



EARTHWORKS

## EARTHWORKS FACTSHEET

# Bellavista Mine Background

- Glencairn Gold Corporation, a Canadian company with mining and exploration activities focused in Central America, purchased the Bellavista project in Costa Rica from Wheaton River Minerals in 2001.<sup>i</sup>
- In May 2002 the government of Costa Rica placed a ban on new open pit mining and commercial-scale cyanide processing.<sup>ii</sup> Two gold mining projects, Glencairn Gold Corporation's Bellavista and the Cerro Crucitas, owned by Vanessa Ventures Ltd., also of Canada, were in the process of environmental approval or already approved.<sup>iii</sup> Both mines were eventually permitted to operate after years of bureaucratic process and in spite of community protests and scientists' warnings that Bellavista's regional topography and heavy rainfall were not appropriate for a large-scale open-pit mine.
- Groups critiqued plans for the Bellavista mine and the Environmental Management Plan for failing to adequately address concerns over water pollution and acid mine drainage, water over-use, and prevention of cyanide leaks, financial bonding, mine closure and various other environmental and economic concerns.<sup>iv</sup>
- Local environmental organization CEUS del Golfo reported environmental problems such as drinking water contamination in the nearby town of Miramar (2 km from mine site) in 2003, 2004, and 2005, during the initial earth-moving and testing stages of the project.<sup>v</sup>
- Glencairn began gold extraction in December 2005.<sup>vi</sup>
- According to Glencairn, the company noticed in May 2007 that ground movements had caused cracks in two corners of the leach pad, which contains cyanide. Glencairn states that this is due to abnormally heavy rainfall in the region.<sup>vii</sup>
- Glencairn in July 2007 was seeking access to the protected Montezuma springs area to conduct "remedial work."<sup>viii</sup>
- On July 25, 2007 Glencairn Gold announced that mining operations, including the application of cyanide, would be suspended at the Bellavista as a "precautionary measure." The company cited ground movements at the leach pad and waste piles of around one centimeter per day. According to Glencairn, at this time technical analysis had already begun and remedial action was being implemented.<sup>ix</sup>
- On August 14, Glencairn reported that the Bellavista Mine may remain closed indefinitely,<sup>x</sup> but did not disclose information about the current state of the mine's leach pad and waste piles, potential future impacts on the water resources, local environment and community, or the company's plans for clean-up and remediation.
- Glencairn has posted a financial guarantee, or bond of only US \$250,000 for reclamation and closure.<sup>xi</sup> A financial analyst at the Blackburn Group, who has followed Bellavista for a number of years, estimates that the cost of closing the site could be US \$10 million.<sup>xii</sup>
- Glencairn's Central American mining operations began in the midst of a mining boom occurring throughout all of Latin America. In 2006, 24 percent of the over US\$ 7 billion

in nonferrous metals mining exploration worldwide, the highest such global investment ever, occurred in Latin America.<sup>xiii</sup>

- Glencairn also has mining projects in Nicaragua and Canada and advanced exploration projects in Nicaragua and Panama. In Nicaragua in 2006, the company faced three weeks of protests by workers who were fired from the Limón mine, and operation of the Libertad mine was blamed for pollution of the Rio Mico.<sup>xiv</sup>

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<sup>i</sup> “Press Release: Costa Rica Bans Open-Pit Mining.” AIDA. 7 June 2002.

<http://www.aida-americas.org/aida.php?page=47&lang=en>

<sup>ii</sup> “Press release: Cost Rica bans open-pit mining.” AIDA. 7 June 2002.

<http://www.aida-americas.org/aida.php?page=47&lang=en>

<sup>iii</sup> Anderson, Steven. “The Mineral Industries of Central America: Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama. USGS 2005 Minerals Yearbook, Central America.

<sup>iv</sup> Cederstav, Anna. Analisis del Plan de Gestion Ambiental proyecto Bellavista. AIDA.

<sup>v</sup> “Open pit gold mining in Bellavista de Miramar, Costa Rica.” AIDA. 7 June 2002.

<http://www.aida-americas.org/aida.php?page=miramar>

<sup>vi</sup> “Advierten riesgos de exploración minera en Costa Rica”. Al Día. 31 January 2007.

[http://www.aldia.co.cr/ad\\_ee/2007/enero/31/ultimahora980052.html](http://www.aldia.co.cr/ad_ee/2007/enero/31/ultimahora980052.html)

<sup>vii</sup> Bobak, Laura & Paddon, David. “Glencairn Gold stock at six-year low as mine closure causes cash squeeze.” 15 August 2007. [http://ca.news.yahoo.com/s/capress/070815/business/glencairn\\_gold\\_4](http://ca.news.yahoo.com/s/capress/070815/business/glencairn_gold_4)

<sup>viii</sup> “Glencairn Gold stock slides by one-third after Costa Rica mining halted.” CP. 29 July, 2007.

<sup>ix</sup> “Glencairn Suspends Mining Operations at its Bellavista Mine”, Glencairn Gold Corporation.

[http://www.glencairngold.com/s/NewsReleases.asp?ReportID=198716&\\_Type=News-Releases&\\_Title=Glencairn-Suspends-Mining-Operations-at-its-Bellavista-Mine](http://www.glencairngold.com/s/NewsReleases.asp?ReportID=198716&_Type=News-Releases&_Title=Glencairn-Suspends-Mining-Operations-at-its-Bellavista-Mine)

<sup>x</sup> **Glencairn Gold Reports Second Quarter Results, Aug 14, 2007,**

[http://www.glencairngold.com/s/NewsReleases.asp?ReportID=202458&\\_Type=News-Releases&\\_Title=Glencairn-Gold-Reports-Second-Quarter-Results](http://www.glencairngold.com/s/NewsReleases.asp?ReportID=202458&_Type=News-Releases&_Title=Glencairn-Gold-Reports-Second-Quarter-Results)

<sup>xi</sup> Glencairn Gold Corp., Form 40-F filed with U.S. Securities and Exchange Commission,

[http://www.sec.gov/Archives/edgar/data/1311967/000091228207000384/ex99\\_3.htm](http://www.sec.gov/Archives/edgar/data/1311967/000091228207000384/ex99_3.htm)

<sup>xii</sup> “From bad to worse; balance sheet issues add to Bellavista woes.” Blackmont Capital Viewpoint. 15 August 2007.

<sup>xiii</sup> Metal Economics Group. 2007. World Exploration Trends. <http://www.metalseconomics.com/>

<sup>xiv</sup> “Glencairn Gold reinicia operació en mina nicaragüense tras bloqueo de rutas” Noticias Financieras. 07 March 2006. “Para el Marena no hay problema con río Mico.” El Nuevo Diario. 10 February 2006.

<http://www.elnuevodiario.com.ni/imprimir/2006-02-10/12388>