-ELANTE.pdf

The proximity of AGA to the Town Council of Cajamarca is further demonstrated by the fact that it financed TV broadcasts and the publication of transcripts for meetings of the Council during 2012. The Chairman of the Town Council, Erwin Valencia, explains: “Given the lack of resources of the Council, this board decided to seek support from AngloGold Ashanti Colombia to broadcast meetings of the Council. The request was accepted without question from the company as a contribution to local democracy”.

“With *La Colosa*, Cajamarca won the lottery and now it is our decision whether we will lose this opportunity or whether we will use it for our development” – Lauren Parra, former ombudsperson of Cajamarca, employee of AGA, and daughter of town councillor

The closeness of the mining company to the elected community leaders is of particular concern especially when it comes to public policy-making. Some former members of the council have expressed their concern that despite the technical arguments about the negative impacts of mining to the River Coello and to agricultural productivity in the region, the newly revised Territorial Planning Scheme (EOT) will favour the interests of the corporation.

The current draft project of EOT allows mining activities within the rural area of Cajamarca. However, in the Territorial Plan of Coello River Basin, which determines land use throughout the entire watershed, including Cajamarca, mining is prohibited.²⁶⁵ The members of the Council interviewed stated that they follow the guidelines of President Santos’ Government’s Development Plan, where mining is prioritised as a core development activity.

At a time when Cajamarca residents need to make decisions about the mining project, it is important that both the decision and the steps to reach it are transparent. All meetings between representatives of the mining company and the community should be based on the principle of transparency to avoid mistrust and manipulation. However, it has been reported that some Council members have participated in unofficial meetings with executives of the mining company. The existence and content of the private meetings is unknown to the general public.

La Colosa is currently at exploration phase, and the impacts during a production phase are likely to be significantly greater. As such, it is worth considering what the implications to local democracy would be if the project enters a production phase. Given the numerous mining projects being announced throughout the country, these issues are likely to repeat themselves at a national scale.

Increases in Living Costs

Staple food has become less accessible to the local community, to the point that it is cheaper to buy food in Ibagué and Armenia than in Cajamarca

The right to an adequate standard of living includes, at a minimum, that all people enjoy access to nutritious food and adequate housing.²⁶⁶ AGA argues that the mining project will develop the local economy and improve living conditions in the region. However, several recent developments have shown that the presence of large-scale projects in the municipality has reduced the degree to which economic and social rights are guaranteed.

In January 2013, more than one hundred families occupied a state-owned plot of land in the town of Cajamarca and built temporary shelters in which to live (see Figure 9.2.) People interviewed reported that the reason for this was their inability to pay high rents in the town, which have risen with the

265 El Nuevo Día. *Demandan acuerdo que prohíbe minería en cuenca del río Coello*. 25 Jul 2013. www.elnuevodia.com.co/nuevodia/tolima/ibague/189281-demandan-acuerdo-que-prohibe-mineria-en-cuenca-del-rio-coello

266 Article 11 of the International Pact on Economic, Social and Cultural Rights.

Figure 9.2.

Photograph taken in January 2013 of the plot of land occupied by families from Cajamarca, dubbed *Pueblo Nuevo* (New Town).



arrival of large-scale projects in the region (which include *La Colosa*, the construction of a dual carriageway, and the construction of a tunnel to link Tolima to Quindío). Reportedly, prior to the arrival of these projects, a room in the town of Cajamarca cost between 50,000 and 80,000 pesos (27–42 US dollars) per month, and now costs between 260,000 and 300,000 pesos (138–159 US dollars). Many respondents also stated that homeowners do not want to rent to families with children and single mothers, preferring workers that come from outside Cajamarca. In addition to this, staple food has become less accessible to the local community, to the point that it is cheaper to buy food in Ibagué and Armenia (both located 30 kilometres away) than in Cajamarca.

This case demonstrates that the local authorities were not able to protect the local population from the adverse social and economic impacts generated by large-scale projects in the area. Vulnerable groups, such as single mothers, children and elderly people were especially affected. It is likely that if the *La Colosa* project progresses to a production phase, the social consequences will be more significant. This case also demonstrates that AGA has not prepared or implemented an effective plan to prevent, mitigate and correct the adverse human rights impacts caused by their project.

Summary of the Chapter

The presence of AGA in the municipality of Cajamarca has generated visible social, economic and political impacts. AGA has established economic and political ties within a significant portion of Cajamarca's society. These ties are especially visible in the local political class, which results in a clear conflict of interests, manifested in the tensions between collective rights and corporate interests.

Corporate Social Responsibility is used by AGA as a strategy to legitimise its presence in the territory, and as a tool to influence decision makers about the future of the mining project. It is also a marketing strategy to influence public opinion to support the project.

The rise of corporate power in which money is handed out without appropriate mechanisms for public control, raises serious concerns about its impact on local government, and about accountability to affected populations in the event that *La Colosa* enters a production phase. Similarly, it is a stark warning about what might happen to the sovereignty and democracy of Colombia if the large-scale mining operations being announced throughout the country materialise.

10. Harassment of the Opposition

People who peacefully oppose the mining project have been characterised as “radicals”, “fundamentalists”, people who are “against development” or even “terrorists”

The information obtained during the fieldwork, and via documentary sources, suggests the existence of a strategy of intimidation and stigmatisation of social movements and the work of community leaders who criticise and oppose the mining project. People who peacefully oppose the mining project have been characterised by State authorities, the media, and the company as “radicals”, “fundamentalists”, people who are “against development” or even “terrorists”. These actions increase the vulnerability of people who express different points of view about the mining project from the official one.

People from affected communities are entitled to express their position without intimidation, assemble peacefully without fear of persecution, and carry out their duties as public officials without external pressure. The mining company has the obligation not only to respect these rights, but also to avoid being indirectly complicit in their violation. In other words, AGA could be considered complicit when it directly benefits from human rights abuses committed by third parties.²⁶⁷

Harassment of Community Leaders

In September 2011, officers of Cisneros Battalion of the National Army's Eighth Brigade distributed pamphlets on the national road near Cajamarca naming guerrillas from Front 21 of the FARC, supposedly using their aliases, and urging them to demobilise. Some of the names in the list correspond to the real names of small farmers from Anaima Canyon who were actively opposing the mining project, and had led demonstrations to block access of AGA vehicles into their territory. Consequently, one of these leaders was subjected to threats and accusations from other members of the community, and after a short time, due to social pressure, was forced to leave Cajamarca and move elsewhere.

“A comprehensive strategy is being woven to scare people, so that they give up their resistance [to the project]” – Cristina Pardo FCSPP

Some community members complained to authorities about these pamphlets. The Brigade Commander, Colonel Marco Evangelista Pinto Lizarazo, responded that the fact that some names matched the real names of members of the community was merely a coincidence. The Brigade Commander argued: “It is good that people whose names appear in the pamphlet are now aware that the bandits of the FARC are using their names, and that they can be affected by that”.²⁶⁸ However, many people interviewed believe that it was not a coincidence. Cristina Pardo, from the Committee for Solidarity with Political Prisoners (FCSPP), believes that “A comprehensive strategy is being woven to scare people, so that they give up their resistance [to the project]”.²⁶⁹

On 23 February 2013, the regional newspaper *El Nuevo Día* published an article about a public meeting held the previous day between representatives

267 UN Global Compact, Principle 2. www.unglobalcompact.org/AboutTheGC/TheTen-Principles/Principle2.html

268 Q'hubo Ibagué. *Confusión por volantes militares*. 23 Sept 2011. www.qhuboibague.com/blog/2011/09/23/confusion-por-volantes-militares.html

269 El Nuevo Día. *Campesinos de Anaima amenazados por ‘coincidencias’*. 22 Sept 2011. www.elnuevodia.com.co/nuevodia/tolima/regional/112789-campesinos-de-anaima-amenazados-por-coincidencias

“They are endangering people who are visible opponents of the project in the area” – Juan Ceballos, lawyer

of the community of Cajamarca and AGA, in which environmental concerns about the project were discussed.²⁷⁰ The newspaper also published a photograph with a close-up image of the mobile telephone of Rafael Herz, Vice President of Sustainability at AGA. The photograph clearly showed a message on his phone screen sent by Ivan Malaver, head of communications for the company, which reads: “...several guerrillas from Anaime were identified among members of the opposition”. Rafael Herz’s response is: “Perfectly Understood”. Consequently, the leaders of Cajamarca and Anaime submitted a criminal complaint with local Attorney General [Fiscalía].²⁷¹ The lawyer who led the law-suit, Juan Ceballos, observed: “The picture is an objective piece of evidence of how the *campesinos* are seen”. The law-suit seeks to make the company retract the statement because “they [representatives of AGA] are endangering people who are visible opponents of the project in the area”.²⁷²

Young people from the Socio-Environmental Youth Association of Cajamarca (Cosajuca) have reported intimidation by local police. On repeated occasions, during events organised by local groups in opposition to mining, the police have arbitrarily detained young people while they are entering or leaving gatherings. According to the police, the detained people were taken to the local police station to verify their identities.

The harassment through anonymous text messages and “fake profiles” on social networks is carried out with virtual impunity

Members of the regional network of social organisations against mining, known as the Environmental Committee of Ibagué, have also reported receiving threats and intimidation by phone and the Internet. The harassment through anonymous text messages and “fake profiles” on social networks is carried out with virtual impunity. The State authorities have not only failed to find the perpetrators of threats, but also do not show the political will to prevent the harassment of community leaders.

Harassment of Journalists

Alma Liliana Sánchez, a journalist who worked at the regional newspaper *El Nuevo Día*, reported receiving an intimidating phone call after publishing an article criticising AGA (see details on page 79). There are also other worrying cases of intimidation of journalists that work for national newspapers. German Uribe, a columnist of the weekly magazine *Semana*, published a critical article about AGA and the *La Colosa* mining project on 16 February 2013.²⁷³ The article was widely disseminated through social networks and received attention from AGA’s Communication Manager Sandra Ocampo Kohn, who wrote a four-page letter in response. Twelve days after publishing the article, German Uribe was attacked by a group of men while staying

270 El Nuevo Día. *Comunidad a una sola voz dijo: “no al proyecto La Colosa”*. 23 Feb 2013. www.elnuevodia.com.co/nuevodia/tolima/regional/173039-comunidad-a-una-sola-voz-dijo-no-al-proyecto-la-colosa

271 El Nuevo Día. *Con ‘armas’ simbólicas campesinos instauraron denuncia contra funcionario de AngloGold Ashanti*. 27 Feb 2013. www.elnuevodia.com.co/nuevodia/tolima/regional/173472-con-armas-simbolicas-campesinos-instauraron-denuncia-contra-funcionario-de-an

272 El Espectador. *“Nunca hemos señalado a nadie de guerrillero”: Anglogold*. 28 Feb 2013. www.elespectador.com/noticias/nacional/articulo-407330-nunca-hemos-senalado-nadie-de-guerrillero-anglogold

273 Germán Uribe. *La Gata “Colosa”*. In *Semana*, 16 Feb 2013. www.semana.com//opinion/articulo/la-gata-colosa/333648-3

at his country house.²⁷⁴ The reporter claims that he does not know who the perpetrators of the attack are, but acknowledges that the aggression may be related to articles he wrote.

Harassment of environmental authorities

The officials of regional environmental authority *Cortolima* have also reportedly been pressured for carrying out their role of safeguarding the environment in relation to *La Colosa*. Carmen Sofía Bonilla was the director of *Cortolima* when it suspended AGA exploration activities in 2008, having found that the company had been operating illegally without the required environmental licenses. According to the ex-director, after the intervention by *Cortolima*, intimidation started: “There was a tidal wave, not only against the director, but also against any employees of *Cortolima* who were technically and legally supporting resolutions and administrative proceedings”. She adds that this persecution comes “not only from the miners, but also State agencies are contributing: the Attorney General’s Office [*Procuraduría*], the Attorney General [*Fiscalía*] came with very specific questions.”

“[Someone] created a page called *El Tolimense*, where I was subjected to a smear campaign that was not only of institutional but also of personal nature [...]” – Carmen Sofía Bonilla, former director of *Cortolima*

An anonymous Internet portal was launched in 2011, which seemed to have the objective of discrediting the regional environmental protection entity and intimidating the director. “[Someone] created a page called *El Tolimense*, where I was subjected to a smear campaign that was not only of institutional but also of personal nature [...] Every time I look at this page I see attacks on people who organise demonstrations against them [AGA], this very clearly shows that it may be them who are behind this page, because every time any action is taken against AngloGold, *El Tolimense* reacts”. While talking about the general situation in Colombia, Carmen Sofía paints a disturbing picture: “Anyone who opposes mining at the moment is a persecuted person”.

Summary of Chapter

A disturbing number of the people interviewed who expressed their opposition to the *La Colosa* mining project reported being the subject of intimidations. Some of these people have expressed fear and concern about their safety and that of their families. In some cases, anonymous attacks were the main reason for them to stop participating actively in the debate about the future of their region.

Harassment continues with almost complete impunity due to the lack of political will of the Colombian State to protect social leaders and human rights defenders, as well as the political and economic power that the company has in the country

Stigmatising the environmental movement, by accusing it of representing the interests of the guerrillas, is also commonplace. Harassment continues with almost complete impunity due to the lack of political will of the Colombian State to protect social leaders and human rights defenders, as well as the political and economic power that the company has in the country.

The growing number of intimidation cases, coupled with AGA’s communications strategy, raises serious concerns about the safety of people who question the impacts of the mining project and express their position publicly.

274 *Semana. Ataque contra columnista de Semana.com*. 1 Mar 2013. www.semana.com/nacion/articulo/ataque-contra-columnista-semanacom/335133-3



Figure 10.1.
Photograph of Cajamarca landscape

11. Opposition to the Mining Project

The Great Carnival Marches

On 5 June 2013, the streets of Ibagué, the departmental capital located 30 kilometres from Cajamarca, were filled by a massive demonstration, described as the Fifth Great Carnival March.²⁷⁵ Delegations from various municipalities in Tolima, including Cajamarca, Rovira, Líbano, Piedras, Roncesvalles and Ibagué, made up from all walks of life: students, *campesino* small-scale farmers, teachers, indigenous people, families, and even political leaders on that day proclaimed their rejection of mining activities in the Department of Tolima. With processions, slogans, banners, placards and songs, the demonstrators expressed their conviction that mining poses a serious threat to the water system of the region, that its rich biodiversity is worth more than gold, that food production is at risk, that agriculture is the primary vocation of the department, and that they do not want AGA to be present in their territory. At the close of the march, the Mayor of Ibagué and the Governor of Tolima gave speeches adding their support to the protesters.

“AngloGold Ashanti: the dignity of the people of Tolima is priceless, we will not go on being cheated, we will not keep on being robbed and we will not let our precious natural ecosystems be destroyed” – an activist

To date (September 2013) there have been five such carnival marches involving tens of thousands of people. These events highlight the opposition of a large segment of society to mining and government policy that encourages and promotes it. “AngloGold Ashanti: the dignity of the people of Tolima is priceless, we will not go on being cheated, we will not keep on being robbed and we will not let our precious natural ecosystems be destroyed” affirmed one of the leaders who convened the demonstrations.²⁷⁶

The marches in the regional capital, Ibagué, started several years ago. Ever since the company’s public appearance in 2007, several social groups began to demonstrate, questioning the potential impacts, demanding information and denouncing the irregularities that accompanied the mining project. *Ecotierra* was the first to warn about the presence of AGA and the risks that it entailed in Cajamarca. Many other organisations were established, emphasising the value of the region as a food producer, and subsequently on the development of alternatives, given the potential of rural and ecological tourism in the area.

In Cajamarca, the *El Águila* district was an important nucleus of opposition to mining. Not long after the announcement of *La Colosa* project, a movement was formed in the area that gave rise to *Conciencia Campesina* (which, literally translated, means “Small-scale Farmer Awareness”), to represent the major social and productive vocation of the municipality, and to oppose the mining project at *La Colosa*. One of its founders explains: “When the company began to publicise the project it showed the very large machinery to be used in the mine, and also exposed how it would decapitate the mountain. Of course this created a dynamic in the communities... the people of the village began to oppose the mine and they formed a network, then came the contacts and others joined in support, the University of Tolima linked up and many schools entered this dynamic against this project, that is so environmentally and socially harmful”.

“The real treasure is not the gold” – community leader from Anaime

Several other organisations were formed in Cajamarca. Some examples are:

275 El Nuevo Día. *Así se vivió el Carnaval en contra de la minería*. 6 Jun 2013. www.elnuevodia.com.co/nuevodia/tolima/regional/184389-asi-se-vivio-el-carnaval-en-contra-de-la-mineria

276 Revista Bios y Ecos. *Histórica marcha en defensa de la vida*. Número 1. www.biosyecos.com/1edicion/index.html



Figure 11.1.

First Great Carnival March in Ibagué. In the foreground is Don Luis Arias, a well-known *campesino* small-scale farmer from the Anaime Canyon. Photo from the front cover of *Bios and Ecos*. Number 1.

The Environmental Committee in Defence of Life was formed in mid-2010 combining organisations, citizen initiatives, collectives, environmental groups, students, academics and independent citizens

- In the district of the *Los Alpes*, the *campesino* small-scale farmer organisation UCAT²⁷⁷ emerged.
- The youth of the town formed the COSAJUCA²⁷⁸ group.
- Several organisations have been created to promote eco-tourism as a development alternative for the region, promoting such local landmarks as an indigenous burial ground, the Anaime *páramo*, and the Machín Volcano.²⁷⁹
- The organisation APACRA,²⁸⁰ which also seeks to promote productive projects related to the agricultural potential of the region, such as the production of cakes, organic coffee and other organic produce.

A leader in Anaime explains that there is strong opposition to mining in this area, since the area was settled during the time of *La Violencia*²⁸¹ by *cundiboyacense*²⁸² people, themselves displaced by mining. As a result, they have the impacts of mining firmly entrenched in their collective memory. According to this leader, the real treasure is not gold, but “the wealth of the land [...] this region is a water factory [...] wherever you go there are water sources, which is a great strength for food production”.

Various actions took place in 2009. The first was the Public Hearing, the outcome of which was to demand that government agencies and environmental authorities fulfil their responsibility with regard to the public management and protection of environmental resources in the Department of Tolima. As a result of the hearing, a petition was drawn up seeking an immediate halt to the *La Colosa* project.²⁸³ In that year also, a class action against the environmental and mining authorities of the Colombian state²⁸⁴ was filed by *Usocoello*,²⁸⁵ the organisation responsible for the largest irrigation district in Tolima. The regional environmental authority (*Cortolima*) and regional *Personería* (human rights ombudsman) both joined this legal action as co-sponsors, denouncing the risks to human life and ecosystems that continuing the project would bring.

The Environmental Committee in Defence of Life was formed in the second semester of 2010 combining organisations, citizen initiatives, collectives, environmental groups, students, academics and independent citizens, and has since been strengthened regionally. This movement has

277 UCAT is an abbreviation for *Unión Campesina de los Alpes Tolima*, which translates as *Campesino Small-scale Farmers' Union of Los Alpes, Tolima*.

278 COSAJUCA is an acronym for *Colectivo Socio-Ambiental Juvenil Cajamarca*, which translates as *Cajamarca Socio-Environmental Youth Collective*.

279 See the promotional video of *AGROTU Anaime* that highlights the principal sites of interest in the area. www.youtube.com/watch?v=GV1APWxStQc

280 APACRA stands for *Asociación de Productores Agroecológicos de la Cuenca del Río Anaime*, which translates as *Association for Agro-ecological Production of the Anaime River Basin*.

281 Literally “The Violence”: this was a ten year civil war (1948-1958) in which up to a quarter of a million Colombians were killed, often using horrible forms of exemplary violence.

282 *Cundiboyacenses* are people from the Eastern Andes mountainous region comprising the departments of Cundinamarca and Boyacá.

283 *20.000 firmas contra AngloGold Ashanti y su proyecto minero de la Colosa en Cajamarca Tolima*. (20,000 signatures against AngloGold Ashanti and its *La Colosa* mining Project in Cajamarca, Tolima). *Conciencia Ambiental*. 14 Sept 2009. www.conciencia-ambiental09.blogspot.com/2009/09/20000-firmas-contra-anglo-gold-ashanti.html

284 Namely the Ministry of the Environment, Housing and Territorial Development; the Ministry of Mines and Energy and the Institute of Geology and Mines (Ingeominas).

285 *Usocoello* is an acronym for *Asociación de Usuarios del Distrito de Adecuación de Tierras de los ríos Coello y Cucuana*, which translates as *Users' Association for Land Improvement for the [Irrigation] District of the Coello and Cucuana rivers*.

been inspiring the creation of committees in several municipalities, and the capital of the country.²⁸⁶ In academia, there is also the movement at the University of Tolima, and also at the National and Javeriana Universities in Bogotá. It brings together students, different collectives and research groups, organisations and activists, organised in defence of territorial and academic autonomy. In the communications field there are many blogs, networks and alliances with processes in Ibagué, Bogotá, and nationally.²⁸⁷

Opposition to the project from grassroots communities has had other interesting dimensions. In this regard, the *Minga*²⁸⁸ of Social and Community Resistance of the Tolima Department was created in association with the Regional Indigenous Council of Cauca (CRIC), giving rise to a mobilisation against AGA that culminated in the statement *Twelve Reasons to say No to the La Colosa Project*²⁸⁹ and denounced the persecution and stigmatisation of mining opponents by the media.

Between 2010 and 2012, various actions denouncing the project took place on the political plane. Parliamentarians Jorge Robledo, Gloria Ramírez and Rosmery Martínez promoted the visibility of the issue through parliamentary debates. In this space, complaints and requests were made concerning the Colombian government's role and responsibility on this issue.

The president of the rice growers association Fedearroz, said that AGA “has not told the truth to the people of Tolima about its mega-mining incursion” and that this was “a threat to the country’s food security”

Cortolima, the regional environmental authority, convened a Citizen's Environmental Meeting on 22 February 2013, to discuss the situation of the mining project.²⁹⁰ In this space, various organisations were able to hear the report of the *Contraloría's* warning about the environmental impacts of this project. Among the organisations present were national indigenous organisations, agricultural producers' associations, NGOs and regional environmental committees.²⁹¹ The president of the rice growers' association, Fedearroz, said that AGA “has not told the truth to the people of Tolima about its mega-mining incursion” and that this was “a threat to the country's food security.”

During the course of 2012–2013, the mayor of Ibagué asked AGA to surrender the mining concessions held in the regional capital.²⁹² Likewise, the City Council expressed concern about the lack of transparency in the handover of mining titles that have benefited AGA,²⁹³ and openly expressed

286 Based on interviews with members of *Comité Ambiental por la Defensa de La Vida* (Environmental Committee in Defence of Life), carried out in 2012 and 2013.

287 For example, see *El Salmón Urbano*, www.elsalmonurbano.blogspot.com

288 *Minga* is an indigenous term that refers to a pre-Columbian tradition of carrying out voluntary community work collectively for the benefit of the community.

289 *Doce razones para decirle no a la minería en Cajamarca*. Available at Planeta Paz, www.planetapaz.org/index.php?option=com_content&view=article&id=176:doce-razones-mas-contra-la-mina-la-Colosa

290 *El Nuevo Día*. *Acalorado Debate en la Mesa Ciudadana Ambiental*. 22 Feb 2013. www.elnuevodia.com.co/nuevodia/tolima/regional/172987-acalorado-debate-en-la-mesa-ciudadana-ambiental

291 Amongst organisations present were: Concejo Regional Indígena del Cauca (Cauca Regional Indigenous Council), Organización Nacional Indígena de Colombia (National Indigenous Organisation of Colombia), University of Tolima, Fedearroz (the rice growers' guild).

292 *El Tiempo*. *Piden a AngloGold que renuncie a 157 títulos mineros en Ibagué*. 14 Mar 2013. www.eltiempo.com/colombia/tolima/ARTICULO-WEB-NEW_NOTA_INTERIOR-12689002.html

293 *El Nuevo Día*. *Concejo debatirá títulos mineros en Ibagué*. 19 Mar 2013. www.elnuevodia.com.co/nuevodia/actualidad/politica/175670-concejo-debatira-titulos-mineros-en-ibague

their opposition to contamination within the environs of the city.²⁹⁴ Recently, as a result of public pressure on the Governor of Tolima,²⁹⁵ and given that the national authorities are in practice bypassing local and regional authorities in order to impose the extractive model, the possibility of launching a public referendum has been considered. Many fear that this measure risks manipulation, however, given the power and money at AGA's disposal to shape opinion.

AGA announced in late 2012 the possibility of installing "infrastructure" for the mining project, such as the tailings dam and plant in the village of Doima, located in the municipality of Piedras. Piedras is a rice-growing region and is known for having a unique ecosystem that is home to a species of freshwater oyster. Local communities made a significant protest march on 23 December 2012,²⁹⁶ and days afterwards they organised a road blockade to prevent access to AGA's vehicles and staff.²⁹⁷ The blockade was only lifted when the corporation started legal action against the local authorities for violations of its rights to "free movement".²⁹⁸ Meanwhile, the local inhabitants lodged 1,283 documents with the department's environmental authority *Cortolima*, complaining about the drilling activities that AGA was carrying out in their area.²⁹⁹ Based on these complaints, *Cortolima* produced Resolution 433 of 11 March 2013, through which it imposed a preventative measure that ordered a process of sanction on the company, since "activities were being carried out that generate imminent risks and possible disturbances to the resource, soil, and water, in an area classified as being of highly fragile agricultural use".³⁰⁰ As a result, AGA was obliged to withdraw its equipment.

"From a total of 5,105 registered voters in Piedras, 2,971 voted against, and only 24 in favour, of AGA's operations."

In July 2013, a local referendum was conducted in Piedras, to determine whether AGA should be allowed to continue its operations in the municipality. The text on the ballot papers read:

Do you agree, as a resident of Piedras, Tolima, that in our jurisdiction, the following activities are carried out: exploration, exploitation, treatment, transformation, transportation, washing of materials that originate from large scale gold mining; or that materials that are harmful to health and the environment are stored or used, specifically cyanide and/or any other substances or hazardous materials associated with these activities; furthermore, that surface and ground water is

294 El Nuevo Día. *Concejo rechaza minería contaminante*. 11 May 2012. www.elnuevodia.com.co/nuevodia/actualidad/politica/144588-concejo-rechaza-mineria-contaminante

295 El Tiempo. *Gobernador del Tolima propone consulta popular sobre explotar oro*. 22 Feb 2013. www.eltiempo.com/archivo/documento/CMS-12612732

296 Colombia Reports. *AngloGold Ashanti gold mine sparks protests in central Colombia*. 4 Jan 2013. colombiareports.com/anglogold-ashanti-gold-mine-spurs-protests-in-central-colombia/

297 La Silla Vacía. *Doima declara a AngloGold Ashanti minera non grata*. 6 Feb 2013. www.lasillavacia.com/historia/doima-declara-anglogold-ashanti-minera-non-grata-41344

298 El Nuevo Día. *AngloGold entuteló a Piedras*. 18 Feb 2013. www.elnuevodia.com.co/nuevodia/tolima/regional/172568-anglogold-entutelo-a-piedras

299 Interviews with members of the Comités Ambientales Regionales (Regional Environmental Committees).

300 *Cortolima impone medidas preventivas por actividades no mineras*. Cortolima. 12 Mar 2013. www.cortolima.gov.co/contenido/cortolima-impone-medidas-preventivas-suspensi-n-actividades-no-mineras-adelantadas

used from our town in such operations or any other similar operations that may affect and/or limit the supply of potable water for human consumption, and for agriculture, the traditional productive vocation of our municipality?

AGA expressed “disagreement with the biased question, which makes reference to a type of mining which is not the one carried out by AngloGold, and induced the response from the community

The results were overwhelming: From a total of 5,105 registered voters, 2,971 voted against and only 24 in favour, showing a clear rejection of the population towards AGA’s operations. This news was reported widely throughout the country, as it was the first time a local referendum had been held on the issue of mining, and even appeared in the international media.³⁰¹ AGA expressed “disagreement with the biased question, which makes reference to a type of mining which is not the one carried out by AngloGold, and induced the response from the community”.³⁰² At this time it is not clear what will happen, as although the results of such referendums are legally binding,³⁰³ a decree issued a few months ago stipulates that all decisions made regarding mining are the preserve of the National Government.³⁰⁴

Summary of Chapter

AGA’s intervention at *La Colosa* has given rise to vehement opposition by large sectors of society, social movements and organisations. There is a growing and articulated process, at regional and national level, bringing together organisations, indigenous communities, journalists and social researchers, artists and university groups who oppose the mining project.

This dynamic of resistance and opposition, formed initially in local *campesino* small-scale farmer organisations, has spread and gradually taken on an urban character as well. As a result, governments and local and regional authorities have begun to support the growing public concern. The recent referendum in Piedras has shown a clear rejection by the population of AGA’s operations.

301 Arturo Wallace (BBC Mundo). *El pueblo colombiano que no quiere oro*. 31 Jul 2013. www.bbc.co.uk/mundo/noticias/2013/07/130731_colombia_mineria_piedras_colosa_anglogold_aw.shtml

302 Andrés Bermúdez Liévano. *La encrucijada del gobierno después del ‘no’ de Piedras a la minería*. In *La Silla Vacía*. 29 Jul 2013. www.lasillavacia.com/historia/eldilemadelgobiernodespuesdelnodepiedraslamineria45296

303 According to Article 55 of Law 134 of 1994 “the decision taken by the people in the referendum, is mandatory [...] It is understood that there has been a binding decision by the people, when the question that has been made has obtained an affirmative vote of half plus one of the valid votes, provided that at least a third of voters who make up the respective electoral register have participated”

304 Ministerio de Minas y Energía. *Decreto 934 del 9 de mayo de 2013*. <http://wsp.presidencia.gov.co/Normativa/Decretos/2013/Documents/MAYO/09/DECRETO%20934%20DEL%209%20DE%20MAYO%20DE%202013.pdf>



Figure 11.2.
Fourth Carnival March in Ibagué
against the *La Colosa* mining project.
Photo by Viviana Sánchez.

Conclusions

Lack of transparency regarding the scale and impacts of the project

There is a profound lack of transparency in the way the *La Colosa* mining project has been portrayed to Colombian society. The interviews carried out during this research, coupled with the many documents examined, some of which originate from AGA itself, indicate an alarming lack of public awareness with regard to the scale of the project: AGA presentations directed at foreign investors as early as November 2011 showed that it envisages, as part of its longer-term plans, the creation of a mining district, referred to as *Anaima Tocha* or *Colosa Regional*. However, the plans for the creation of a mining district were only announced publicly in Tolima in July 2013, approximately one year and eight months after the presentations to potential investors. The mining district would encompass an area of 200,000 ha, greater than the area of the neighbouring Quindío Department.

100 million tonnes of waste rock

The figures relating solely to the *La Colosa* project are, in themselves, of a massive scale – and would be significantly multiplied if a mining district were created. *La Colosa* would produce a potential 100 million tonnes of un-processed waste rock during its period of operations, which could end up being deposited in valleys adjacent to the mine, and if not there, then somewhere else. It is highly probable that the waste rock would contain sulphides, and would therefore present a high risk of emitting Acid Mine Drainage (AMD) into the environment – that is acidic waters containing high concentrations of dissolved toxic heavy metals.

One of the largest tailings dams in the world?

The scale of the tailings dam, with a capacity for 1,420 million tonnes of waste according to AGA's own figures, suggests that it would become one of the largest in the world. The water and electricity consumption would be overwhelming: in both cases it would be greater than the domestic consumption of all the inhabitants of Tolima. Although AGA insists to Colombian society that it is not known whether the project is viable, in its presentations to investors the main question appears to be how large the gold deposit may turn out to be. It would also seem that AGA offers more information to foreign investors than to the communities themselves. This raises ethical questions, as it is the communities (not the investors) who will suffer the impacts, and therefore have the right to objective information on a priority basis, rather than those who will profit from the business.

Intensive marketing campaigns

AGA does provide information to the communities affected by *La Colosa*, but it is consistently incomplete and misleading. In the search for a good image and social acceptance, money is more effective than factual arguments: AGA has a policy of advertising in the media and sponsoring events, celebrations and other activities with broad media coverage. This strategy affects the impartiality of the media and of certain groups, and is harmful to transparent debates and democratic decision making.

Threats and stigmatisation of the opposition

Furthermore, there are several cases reported in which people who express their opposition to the mining project have been the subject of personal attacks. The characterisation of *campesino* small-scale farmer leaders of Cajamarca who oppose to the mining project as 'guerrillas' is alarming, as, in addition to delegitimising them in the court of public opinion, it potentially makes them very vulnerable.

At least 50 ha of La Colosa are on the páramo unique ecosystem

There are various other behaviours that raise serious questions about AGA's operations in Colombia: for example they have reportedly carried out the splitting of concessions with the objective of evading the payment of surface levy. They also appear to have created a secret network of subsidiaries in tax havens. They still have concessions on páramos: in the case of the *La Colosa* project, there are more than 50 ha that lie within this invaluable ecosystem essential for the welfare of all Colombians.

Economic and social impacts

At a local level, the mining initiatives have generated divisions in the community, increases in the cost of living, outbreaks of violence, and have clearly influenced the municipal government. Other indicators, such as a marked increase in prostitution, also coincide with the presence of mining activities in Cajamarca.

Labour rights

Cases of alleged violations of labour rights of workers have also been found, committed indirectly by the company, facilitated by their policy of subcontracting the labour force. The climate of job instability and coercion of the workers makes it difficult to measure the magnitude of the problem. However, workers do not have guaranteed rights, or the necessary support to assert their rights and claims, and the corporation has sufficient power to ignore these rights.

Environmental authorities fail to act

There are clear indications that there is a lack of effective control by the environmental authorities over the exploration works that are being developed at *La Colosa*. This absence of control is visible in the accounts by workers about the unauthorised collection of water within the project; the reports of unauthorised logging; the handling and management of harmful chemicals; and the potential contamination of surface and subterranean waters with drilling additives.

Right to participation of the affected communities is undermined

Furthermore, in May 2013, the Ministry of the Environment quietly authorised additional "exclusions" of the Central Forest Reserve for AGA to carry out exploration works over a wider area. This was announced to the inhabitants of Tolima more than two months later, without giving them the opportunity to contest the decision. The following month, the National Mining Agency declared projects located over 40 mining concessions as being of national interest, including *La Colosa*.³⁰⁵ These are yet more examples of decisions being taken by the central government without the participation of the affected communities.

Piedras residents voted overwhelmingly against the mining project

The results of the recent referendum in Piedras, where an overwhelming 98% of inhabitants voted against AGA's plans to build tailings dams and associated infrastructure in the area, show the degree of local opposition towards mining and related activities. Over the next few months, it will become clear whether the Colombian government in Bogotá upholds the decision made by the inhabitants of Piedras, or whether it allows AGA to proceed with its operations in the area. The issues about how ethical it is for central government to make decisions from Bogotá on regional issues, by people who will not directly suffer the impacts, has also become a hotly debated issue in Colombia.

305 Agencia Nacional de Minería. Resolución 592. *Por la cual se designan algunos proyectos mineros de interés nacional*. 19 Jun 2013. <http://static.elespectador.com/arcivos/2013/07/2916572399e6ef1f06ef3d6ef718f91f.pdf>

The effective management of environmental institutions has become a pressing issue, in particular for the protection of water sources, which are vital for all forms of life in the region. This is further aggravated by the concerns about what Climate Change holds in the future. There is an urgent need for effective responses to address the potential growth of famines, droughts, and displacement of communities for environmental reasons.

Powerful lobbying that puts profit before people

Cases of corruption and conflict of interest have been denounced through various media channels and independent organisations. There is an alarming weakness of Colombian institutions in the face of powerful lobby groups. Public policy and laws are being redesigned for the benefit of multinational mining companies. This suggests the possibility that parts of the Colombian state have been taken over by private interests that represent large-scale multinational mining corporations. The national government works closely with the corporate sector, and it has pledged to increase foreign direct investment in mining, making it the centrepiece of its economic policy. This is in the context of the recent free trade agreements with the EU, Canada and US that guarantee a high return on foreign investments once they are made. This means that the Colombian state is expected to ensure an investment friendly regime. Consequently, environmental and social protections have been firmly relegated below profits, in the order of priorities.

Voluntary Principles: a tool for propaganda, not for accountability

The adoption of voluntary codes and standards such as *UN Global Compact and Voluntary Principles of Security and Human Rights* appears to be part of AGA's public relations campaign and strategy to avoid more rigorous, legally binding, regulations. During its presence in Colombia, AGA has demonstrated disregard for the principle of transparency and the right to participation of affected individuals and groups. Self-enforcement of voluntary codes has proved ineffective, as it has not prevented labour rights violations, nor an adverse impact on the rights to housing, food and water. In addition to this, AGA's extensive economic and political influence has made it more difficult for those whose rights were violated as a result of the project to access existing national accountability mechanisms.

This is about a lot more than just *La Colosa*

It seems that in Colombia, decisions are being taken which will lead to changes with enormous repercussions. It is likely that situations similar to what has been reported in the case of *La Colosa* are happening throughout the country. Colombia's perennial wealth, namely its hydrological resources and biodiversity, are at risk of being exchanged for temporary royalties, and environmental and social degradation. What will happen in the near future is not clear. At stake is the power of an extractivist model centred on the use and consumption of non-renewable resources, versus the strength of citizens' movements that wish for alternative development models.



Figure 12.1.
Children playing next to
the river Anaime



Figure 12.2.
View of the Nevado del *Tolima*
from Cajamarca. It is estimated
that the glacier has retreated
by 80% since 1850.³⁰⁷
Photo by *Conciencia Campesina*.

As a final reflection, we cite the words of Jorge Humberto Jiménez,³⁰⁶ applicable in the Colombian context, as well as across a wide range of environmental debates, which have become very commonplace nowadays:

...rather than weighing up the economic and technical arguments (that also show that mining is a bad deal), what is at the root of this is our posture and decisions with regard to such ethical dilemmas:

- Either we accept that the greatest wealth is water and biodiversity, as perennial and vital goods, or we accept that transient and under-paid royalties are worth more.
- Either we accept that a healthy environment is a right and a collective asset that we have the obligation to protect and care for, as guarantor of our survival, or we accept that it can be seriously and irreparably damaged to benefit private interests and fiscal revenues.
- Either we accept that the state should be at the service of the people, respecting their territory, traditions and autonomy, or we accept that the state is on the side of the economic interests that seek poor countries that are institutionally weak, in order to make fabulous profits. What has happened in Africa after 100 years of mining?
- Either we accept that our generation has no economic path other than the merciless destruction of our environment, or we understand that there are other paths to development, and that this asset is not only ours but belongs to future generations as well.

³⁰⁶ Jorge Humberto Jimenez has a degree in Philosophy and a Master's in Education, and has had links to Tolima for over 25 years in the fields of education, culture and music. See: *Siete Argumentos que hacen inaceptable la explotación minera a cielo abierto*. Presentation by representative of Comité Ambiental del Tolima in the *Mesa Ciudadana Ambiental*. http://youtu.be/JB_ULLoCgdU

³⁰⁷ IDEAM. *Los Glaciares Colombianos, Expresión del Cambio Climático Global*. www.glaciologia.cl/textos/IDEAM.pdf

APPENDIX

Páramo	Concession	Mineral	Municipality	Área (Hectares)
Santurbán	Gj5-111	Copper, zinc, platinum, molybdenum, platinum, gold and silver	California, Charta, Surata, Vetas in Santander	75
Los Nevados	GLN-09B	Zinc, gold, platinum, copper, molybdenum and silver	Santa Isabel, Anzoátegui in Tolima	8,061
Los Nevados	GLN-094	Platinum, copper, silver, gold, zinc, molybdenum	Salento Quindío and Ibagué Tolima	5,559
Los Nevados	ELJ-113	Gold	Ibagué	562
Los Nevados	GLT-081	Silver, platinum, zinc, molybdenum, gold, copper	Ibagué	1,639
Los Nevados	HB7-086	Copper, molybdenum, gold, silver, zinc, platinum	Ibagué, Cajamarca and Salento.	9,253
Chili-Barragán	JB4-15401	Copper, silver, lead, platinum, molybdenum, gold, zinc	Genova Quindio	1,968
Chili-Barragán	JB4-15551	Copper, silver, lead, platinum, molybdenum, gold, zinc	Genova and Pijao (Quindio)	632
Chili-Barragán	JB4-15411	Platinum, copper, silver, lead, gold, zinc	Genova (Quindio)	1,944
Chili-Barragán	JB4-16461	Copper, silver, lead, platinum, molybdenum, gold, zinc	Genova and Roncesvalles	1,944
Chili-Barragán	JB4-15561	Copper, silver, lead, platinum, molybdenum, gold, zinc	Genova and Roncesvalles	1,972
Chili-Barragán	JB4-15471	Copper, silver, lead, platinum, molybdenum, gold, zinc	Roncesvalles and Genova	1,979
Chili-Barragán	JB4-15571	Copper, silver, lead, platinum, molybdenum, gold, zinc	Genova and Roncesvalles	1,759
Chili-Barragán	JB4-15461	Copper, silver, lead, platinum, molybdenum, gold, zinc	Pijao, Genova and Roncesvalles	1,725
Chili-Barragán	JB4-15511	Copper, silver, lead, platinum, molybdenum, gold, zinc	Genova and Pijao	632
TOTAL	15			39,704

Table 1.
List of mining concessions held by
AngloGold Ashanti Colombia SA
in páramos in July 2012

Municipalities	Área (Hectares)	Number of concessions
Anzoátegui	3,989	2
Anzoátegui - Alvarado-Ibagué	676	1
Anzoátegui - Ibagué	4,389	3
Anzoátegui - Libano-Santa Isabel-Venadillo-Murilo (JC3-11051)	17,840	1
Anzoátegui - Santa Isabel (IEV-10121X)	26	1
Ibagué	14,699	11
Cajamarca	8,258	7
Cajamarca - Calarcá-Córdoba	1,692	1
Cajamarca - Calarcá-Salento	3,707	2
Cajamarca - Ibagué	26,220	6
Cajamarca - Pijao	142	1
Cajamarca - Rovira-Ibagué	3,207	1
Cajamarca - Salento	5,986	4
Chaparral	5,880	2
Chaparral - San Antonio	13,218	3
Ortega-Rovira-San Antonio	3,701	2
Ortega-San Antonio	56	1
Rovira	14,893	11
Rovira - Ibagué	2,914	3
Roncesvalles	2,306	4
Roncesvalles - Génova	8,525	5
Roncesvalles - Génova-Sevilla	1,999	1
Roncesvalles - Pijao-Génocva (GJ5-115914X)	1	1
Roncesvalles - Rovira-San Antonio	747	2
Roncesvalles-San Antonio	3,899	3
San Antonio	2,018	2
Ataco	3,893	2
Ataco - Rioblanco	2,865	3
Planadas - Ataco-Rioblanco (ICQ-080735X)	5	1
Planadas - Rioblanco	1,979	1
TOTAL	159,730	88

Table 2.
Concessions held by AngloGold Ashanti in Tolima
(Source: Catastro Minero Colombiano, July 2012)

11/11/11

SUPERINTENDENCIA DE SOCIEDADES

Superintendencia de Sociedades

Quiénes Somos | Perfil del | Prensa | Contratación y Plan | Preguntas | Trámites en la | Boletín Estadístico | Acuerdos de | Reorganización y | Liquidaciones | Software para el | Ley 1116 de 2006 | Normatividad | Intervenciones por | Control Interno | Noticias Anteriores | Cálculos | Prevención Riesgo | Gobierno | Empleos | Procesos de | English | Comunidad | CONVERGENCIA A | Sitios de Interés

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DATOS BÁSICOS

NIT 900156837 DV 2 EXPEDIENTE 68301

RAZÓN SOCIAL EXPLORACIONES PANTANOS COLOMBIA S.A.
SIGLA NULL
OBJETO SOCIAL EXPLORACION EXPLOTACION Y COMERCIALIZACION DE ORO Y OTROS MINERALES
TIPO SOCIETARIO ANONIMA

ACTIVIDAD ECONÓMICA

ACTIVIDAD CIUU Extraccion de minerales preciosos
CODIGO CIUU C1320

DIRECCIÓN DE NOTIFICACIÓN JUDICIAL

CLL 116 N 7 15 PISO 8
TELÉFONO 1 6579100 **TELÉFONO 2**
CIUDAD BOGOTA D.C. **DEPARTAMENTO** BOGOTA D.C.

DIRECCIÓN DE DOMICILIO

CLL 116 N 7 15 PISO 8
CIUDAD BOGOTA D.C. **DEPARTAMENTO** BOGOTA D.C.
APARTADO NULL **FAX** 6579293

E-MAIL EAGUILERA@ANGLOGOLDASHANTI.COM **PÁGINA WEB** NULL

SITUACIÓN/ESTADO

ESTADO	INSPECCION	FECHA ESTADO	2011/03/10
SITUACIÓN	ACTIVA	FECHA SITUACIÓN	2011/03/10
ETAPA SITUACIÓN	ACTIVA	FECHA ETAPA	2011/03/10
CAUSAL	(Art. 83 Ley 222 / 1995)		

ADMINISTRADORES/REPRESENTANTES

REPRESENTANTE LEGAL	KLAUS ROHRBACH
REPRESENTANTE LEGAL 1ER. SUPLENTE	PALACIO CUARTAS EDWIN OMAR
REVISOR FISCAL	PORRAS GUTIERREZ YANETH LILIANA
REVISOR FISCAL SUPLENTE	NANCY GARCIA VARGAS
CONTADOR	AGUILERA SOTO EMIGDIO
JUNTA DIRECTIVA PRINCIPAL 1o.	ANDREW CUTHBERTSON
JUNTA DIRECTIVA PRINCIPAL 2o.	RAFAEL HERZ
JUNTA DIRECTIVA PRINCIPAL 3o.	RORIC SMITH
JUNTA DIRECTIVA SUPLENTE 1o.	JERRY BATEMAN
JUNTA DIRECTIVA SUPLENTE 2o.	LOWE BILLINGSLEY
JUNTA DIRECTIVA SUPLENTE 3o.	MARCELO ORTIZ DE ZARATE

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Quejas y Reclamos

Denuncias por Corrupción

Consulta de Sociedades

Bienes en Subasta

Informes Electrónicos

Estado de cuenta y pago

Atención al Ciudadano

V.E.M.

Noviembre 11

Chat
 Atención lunes a viernes.
 9:00 a 10:00 a.m.
 2:00 a 3:00 p.m.

Figure 1. Record from of Colombian Companies Registrar showing the executives of AngloGold on the board of directors of a subsidiary company

Company

5076 F

Form Number 4F

THE COMPANIES ACT 1931 – 2004

Return of Alteration in the Charter, Statutes, Memorandum or Articles of Association or other Instrument constituting or defining the Constitution of a Company Incorporated outside the Isle of Man

Please complete legibly, in black type, or bold block lettering

Name of

Presented by


Return of alteration in

constituting or defining the constitution of a company incorporated in

and which has a place of business within the Isle of

Certified Copy of Alteration or Certified Copy of new Deed, if one has been executed, and Certified Translation of Alteration or Deed, if not in the English language, must accompany this return and be shortly referred to here.***

Signature of the person authorised under Section 313 (1)(d) of the Companies Act, 1931, as the designated officer to deliver for registration the documents and particulars specified in this subsection, sections 91 and 315.

 _____ (Signature)

MICHAEL DAVID BROWN _____ (Name in fill)

(Signature) (Name in fill)


(Signature) (Name in fill)



Dated 19 day June 20 08

- * "Charter", "Statutes", "Memorandum or Articles of association" or other instrument as the case may be
- ** Country of origin
- *** The Copy and Translation (if any) must be certified in the manner prescribed in paragraphs 2 and 5 of the Companies (Forms) Order, 1932

Official use only



02406200800073

Figure 2. Copy from Isle of Man Companies Registry showing "AngloGold Ashanti" being removed from the name of a subsidiary company.

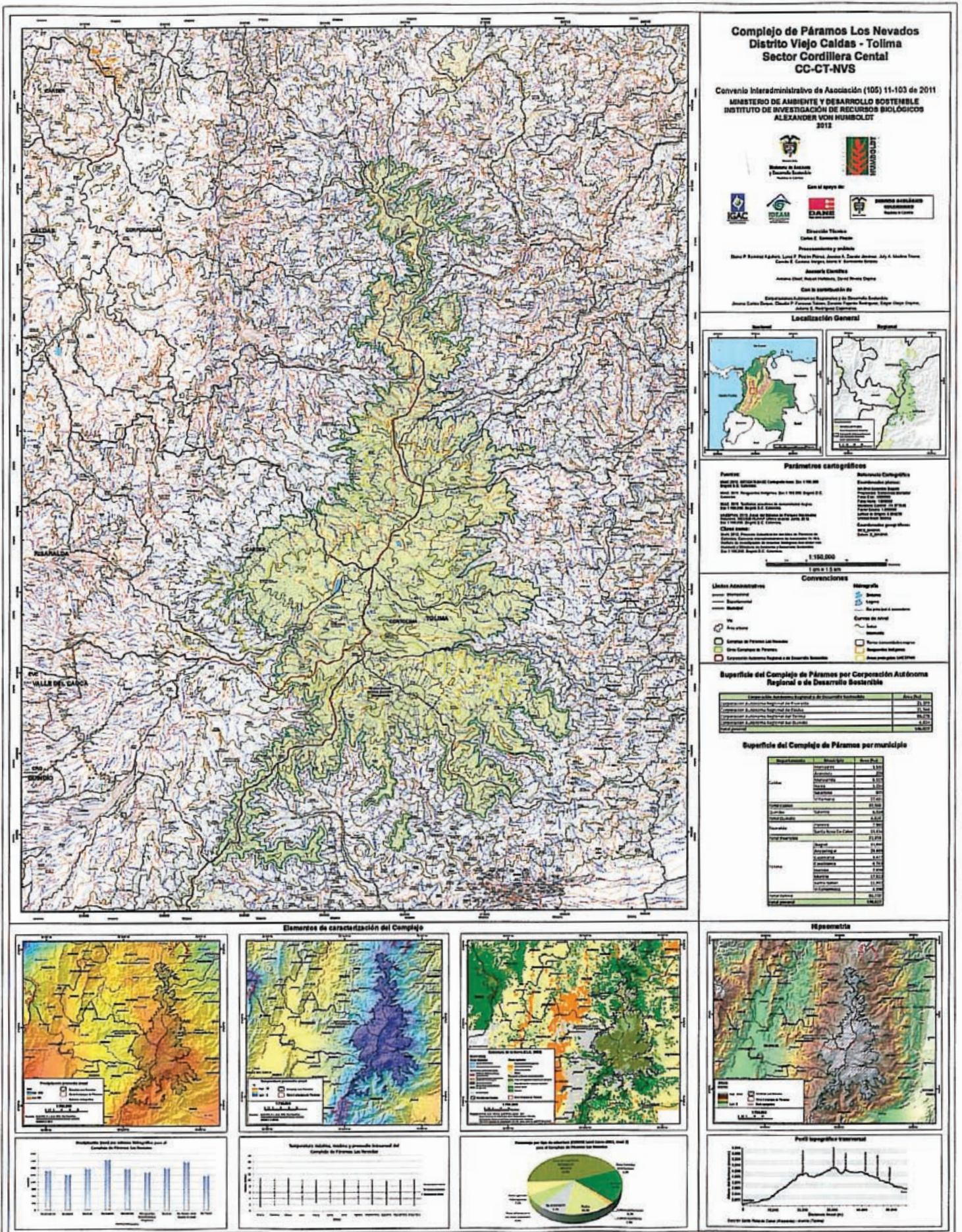


Figure 3. Official map of the Los Nevados Páramo Complex

Substance	Use	Possible effects	Comments
Max-Gel [1] (Bentonita)	Oil well drilling, additive liquid. Viscosifier.	The particles can cause irritation to the eyes, nose, throat and lungs. Inhalation of particles can lead to pulmonary fibrosis, chronic bronchitis, emphysema and bronchial asthma.	Considered a hazardous substance. According to Directive 67/548/EEC there is a risk of cancer.
Poly Plus RD [2]	Drilling fluid additive of oil wells. Clay inhibitor.	May cause mechanical irritation of eyes, skin, and respiratory tract. Inhalation of particles can cause long-term lung damage.	This product has traces of Acrylamide, classified as a probable cause of cancer in humans.
Hardness and Alkalinity Control [3]	Additive for drilling fluids. Ph. control	Corrosive. May cause burns to eyes, skin and respiratory tract.	In the presence of water can produce a violent reaction.
Platinum Lube [4]	Designed for use in coring and rotary drilling	May cause irritation to eyes, skin and respiratory tract.	Inhalation can cause severe lung damage.
Rod Ease [10]	Drilling lubricant		
Platinum Pac [5]	Additive fluid wells for oil drilling.	May cause mechanical irritation of eyes, skin, and respiratory tract. Inhalation of particles for long periods can cause lung damage.	The long-term inhalation of particulates can cause irritation, inflammation and/or permanent damage to the lungs. Diseases such as pneumoconiosis ("dusty lung"), pulmonary fibrosis, chronic bronchitis, emphysema and bronchial asthma may develop.
Ringfree [6]	Fluid additive oil drilling.	Prolonged exposure may cause irritation of eyes, skin and respiratory tract	Do not allow to enter drains or surface water and groundwater. Waste must be disposed of in accordance with federal, state and local laws.
Matex ultravis [7]	Used in drilling applications	May cause irritation, redness, swelling or dermatitis.	May cause nausea or vomiting.
Matex torqueless [8]	Used in drilling	Non-toxic and is not considered dangerous.	Although the product is environmentally safe, spills should be contained and dried
Fordia Bio Black Widow [9]	Lubricates drill rods.	May cause slight irritation to the skin and eyes.	Prevent spilled material and runoff from spreading and coming into contact with soil, waterways, drains and sewers.

Table 3.

List of chemical substances used in drilling for the *La Colosa* mining project and key comments from Material Safety Data Sheets.

Sources:

1. Logan Drilling Colombia SAS. http://logandrillingcolombia.com/docs/msds_bentonita.pdf
2. Miswaco Safety Data Sheets. http://seia.sea.gob.cl/archivos/Anexo_2_Hojas_de_Seguridad..pdf
3. Sudecap. Safety Data Sheets. <http://sudecap.com/wp-content/uploads/2013/03/5-MSDS-HARDENERS-ALKALINITY-Control-Espanol.pdf>
4. Mi Mining & WaterWell. Safety Data Sheets www.chubut.gov.ar/ambiente/imagenes/2Platinum%20Lube%20ESP.pdf
5. Mi Mining & WaterWell. Safety Data Sheets http://seia.sea.gob.cl/archivos/ANEXO_C_Hojas_de_Seguridad_Aditivos_Biodegradable.pdf
6. Logan Drilling Colombia SAS Safety Data Sheets. http://logandrillingcolombia.com/docs/msds_ringfree.pdf
7. Matex. Safety Data Sheets www.e-seia.cl/archivos/Anexo_1_Descripcion_de_productos.pdf
8. Matex. Safety Data Sheets www.e-seia.cl/archivos/Anexo_1_Descripcion_de_productos.pdf
9. Fordia. Technical Material Safety Data Sheets. www.fordia.com/content/documents/Pdf/Esp/MSDS_BioBlackWidow_ES.pdf

Project	Support from AGA (pesos)	Municipal support (pesos)	Date
School for women's leadership	25,400,000	5,400,000	
Training and capacity-building for members of community and social organisations in Cajamarca	21,580,000	6,660,000	
Improvement of ICFES exams [pre-university exam] in the municipality through teacher training.	35,066,000	9,000,000	May 2011
Improvement of infrastructure for beef and pork abattoir	80,000,000	70,000,000	December 2013
Improvement of facilities in marketplaces	162,035,969	60,000,000	2010
Improvement of dairy herds	22,550,000	6,160,000	May 2011
Improvement of football pitch	140,000,000	48,533,680	October 2011

Table 4.

Accords signed between AngloGold Ashanti and the Municipality of Cajamarca. Source: Alcaldía Municipal, Cajamarca. *Respuesta a de Derecho de Petición*. 28 August 2012.

Name	Partners	Description	Beneficiaries
Fund for the Greater Coello River basin [CpC No 4]	Fondo de Acción Ambiental y de la Niñez	To develop projects on policies and good practice in water management	NGO and local environmental organisations
Receipt of CVs [CpC No 4]	Sena	Receipt of CVs through public employment service	Unemployed people
Hass Avocado	Aprominca, Aguacatec	Production and commercialisation of avocados	<i>Campesino</i> small scale farmers
Safe Drivers [CpC No 4]		Defensive driving courses	Drivers for company contracted to AGA
Green entrepreneur [CpC No 1]	Sena	Promotion of reforestation and solid waste management	Children and young people in local schools
Leadership schools [CpC No 1]	Secretariat of the government of Cajamarca, and Asociación de Juntas de Acción Comunal	Training and capacity-building for members of community and social organisations in Cajamarca.	Members of Juntas de Acción Comunal [local community organisations] and social organisations
School for women's leadership in Cajamarca [CpC No 2]		Leadership school for women with gender vision and inclusion.	Women of the municipality
Mining dialogues, education strategy. [CpC No 2]	Local colleges and schools	Talks in schools on responsible mining	Children and young people (aged 11 to 17) in the municipality

Table 5.

Other projects by AngloGold Ashanti. Source: Caminando por Cajamarca.

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