RESPONSE TO PORGERA ALLIANCE REPORT

“Landowners in Porgera Demand Urgent Resettlement”

Barrick Gold Corporation and the Porgera Joint Venture (PJV) have been made aware of a document, titled “Landowners in Porgera Demand Urgent Resettlement”, currently being circulated by the Porgera Alliance, a group self-described as including members of the Porgera Landowners Association.

Barrick and the PJV appreciate local groups bringing concerns they may have to the attention of the company. We are continuing to review this report and may have further comments in the future. Nonetheless, even upon a cursory review, we immediately note that many of the allegations outlined in this document have been raised in the past by the Porgera Alliance and found to be contrary to known facts. While we continue to take reports of this kind seriously, it is apparent that much of the content contained in this specific report reflects inaccurate information that already has been the subject of previous investigations.

Resettlement

The PJV’s resettlement program commenced before the mine began operating in 1990 and follows well-established statutory procedures, based on Papua New Guinean legal processes. It involves close consultation with landowners to develop bi-lateral agreements for the resettlement of those landowners whose land is impacted by mining activities. The mine prioritizes relocations in situations where mining activities impact landowners to an unacceptable degree or where safety may be an issue. The PJV pursues relocation – consistent with international resettlement norms that discourage social disruption – only when necessary. Currently, all Special Mining Lease (SML) landowners and their households consist of a group that may be over 12,000 individuals.

Over 850 households have been relocated to date and are receiving benefits that allow them to improve their standard of living. The PJV has plans to relocate hundreds of additional households from land required for future mining and waste rock disposal and/or for safety reasons related to future mining activity and has budgeted $40 million for this purpose (2010 to 2014).

Relocations are highly complex undertakings in Papua New Guinea (PNG). They involve a lengthy negotiation process, in line with cultural and clan traditions, community expectations and international standards. A significant, complicating factor is in-migration, since many seek to benefit from economic opportunities associated with the mine and wish to live close to the operation. When the mine originally began operating there were about 5,000 people in the area. In-migration has brought that number to about 50,000 today. Many in-migrants have an alternative, primary place of residence to which they are free to voluntarily relocate, should they so choose. In addition, SML landowners themselves can affect the level of in-migration and its ensuing effects due to the traditional authority they hold over who is allowed access to their lands.
Health issues

The Porgera Alliance report provides a table that, it claims, shows statistical information gathered from the Paiam hospital concerning the reasons for patient admissions to the hospital between 1996 and 2004. The table cites influenza, dysentery and pneumonia - all viral or bacterial infections - and erroneously attributes these ailments to causes related to the mine, such as “dust and air pollution” or “water and food poisoning”. The hospital has confirmed that it does not attribute the causes of these illnesses in its own statistics. These additions have been made by the report authors, and appear to be falsely represented as official hospital data.

In reality, there has since been a vast improvement in the provision of basic health services since the mine commenced operations. Under the Tax Credit Scheme, PJV has been able to construct health care facilities and medical aid posts and provide critical medical equipment to these facilities. Porgera has provided assistance to improve basic hygiene and nutrition, and to provide clean drinking water to local residents.

Claim of “Birth defects” due to mine pollution

The report claims that “...about 10% of babies born in the Porgera valley are abnormal, in most cases they are born with either defective or missing limbs...” This is simply not true. Records available from the Paiam hospital confirm that infant health statistics remain the same as those of other comparable parts of PNG.

Furthermore, we understand that the economic wealth generated by PJV has improved health and nutrition levels, particularly among women and infants.

Claim of drownings due to mine (sic) “tailing floods”

The report claims local people are “drowning in the mines tailing floods”. In fact, there are no “tailings floods” arising from the mine. The tailings outfall stream is a steady flow that adds only a small proportion (5%) to the total volume of water that enters the Porgera river system at any time.

It is a sad fact that a number of local people who have attempted to cross these rivers have drowned over the years. These unfortunate incidences reflect the serious risks associated with fast-flowing bodies of water, which are characteristic of the Highlands of PNG.

The mine regularly engages with local people who trespass onto dangerous areas of the mine, (such as the Anjolek waste dump and other areas bordering the fast-flowing river systems), to warn them that they are placing themselves in serious danger when they enter these high risk areas.

Claim of education disruption

The report claims that education of local children is being harmed due to classrooms being displaced by mine debris. This allegation may refer to the Apalaka Primary School, which closed in 1993 and was relocated to the Yarik area. Today, this school has an enrolment of 400 students and has expanded its
educational mission beyond the elementary level. In fact, the mine constructed most of the schools within the immediate area as part of the mine development agreement. Ten percent of mining royalties are allocated to a Children’s Trust for the education of children on the SML. To suggest the mine has hindered the education of area children, rather than substantially advanced it, is a most disappointing falsehood.

**Claim gardens destroyed by mine waste**

There is no support for the claim that a vast amount of land used for agriculture can no longer be used for this purpose due to “mining waste,” thereby threatening community food supply. While a significant area of former garden land has been occupied by the mine, landowners were compensated for the loss of the land and those families that resided on the land were relocated.

Given the steep rise in population in the Porgera Valley over the last 15 years due to in-migration, there has been an increased demand for local agricultural production. As a result, some SML residents buy food from other areas of the valley today. This does not mean, however, that the food supply to the community is threatened due to the existence of the mine. In addition, the PJV contributes to a number of agricultural projects in order to help improve agricultural techniques and yields in the area. One such project which the PJV co-funds is a terrace garden program aimed at helping local residents improve soil fertility and output and has established a training centre and nursery.

**Claim that Barrick “demanded that land be cleared of local villagers” by “military”**

The report also falsely asserts that the Company directed a police operation at Wangima in 2009. This is inconsistent with well-established, publicly known facts that are directly to the contrary. The PNG government deployed public law enforcement to quell a major tribal uprising that led to the death of numerous residents, threatened the safety of thousands of others, and caused extensive property damage. A widely signed and circulated petition at the time, supporting the deployment, called the violence the worst in living memory. Indeed, contemporaneous documents show that members of the Porgera Alliance itself were among those that supported and requested government action in response to the fighting.

At no time did the PJV request the “clearing of local villagers” or anyone else, nor did it request the destruction of any structures. While numerous relevant inquiries have been conducted, none produced evidence that could support any assertion to the contrary.

**Human Rights and Security**

Wherever we operate throughout the world, Barrick has a zero tolerance policy for human rights abuse. Our policy is consistent and clear: Any employee implicated in serious human rights violations or other serious crimes, or who has direct knowledge of but fails to report such incidents, will be terminated.

We will investigate all reports, suspicions or allegations of human rights abuse and, when warranted, take strong and appropriate actions. We take all allegations seriously, regardless of their source. Indeed, we appreciate that allegations may be true, even though they may have been lodged by sources who have raised inaccurate claims in the past, and who may not be considered wholly credible.
We would encourage the Porgera Alliance to provide government authorities, police and the company with any credible evidence, should it exist, to substantiate allegations of human rights violations or allow for an appropriate investigation.

In broad terms, the Highlands of PNG (the region within which the Porgera Mine is located) are subject to violent crime, caused by inter-clan conflicts, and other challenging social issues. It is an area in which the Government faces significant challenges maintaining law and order. Within this complex operating environment, Barrick and the PJV have been undertaking measures to further improve performance and ensure respect for human rights, while pursuing an expanded role of assisting communities within the Porgera Valley.

Claim of a (sic) “shoot to kill” security policy

This claim is false. Barrick’s Security Policy explicitly commits the company to operate in accordance with the Voluntary Principles on Security and Human Rights. The Security Policy encompasses the principle of progressive use of force, as per the UN Use of Force and Firearms by Law Enforcement Officials, which stipulates that lethal force is only used as the last option, when the life of the security officer or another person is in danger.

In 2010, Barrick formally applied and was accepted as a member of the Voluntary Principles and commenced enhancements to its global human rights compliance program to better detect and prevent human rights violations. As one element of this global initiative, updated training on human rights issues was rolled out to all security personnel, including personnel at Porgera, which featured training to identify and prevent sexual harassment and sexual assault.

Women’s Welfare

Barrick and the PJV continue to promote efforts to improve the social and security situation of women around Porgera mine. A framework of human rights initiatives in response to gender violence at Porgera is currently being developed that will include a human rights remediation program designed to provide specific assistance to women who have been affected by violence at Porgera. A further significant initiative involves the plan to establish a Women’s Resource Centre that will provide services and development programs for women residing in the Porgera Valley. PJV has also engaged with a number of civil society organizations and public agencies to discuss and develop strategies for combating gender-based violence, and is supporting a Women’s Welfare Officer at the Porgera District Women’s Association.

Conclusion

Overall, the Porgera Alliance report attempts to portray the mine as having a detrimental socio-economic impact on the communities. In reality, the PJV is one of the country’s largest resource projects and contributes significantly to local employment and socio-economic development in the Porgera Valley and beyond. The mine is a major contributor to the private sector economy of PNG and the majority of all commercial revenues arising through the operation of the mine remain in the country.
This includes more than $76 million in land use compensation payments to SML landowners and over $15 million in donations and community sponsorships since 1990.

The operation of the mine is underpinned by a number of agreements between the State, the mine and local landowners, and is governed by laws and regulations designed to safeguard both the environment and the interests of landowners and the local community. We do note with concern, however, the numerous reports of alleged misappropriation of those funds by one prominent member of the Porgera Alliance. See, for example:


We very much hope that a full investigation will be commenced, and that a relevant independent and transparent audit be conducted in the near future. The PJV would be willing to support such an audit, if necessary, to ensure that the benefits provided by the mine that are intended for local landowners and residents are distributed fairly and appropriately.

As indicated, we are continuing to review the Porgera Alliance’s report, and may have additional comments in the future. To be clear, however, Barrick and the PJV will continue to engage with local communities, government partners and reputable NGOs to ensure that Porgera continues to benefit local residents and contributes to greater economic and social progress.