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BACKGROUND: PHILIPPINE PROVINCE FILES SUIT AGAINST PLACER DOME

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Placer Dome in Marinduque

The Province of Marinduque is a small heart-shaped island near the middle of the Philippine archipelago. Most of its 200,000 citizens are fishers and farmers and many rely on what they can harvest from rivers, the sea and their land for their daily food.

As early as 1956, Placer Dome, then Placer Development Limited, became involved in an exploration project on the island of Marinduque in the Philippines, undertaking extensive geological mapping and drilling. In 1964, Marcopper Mining Corporation (Marcopper) was established. In 1969, Marcopper Mining Corporation started mining copper in Marinduque.

- Placer Development Ltd. secured and guaranteed more than US\$ 40 million in loans for the new copper mining company from a consortium of American banks and “Placer undertook the responsibility for open pit planning, design and construction...”¹
- Placer Dome always owned 39.9% of the shares in Marcopper, the maximum amount of shares that, until recently, could be legally held by a foreign company in the Philippines.
- Placer Dome managed the two Marcopper mines on the island. All Presidents and Resident Managers of Marcopper, from 1969 until 1996 (when the mine was shut down) were seconded from Placer Dome.
- Marcopper was “under design and management control”² of Placer Development Ltd. This management arrangement was established in agreements Placer Dome had with the banks whose loans Placer Dome guaranteed.
- Placer Dome guaranteed the loans from the Asian Development Bank for the second Marcopper copper mine on the island.
- Placer Dome provided the technical expertise for the two mines.
- Placer Dome was the only mining company involved in Marcopper from 1969-1994. Placer Dome’s secret partner in the mine (50%) until 1986, when he was overthrown, was the Philippine dictator Ferdinand Marcos. After 1986, Marcos’s shares were taken over and held by

¹ Philippine Mining Journal, October 1969:38.

² Zandee, Dick. 1985. Tailing disposal at Marcopper Mining Corporation. In Asia Mining '85, The Institution of Mining and Metallurgy, pp. 35-45

successive Philippine governments (Corazon Aquino, Fidel Ramos) until 1994, when they were privatized.

A 30-year History of Mining Disasters and Social Opposition

In nearly 30 years of mining under Placer Dome's management, Marinduquenos endured one mining-related environmental disaster after another.

Calancan Bay - For 16 years, from 1975 to 1991, Placer Dome oversaw the dumping, via surface disposal, of more than 200 million tons of mine tailings directly into the shallow waters of Calancan Bay, covering corals and seagrasses and the bottom of the bay with 80 square kilometers of tailings. The food security of 12 fishing villages around the bay has been severely affected for the past 27 years. A large portion of the tailings are exposed in the bay and regularly blow into nearby villages. The tailings also leach metals into the bay and are suspected to be the cause of lead contamination found in children from villages around the bay. In 1998, the Philippine Government declared a State of Calamity for health reasons for Calancan Bay villages because of lead contamination. Children from the area have been undergoing detoxification treatments in Manila. Calancan Bay villagers were never asked for their permission for the dumping and have never been compensated for their losses. They protested the dumping vehemently for 16 years and continue to demand that the bay be rehabilitated and that they be compensated for their losses. Placer Dome executives met regularly with Canadian NGOs during the 1980s over this issue but the dumping was not halted until the Tapani Mine was depleted in 1991.

Mogpog River - In 1991, an earthen dam was built in the mountainous headwaters of the Mogpog River. The dam was supposed to keep silt, from a waste dump for the new San Antonio mine, out of the Mogpog River. The people of the town of Mogpog vigorously opposed the building of the dam, fearing impacts on the river they use for food, watering animals, washing themselves and their clothes. In 1993, the dam burst, flooding downstream villages and the town of Mogpog so severely that houses were swept away, water buffaloes and other livestock killed and crops destroyed. Two children were swept to their deaths. Marcopper's Resident Manager, Placer Dome's Steve Reid, denied any responsibility blaming unusual rainfall from a typhoon.³ However, when the dam was rebuilt an overflow was added for the first time, in an implicit acknowledgement of faulty engineering. Within two years the toxic waste behind the dam was so high again that it flowed freely through the overflow into the river as it continues to do to this day. The Mogpog River is severely affected by the toxic waste flowing through the dam. A species of crab (called Bagtuk) that people used to eat has completely disappeared. According to a letter of August 23, 2001, by Vancouver-based engineering firm Klohn Crippen, "failure of the dam is a virtual certainty in the near term under current conditions." In the letter Klohn Crippen warns that failure of the dam will result in "significant downstream property damage" and "the potential for loss of life."

The Boac River Tailings Spill Disaster of 1996

On March 24, 1996, another massive tailings spill at the Marcopper Mine filled the 26-kilometer-long Boac River on the island of Marinduque with 3-4 million tons of metal enriched and acid generating tailings. The spill happened when a badly sealed drainage tunnel at the base of the Tapani Pit burst. The mined out pit, high in the central mountains of Marinduque, had been used as a storage place for tailings from the adjacent San Antonio mine since 1992. An investigative team from the United Nations visited the island shortly after the tailings spill and noted: "it is evident that environmental management was not a high priority for Marcopper."⁴

³ Reid, S. June 29, 1994. Letter to Mayor Ruben Tan of Mogpog

⁴ UNEP, September 1996. Final Report of the United Nations Expert Assessment Mission to Marinduque Island,

Placer Cuts and Runs - Following the Boac River disaster Placer Dome promised to plug the tunnel, clean up the river and the seashore and compensate the affected people. But in 1997 Placer Dome divested from Marcopper through a wholly owned Cayman Island holding company called MR Holdings. In 2001, Placer Dome left the Philippines and left the people of Marinduque with heavily polluted and toxic ecosystems.

For more information see http://www.miningwatch.ca/updir/PD_Case_Study_Marcopper.pdf
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