

Fact Sheet: Newmont Ghana's Akyem Project

31 January, 2009

Introduction

We present here the facts about the Akyem project in eastern Ghana. The following descriptions correct inaccurate and misleading statements put forth during a recent advocacy group event held in Switzerland.

According to Wikipedia, the Public Eye awards event, held every year since 2000, is portrayed as a counter-event to the annual meeting of world business and political leaders at the World Economic Forum in Davos, Switzerland. The event is coordinated by Swiss non-governmental organizations, the Berne Declaration and Greenpeace (Switzerland). The Public Eye is described as a platform for criticism of corporations and globalization.

Other winners of these 'awards' include companies such as Coca-Cola, Vodafone, Citibank, KPMG, the Gap, Nestle, Walt Disney, Tesco, Chevron, Shell, Ikea, Marks & Spencer, Shell, Wal-Mart, Alcoa and Novartis. Winners are all European or North American; all have global operations and all, to various degrees, are striving to balance the needs of all of their stakeholders and to operate in a responsible manner.

Companies nominated are not notified, the voting is anonymous and internet based; the allegations made are not investigated or substantiated and the corporations have no right to comment, or present the facts.

Newmont was nominated for the 2009 "Public Eye award" by the Wassa Area Communities Affected by Mining (WACAM), a Ghana-based advocacy group.

We present here the facts about Akyem, to give context to issues raised during the Public Eye nomination.

A word on WACAM's own involvement in the Akyem project is in order. Newmont has been attempting to engage with WACAM since 2002. WACAM was given in 2008 copies of the draft Akyem EIS for comment. WACAM gave no comment to Newmont, but apparently did provide comment to the Ghana EPA. WACAM members also attended and took part in at least the 2008 public meeting at Akyem. Community members maintain that WACAM attempted to encourage local youth to disrupt the meeting, paying them with money and tee shirts. WACAM has been a frequent critic particularly of the crop rate negotiation procedure and its outcomes. However, despite repeated requests for them to come to meetings as observers, they have consistently declined.

We will provide WACAM with this document and again invite them to engage more constructively with us and other stakeholders in the project. Only informed debate will help advance the cause of Ghana's economic development.

1. *The Akyem project includes an open pit mine that is 2.5 kilometers long, 900 meters wide and 500 meters deep – in a protected forest area.*

- A. Ajenjua Bepo is classified as a 'Forest Reserve' in Ghana and is not termed a 'protected forest.' Many of the forest reserves in Ghana are managed for timber production and other productive uses.
- B. This is not an unusual size for an open pit mine in any location in the world.
- C. Newmont's proposed project in Akyem would affect a small area (74ha) of the degraded southern boundary of Ajenjua Bepo Forest.
- D. The ore reserve is located along the southern boundary of the Ajenjua Bepo Forest Reserve and the pit area represents approximately 13% of the 569-hectare forest reserve area. In total, the project impacts 74 hectares out of the more than 18,000 hectares of forest reserves in the immediate area. The area to be mined within the Ajenjua Bepo Forest Reserve makes up only about 3.8% of the total proposed Akyem project footprint. According to independent experts, the area of the forest where we would be working contains low biodiversity value because it is already interspersed with farm and fallow land. In addition, the forest overall is in poor condition with only small true forest patches and poor connectivity to other forest communities. Several investigators have classified this portion of the forest to be "degraded".

2. *In order to exploit the soil, Newmont is seeking permission to destroy 74 hectares of the Ajenjua Bepo forest reserve.*

The proposed project area is a patchwork of agricultural lands and secondary forest area, but contains no original forest. The project is located on the southern boundary of the Ajenjua Bepo Forest Reserve, with a portion of the ore deposit located within the Forest Reserve boundary. The Akyem deposit situated in the Ajenjua Bepo Forest Reserve is one of several mining deposits located in forest reserves and in which the Government of Ghana permitted

exploration and future mine development. The open pit development would disturb 74 hectares located within the Ajenjua Bepo Forest Reserve, (about 3.8% of the total project footprint). All other mine infrastructure and activity would be situated outside of the forest as per the Government of Ghana requirements for mining in forest reserve areas. The portion of the Ajenjua Bepo Forest Reserve that would be affected has been previously extensively logged and portions have been reforested with plantation-type species. Also, the majority of the forest reserve area has been previously converted to crop land, or planted with non-native timber species. Wildlife habitat in the project area has been extensively modified by human activities, now hosting many species adapted to high levels of human activity. Newmont is working with international biodiversity experts to study ways we can “offset”, or compensate for, impacts caused by the mine development in the forest reserve area.

3. *The company has no intention of paying the people affected by the Akyem project a fair price for their land even though they are legally bound to do so.*
 - A. Newmont has always compensated people if mining activities have deprived them of land, crops or structures. We are bound to do so by Ghana’s laws, and by our own guiding principles. We have open and transparent negotiations with property owners, and these discussions are based on informed participation, fairness, openness, mutual respect, and a series of laws and international best practice standards. Typically, Newmont has given compensation that is substantially higher than the rates dictated by Ghana’s Land Valuation Board.
 - B. In Akyem, the company has been working collaboratively with the Compensation Negotiations Committee (CNC) to establish the principles which will guide rate negotiations for the revised rates which are evaluated yearly. The CNC is made up of 66 members. All nine communities elect a representative who has a one-year mandate. The Ghana Commission on Human Rights & Administrative Justice is represented, as are the National Commission on Civic Education, the Office of the Administrator of Stool Lands and other bodies. The CNC has formed three sub-

committees – Land, Crops and Immovable Property -- and the affected farmers and communities have engaged the services of external valuers to guide them in the negotiations and compensation determination process. In addition, all agreements reached during the negotiations are affirmed by the individuals and communities affected. This is a public and transparent process that has been going on for several years.

- C. Compensation entitlements are discussed with the active involvement of each affected community member. Negotiations take into consideration loss to farmers and to the community as a whole, and this is reflected in the spectrum of representatives that are involved in the negotiation process.
- D. Affected community members elect representatives to negotiate on their behalf, while the chiefs also elect traditional representatives (who may not be affected by the project) to be part of the process. These elected representatives, together with representatives from government ministries, departments and agencies as well as from Newmont, comprise the Compensation Rate Review Committee (CRRC). The CRRC's primary objective is to reach agreement on fair and adequate compensation rates applicable for various crops during a particular year.
- E. The company cross-checks with each affected community member for his or her approval before any form of negotiation takes place between the company and the elected representatives.
- F. The company has, on a yearly basis, negotiated with the affected communities and elected representatives of the affected individuals for fair and adequate compensation for their crops. The most recent compensation rates that were collectively agreed upon and paid to affected farmers were the result of rigorous negotiations, and all parties involved agreed that a fair and adequate rate had been established.

- 4. *The cocoa farmers now earn more in one year from harvesting their trees than Newmont promises to pay them for one acre of land planted with cocoa trees.*

Newmont does not unilaterally decide on the rates for crop compensation to farmers. Rates for crops are negotiated by the Compensation Negotiations Committee (CNC) every year and the two parties, after reaching agreement at negotiations, sign a Memorandum of Understanding detailing the terms of the agreement. The two parties in the compensation process have their negotiation process witnessed by various government institutions that provide technical guidance to the CNC. Among the government institutions present at CNC negotiations are the Ghana Commission on Human Rights & Administrative Justice (CHRAJ), the Land Valuation Board (LVB) and the Ministry of Food and Agriculture. WACAM has been invited to take part as an observer of this process but has consistently declined this invitation.

5. *The company is setting up a committee for harvest compensation without a legal mandate to speak for the affected farmers.*

A. Newmont does not set up committees for harvest compensation. Affected community members elect representatives to negotiate on their behalf while the chiefs also elect traditional representatives (who may not be affected by the project) to be part of the process. These elected representatives, together with observer representatives from the government ministries, departments and agencies (LVB, MOFA and District Assembly) and Newmont form the Compensation Rate Review Committee whose goal is to agree on fair compensation rates applicable for each crop.

B. The company cross-checks with each affected community member for approval before any negotiation takes place between the company and the elected representatives. Before negotiations can begin, individual farmers affirm in writing that they are being represented by the members who have been selected by their communities but that at the end of the negotiations, the farmer alone will decide whether to accept or reject the rates agreed to at the negotiations. This is a democratic and transparent process with independent observers and public outcomes

6. *Almost 10,000 small farmers will lose their land if the Akyem Mine is built.*

- A. The proposed project will affect approximately 2,800 farms which are located directly within the project area. The average farm size is less than one acre. Newmont is in regular contact with these farmers, will compensate them quickly and fairly, and is developing various alternative livelihood programs that include re-establishment of farming livelihoods in nearby locations for those who desire to continue farming activities.
- B. In the Ahafo area, Newmont Ghana is working with several NGOs on agricultural projects that are enhancing local farmers' productivity and incomes. The Agricultural Inputs and Land Access Program (AILAP) aims to increase the levels of agricultural produce yield and improve market access for local farmers. More than 96% of farmers who were displaced and compensated (3,295 farmers) have participated in the program and are now back on the land farming. A similar program is envisioned for Akyem.
- C. Farmers in the area who were not impacted by the Ahafo Mine are participating in another Newmont community development program, the Ahafo Agribusiness Growth Initiative (AAGI). More than 2,600 farmers have taken advantage of this program and have dramatically improved their farming practices and outcomes.
- D. Similar programs will be established in Akyem to address the needs of those whose livelihoods will be impacted by the project, and also to build the community's capacity to thrive in what will inevitably become a more vibrant, diversified economy.

7. *More than 1,330 others will be resettled.*

The proposed project anticipated resettlement of approximately 240 households. The company has up-to-date information on the numbers of possible resettlers. These households are represented

in the CNC process discussed previously and have participated in discussions relating to the proposed resettlement.

8. *The affected forests are an important watershed for important rivers in the region.*

Watercourses that drain the Akyem Project Area and flow into the Pra and Mamang rivers (including those emanating from the Ajenjua Bepo Forest Reserve) are ephemeral and flow only during the wet seasons (totaling about four months a year). The proposed project footprint is not located within the river course or of any perennially flowing streams.

9. *Filled with water, the giant pit will turn into an ideal breeding ground for mosquitoes. The risk and incidence of malaria will rise.*

- A. About half of the open pit will be filled with rock during mine closure and decommissioning. The surface will be covered with soil and vegetation, then stabilized and sloped to promote positive drainage. The remaining open pit area is expected to fill with natural ground water and the pit lake shoreline will not be conducive to anopheles mosquito breeding.

- B. Key stakeholders such as the government's Department for Fisheries are being consulted on the end use of the pit lake. Fisheries, based on closed mine pits, have had success elsewhere in Ghana – providing livelihood and minimizing mosquitoes at the same time.

- C. At the Ahafo Mine, the company monitors water bodies and provides active control of mosquito breeding conditions related to company activity to minimize and control related impacts. Mosquito monitoring and malaria case management indicate that the project is not contributing to increased malaria incidence; rather the project has reduced malaria incidence in the immediate area surrounding the mine.

10. *The area of the future mine is home to protected plants and animals and living organisms that are unique to this forest.*

The plants and animals in the project area are not unique to the Ajenjua Bepo forest reserve. All species of conservation concern in or near the project area are widespread in Ghana and the West Africa region, as has been confirmed during detailed baseline flora/fauna studies of the project area. Furthermore, wildlife habitat in the area has been altered by years of human activity. The company has invited biodiversity experts to study the area. These independent experts have recorded several species of conservation concern, (e.g. Zenker's fruit bat, green-tailed bristlebill, and Maxwell's duiker) that are typically associated with forest habitats but forage in adjacent agricultural land and patches of fallow re-growth.

11. *In July 2008, an important public hearing took place, but Newmont Mining Corporation bribed important decision-makers in the surrounding villages.*

A. This is not correct. Newmont's presence brings about considerable focus on the role and responsibility of traditional leaders in the communities around our project areas. The numerous visits to the operating and project areas by Newmont officials, government officers, NGO personnel cause community members to devote substantial time to meetings, discussions, and other interactions. Traditional leaders, in particular, are often required to attend meetings and manage issues that come about due to Newmont Ghana's presence. We recognize the impacts of these activities and have elected to work with the traditional councils to defray some of the extraordinary expenses related to our presence. Since 2006 (Ahafo) and early April 2008 (Akyem), Newmont Ghana has developed Memoranda of Understanding with the traditional councils to provide funds in recognition of these extraordinary demands. The funds are paid to the traditional councils and Newmont Ghana has requested that these agreements remain public. In this case, the Akyem traditional leaders have graciously given explicit permission that details of the agreements be made public. Details of the agreements have been available on our web site since early 2008 (see www.newmontghana.com).

- B. Newmont Ghana is committed to transparency and open and honest communication. This is evidenced by our commitment to a number of international conventions including the Extractive Industry Transparency Initiative (EITI) and the Partners Against Corruption Initiative (PACI).

12. Destroying farmland and forests in order to mine for gold as Newmont proposes, will eventually affect the country's food security in the long term.

- A. Currently, there are only 14 major mining operations in Ghana. Mining leases encompass less than 2% of Ghana's total land area (Official Ghana Government records). Only a small portion of the mining lease areas are actually used for active mining.

At the same time, agriculture currently occurs on more than 30% of Ghana's overall land surface. The available agricultural land area in Ghana has actually increased by 16% (UN Stats 2003). Another 5.7% of Ghana is under Prospecting Licenses but this activity is low impact and, statistically, rarely leads to full mine development.

In addition, according to official records, agricultural food production has slowly been increasing in Ghana (up by 5.3% in 1998 - National Economies Encyclopedia - Ghana). Also, the agricultural production per capita in Ghana increased substantially from 1990 to 2003 (Globalis – Ghana UN Common Database).

The period covered by these increases in agricultural land and production is also a period for increased gold production in Ghana. From 1990 to 2006, Ghana's gold production increased fourfold (Official Ghana Government records). Mining and food production have risen simultaneously, and both are vital to Ghanaians' livelihood.

- B. Newmont Ghana is working with several NGOs on agricultural projects that will enhance the productivity and incomes of farmers in the Ahafo area. This includes the Agricultural Inputs and Land Access Program (AILAP) which seeks to increase the levels of agricultural produce yield and market access for local farmers. More than 96% of farmers displaced and compensated

(3,295 farmers) have participated in the program are now back on the land farming.

- C. Other farmers in the area not impacted by the Mine are participating in another Newmont community development program, the Ahafo Agri-business Growth Initiative (AAGI). More than 2,600 farmers have taken advantage of this program and have improved their farming practices and outcomes..

(See <http://www.africanconnections.biz>).

13. *The people depend on the forest for food, firewood, and medicinal plants.*

- A. Newmont has engaged several NGOs and consultants to clearly understand the non-timber forest use patterns of local communities. The intent is to ensure that these uses are incorporated into both the negotiation and compensation programs as well as targeted mitigation activities to replace impacted use patterns. Newmont has already established local plant nurseries which are engaged in the propagation of native and locally-used plant materials to determine the best propagation methods. We will continue to evaluate these and other medicinal plant farms or herbal medicine gardens in the area.
- B. In 2007, Newmont invited environmental organization, Conservation International, to assess Akyem's biodiversity values and uses. The findings are being incorporated into the Akyem project planning.

This study concludes: "Subsistence farming and the collection of wood and non-wood forest produce form a key link to livelihoods. Therefore, the need to mainstream biodiversity into the environmental and social management aspects of the Akyem project development is critical to community sustainability." ('Community Biodiversity Use Assessment Akyem Project', Conservation International 2008. p.21), available on www.NewmontGhana.com).

Newmont is taking Akyem's cultural values seriously. Based on the assessment, the company knows how natural areas are used and

we intend to incorporate local practices into development programs, the rehabilitation nurseries and the closure decommissioning to ensure that values and traditional practices remain intact.

14. Newmont intends to expand the Ahafo mine that has been operating since 2006.

Newmont has not made any final decisions related to future expansion of the Ahafo Mine. However, any expansion plans are subject to full public discussion prior to implementation. In addition to conducting technical and financial analyses, Newmont is working with all relevant community groups, including the Ahafo Social Responsibility Forum and the Resettlement Negotiation Committee, on all major changes in mining activity. All relevant government agencies including the Ghana EPA are also involved.

15 Another 10,000 people will stand in the way of that expansion.

Any expansion plans are subject to full public discussion prior to implementation. In addition to undertaking technical and financial analyses, Newmont continues to consult with locally-elected representatives through the Ahafo Social Responsibility Forum, the Resettlement Negotiation Committee and others.

16. In 2006 the EPA of Ghana turned down the initial request by Newmont and the company withdrew its application.

The EPA did not turn down Newmont's draft Environmental Impact Statement. Rather, EPA advised Newmont to re-evaluate the Akyem project in view of the Agency's concern about the proposed pit's size and methods to reclaim it at closure. Newmont voluntarily withdrew its submission to reassess and evaluate the project's potential to be developed in a manner consistent with the EPA's observations. A third public hearing was held by the EPA in July 2008, based on a revised project design and re-evaluation of the open pit and decommissioning and closure considerations. The revised EIS document was completed in draft form in September 2008 and in final form in November 2008

and submitted in December 2008. Newmont is currently awaiting approval from the EPA.

17. The cyanide process leaves toxic waste behind and the Akyem mine is estimated to produce 15 million tons of such waste.

- A. This is inaccurate. The mining process uses milling and grinding technology to reduce rocks to a sand or flour-like texture from which the mineral is extracted. Cyanide is used in this milling process. Once the mineral is extracted, the remaining materials are termed 'tailing' and are deposited in a facility designed to contain them and to protect surface and ground water resources. The tailing facility will be designed and operated in accordance with International Cyanide Management Code standards. Before depositing the tailings in the storage facility, residual cyanide will be removed or reduced to levels which do not affect human health or the environment. The tailing materials are constantly studied to ensure their long-term characteristics and to ensure that they can be properly managed, stored and reclaimed to a suitable post-mine land use such as secondary forest and/or agricultural production.
- B. At Ahafo, Newmont recycles nearly all of the cyanide we use, thanks to a technology known as Counter Current Decantation (CCD) system. The result of using this system means we import and use less cyanide overall and, more importantly, that cyanide levels in the storage facility are reduced to levels which are protective of the environment. Sunlight degrades cyanide such that concentrations of cyanide at the far end of the tailing impoundment are at levels which are undetectable and certainly not harmful to the environment. Additionally, the tailing materials and remaining solution are maintained in a closed-system which are not discharged to the environment; rather recycled back to the processing facility for reuse..
- C. Daily monitoring of the Tailings Storage Facility's decant pond shows cyanide concentrations at well below the regulation level that is considered to affect wildlife. Birds, known to be sensitive to cyanide, are thriving along banks of tailings storage facility. And

every month we monitor water boreholes downstream from the tailings facility. There have been no issues.

- D. The Ahafo Tailings Storage Facility (TSF), its pipe area, and all pipe joints are lined in leak-proof HDPE rubber. The TSF liners prevent cyanide from contacting the underlying groundwater system.
- E. Newmont has brought several innovations to Ghana regarding the handling of cyanide, an element needed for mining. Our Ahafo Mine is the first in Africa to receive compliance certification from the International Cyanide Management Institute (ICMI). Practices at our mine abide by the Cyanide Code in all aspects of cyanide use, transport, handling and storage, mining operations and decommissioning, worker safety, emergency response, training, and public consultation and disclosure.

18. In November 2005, one person was killed and several others were injured during violent clashes between demonstrators and the police and military forces.

The demonstration initially arose from a traffic accident unrelated to Newmont, resulting in death of a child. A subsequent engagement between police and youth on the road leading to the Newmont Akyem site led to one death and a number of injuries. These were most regrettable. The police were not acting on behalf of Newmont nor were Newmont personnel involved. Nevertheless, Newmont accepts that confusion and misunderstanding over issues of compensation had fueled the youth group involved. A full chronology and discussion of these events can be found on the Business & Human Rights Resource Center site (<http://www.business-humanrights.org/Home>).

19. The extraction of gold produces toxic waste that will pollute nearby bodies of water sources as well as the drinking water.

- A. This statement is also inaccurate. When gold is removed from rock, the non-gold bearing rock (waste rock) is placed in large piles which are then shaped and planted after operations there

cease. The Akyem Project's design is very similar to our Ahafo Mine and will be constructed with secondary piping and synthetic liner systems (impermeable) to prevent seepage into the water bodies or the environment. The facility will be designed and operated to meet the International Cyanide Management Code for managing cyanide with best practice as proven in the company's Ahafo operation's certification. Facilities will be designed and operated to protect water bodies and water sources from any contact with mined material. All water bodies and sources will be monitored and results reported to demonstrate compliance with national water quality regulations and international best practices. In Ahafo, regular testing of boreholes downstream of the mine site shows drinking water meets Ghana Water Company standards.

- B. In addition, the ground and milled rock fractions (tailing) will be stored in a Tailings Storage Facility (TSF), which is designed and constructed to have no discharge into the environment. The tailing materials and remaining solution are maintained in a closed-system which are not discharged to the environment; rather recycled back to the processing facility for reuse. At the Ahafo Mine, monitoring wells (boreholes) have been located near the tailing facility. We test groundwater here monthly, The dam is also subjected to rigorous design and construction criteria and monitored both internally and by independent engineers.

20. The cyanide enriched waste emits sulphuric acid, which in turns leads to acid rain.

Waste is not enriched with cyanide; rather cyanide is recycled from the tailing materials prior to deposition in the tailing storage facility. In addition, cyanide has a chemical composition of carbon and nitrogen (CN) and does not contain any sulfur. The natural decomposition of cyanide does not create or contribute to the generation of any sulfuric acid compounds, hence it is erroneous to say that cyanide enriched waste emits sulfuric acid. The Akyem Project's production process does not use any sulfuric acid-based processes and as such cannot generate or emit sulfuric acid.

21. The destruction of the forest affects regional precipitation patterns and leads to desertification.

The Akyem project will affect only 74 hectares out of a total of the more than 18,000 hectares of forest reserves in the immediate area. The Environmental Impact Assessment conducted by qualified scientists did not identify any regional precipitation related impacts that could lead or contribute to desertification.

22. The contaminated soil can no longer be used for cultivation.

The Akyem project will use an environmental management system which is designed to prevent, minimize and mitigate any potential soil contamination which results from mining activity. Mine-related facilities will be decommissioned and reclaimed following mine closure. Reclaimed areas will be fit for crops or reforestation.

23. The contaminated water will kill the animals upon which the farmers depend.

The Akyem Project, as at our Ahafo Mine, will be constructed with secondary piping and leak-proof synthetic liners to prevent seepage into water bodies or the environment. It will be designed and operated to meet the International Cyanide Management Code for managing cyanide with best practice as proven in the company's Ahafo operation's certification. Facilities will be designed and operated to protect water bodies and water sources from potential pollutants. All water bodies and sources will be monitored and results reported to demonstrate compliance with national water quality regulations.

Protecting wildlife is a key reason for using our many precautions through inclusion of the systems described above. The stored water in the water storage facility and the tailings dam will, in addition, be fenced to ward off wildlife and birds.

24. Cyanide will also damage the health of the people in the area.

It is highly unlikely that anyone in the area should come into contact with cyanide. As at Ahafo, cyanide will be delivered in dry briquette form in truck-mounted Iso-tanks. The dry bricks are then dissolved inside the iso-tank, and pumped into the cyanide mixing tank at the process plant, untouched by human hands. This process is the first of its kind in the mining industry in Ghana.

All areas of the mine site with the cyanide solutions will have secondary containment and monitoring systems to remove any potential danger to human health and the environment. Please see the report on the Ahafo Mine on the International Cyanide Management Institute's own website: (http://www.cyanidecode.org/signatory_newmont.php) The Akyem project will be designed and run under the requirements specified by the International Cyanide Management Institute.

25. The pit will be a treacherous trap for wild animals and humans.

The Environmental Impact Study presents specific control measures to ensure the open pit area is safe for both community members and native wildlife in the project area. Our currently operating Ahafo mine presents similar conditions and no safety issues have been encountered for either the community or local wildlife. Newmont will be filling a portion of the open pit area during decommissioning and closure and will also be conducting ongoing community education regarding the reclaimed mine facilities and any associated risks.

Further information can be found at WWW.NewmontGhana.com

If you wish to contact us please go to:

<http://www.newmont.com/en/contact.asp>

Or:

http://newmontghana.com/index.php?option=com_contact&Itemid=3