

ABOUT THE LEPADAUNG COPPER MINE IN MONYWA, BURMA/MYANMAR - part 2

by Rick Heizman, Dec 9, 2012

ENVIRONMENTAL ABUSE, HUMAN ABUSE, FINANCIAL ABUSE

for part 1 click: <http://www.scribd.com/doc/135701274/Monywa-Copper-Mine-part-1>

1) ENVIRONMENTAL ABUSE

HEAP LEACHING

The damage to the environment, and the sharp rise in health issues among the mine workers and the villagers, and Ivanhoe's policies of covering up these concerns, and/or denying that they exist, have created the conditions that the people finally started to protest against. Ivanhoe claimed that in early 2007 it pulled out of Burma completely, but it had created harmful conditions that continued, and still continue, and it should be held responsible for that.

Ivanhoe's Monywa Copper Mine was one of the world's largest open pit mines, and it used a mining technique called **heap leaching** - and this mine had one of the world's largest heap leach operations - which had disastrous effects on the farmers land.

(**Heap leaching** is a mining process which extracts metals from rock or ore using a series of chemical reactions).



HEALTH AND ENVIRONMENTAL CONCERNS

In 1996, Ivanhoe started this mining operation, and within a few years, in the late 1990s, local farmers started complaining that they were unable to grow crops in their fields because of very high levels of acidity. Australian researchers came and found some of the most acidic heap leach waste in the world, and during the rainy season the very toxic runoff was destroying the farmland with super high acidity.

When Ivanhoe was confronted with these issues it repeatedly claimed that if there was any environmental degradation then it was not because of Ivanhoe, but it was from the previous Yugoslavian / Burmese mine which had operated there. However, that mining operation was much much smaller, and did not use a process that can result in such dangerously high acidity levels. Also, farmers did not start noticing and complaining about health effects until Ivanhoe started much bigger and more destructive mining operations.

IVANHOE DISASTER IN COLORADO

An example of Ivanhoe's abuses in another country: Before the Ivanhoe Monywa Mine started, CEO Robert Friedland was CEO of another Canadian mining company - Galactic Resources - which operated the disastrous Summitville gold mine in Colorado.

In 1991, in what became the costliest mining disaster in U.S. history, a huge amount of toxic waste leaked into the Alamosa river high in the San Juan Mountains of Colorado, killing all living things for nearly 20 miles down the river. The mining operation had been an open pit mine using heap leaching. The State of Colorado ordered Galactic Resources to cease and desist. As the scope of the disaster and the clean-up cost became more clear Galactic Resources declared itself bankrupt and declared that their site clean-up operations would halt immediately. The U.S. Government declared the site a Superfund Emergency Response toxic clean-up site and the site was cleaned up over a period of years by the United States Environmental Protection Agency (EPA) at a cost of \$155,000,000. Friedland, and others in Galactic, blamed previous mining operations, but after a 10 year legal fight with the State of Colorado and the Environmental Protection Agency, Friedland agreed to personally pay \$27.5 million for cleanup of the mine and damage - the largest such fine in US history.

And, along with that he gained the nickname, 'Toxic Bob'.

After that long but unsuccessful attempt to evade truth and justice, Toxic Bob started Ivanhoe's Copper Mine on the other side of the world, in Burma, near Monywa. Toxic Bob was undoubtedly pleased that there was no Environmental Protection Agency in Burma.



2) HUMAN ABUSE

WHAT HAPPENED TO DRIVER FOR IVANHOE EXECUTIVES -

Ko Thet Lwin was employed by Ivanhoe as a driver for the top people of the company. In December 2003, a senior Ivanhoe geologist - Andrew Mitchell - was being driven by Thet Lwin in Yangon, when suddenly Mitchell demanded to be driven to Aung San Suu Kyi's home - which, at that time was forbidden, and her street was blocked to prevent such actions. Thet Lwin protested that they would get in severe trouble, but Mitchell said that he is so powerful that the soldiers would let him see her, and that nothing adverse would happen to them. Thet Lwin was ordered to drive there. They both were arrested, and later Mitchell was released, but Thet Lwin was sentenced to 7 years in prison!

The next year, in 2004, when rights activists asked Ivanhoe to explain what happened, a top official of Ivanhoe stated that they never had an employee named Thet Lwin. But in fact, it was found that Burma's regime had printed an article previously - in their own newspaper - about Ivanhoe, and the article mentioned Thet Lwin as an Ivanhoe driver! However, the article was a regime reaction to activists who were concerned about Thet Lwin, and the article actually said that Thet Lwin was high on drugs, and had kidnapped Mitchell, and that Thet Lwin deserved to be in jail for those 'crimes'. These were ridiculous charges - why would Thet Lwin kidnap Mitchell and go to ASSK's home, especially considering that he fully knew - as any Burmese person did - the consequences of doing something so reckless? It took 5 years for Ivanhoe to admit that Thet Lwin was once, indeed, an employee and driver, but Ivanhoe still tried to claim that the drugs and kidnapping charges were correct.

During those many years since the 2003 arrest, Ivanhoe never checked what prison he was in nor what condition he was in. Assistance Association for Political Prisoners - Burma (AAPP Burma) reported that Thet Lwin was sent to the Taungzun Labor Camp in Mon State and that his family had contacted the International Committee for the Red Cross (ICRC) to verify his well-being. Later, they knew that he got transferred to Burma's infamous Insein prison, located just outside of Yangon.

However, in May 2008, the night that the massive killer Cyclone Nargis hit Burma, the roof was blown off a big section of Insein prison and the overwhelmed authorities herded more than 1500 prisoners into an extremely crowded hall. The prisoners were denied food or water and forced to stand for hours on end, for many days. When a small cooking fire broke out in the hall, creating a confused frenzy, guards responded by shooting into the crowd killing 36 inmates and injuring more than 70. Some of the injured subsequently died as result of their wounds.

Since that time, it is not known if Thet Lwin survived the Insein prison massacre of May 2008, or was transferred to a different prison, or some other situation. If Ivanhoe been more forthcoming with what happened to Thet Lwin immediately following his arrest, it is very likely he and his family could have been spared great suffering. The manner with which Ivanhoe has dealt with this case is callous, contemptuous and criminal.

3) FINANCIAL ABUSE

DID IVANHOE REALLY PULL OUT COMPLETELY?

DID IVANHOE VIOLATE SANCTION LAWS?

There are many clues which show that Ivanhoe didn't really completely pull out of its mining operations in Burma, and that Ivanhoe still had hidden financial interests in the mine for years.

Ivanhoe claimed, in its own statements:

“October 3, 2007: “Ivanhoe Mines now has no interests or activities in Myanmar and has no personnel in Myanmar employed by or representing the company. Under terms of Ivanhoe’s negotiation of its strategic partnership with Rio Tinto, announced in October 2006, Ivanhoe completed its divestment of all of its interests in Myanmar to an independent, third-party Trust on February 27, 2007”.

According to the Ivanhoe website which was available online until the end of 2011, Ivanhoe senior geologist Andrew Mitchell (the same Andrew Mitchell who caused the arrest, imprisonment and disappearance of the Ivanhoe driver described earlier) continued to serve as a board member of Myanmar Ivanhoe Copper Company Limited (MICCL) for at least three years after the so-called transfer of Ivanhoe’s Burmese assets to the ‘trust’, and Ivanhoe’s complete shut-down of all relations and connections with Burma. **However**, Andrew Mitchell was described in an article in the Burmese newspaper, ‘The New Light of Myanmar’ in September 2010, **as still being a representative of Ivanhoe Myanmar Holding Ltd.** Why **Mitchell**, a British national, chose to continue working as an Ivanhoe representative and serve on the **MICCL** board even after the EU had officially placed MICCL on the EU sanctions list is another question that needs to be answered.

Douglas Kirwin, Ivanhoe’s Vice-President for Exploration continued to travel to Burma after 2007, and on at least two occasions, - in September 2009, and September 2010 - gave presentations to the Myanmar Geosciences Society, according to the Burmese press.

The Monywa copper project was, for many years, Burma’s largest mine and one of the top sources of revenue for the Burmese regime. The US embassy in Rangoon spent a considerable amount of time focusing on this controversial project. There are more than a dozen cables that mention Ivanhoe and its wheelings and dealings, and many cables mention and quote its general manager, Glenn Ford.



A January 2009 cable written by the US embassy in Rangoon and marked “confidential” quotes Ford as telling US diplomats, “In September 2008, ME-1 began negotiating with the Chinese consortium over the purchase of MICCL, using regime crony Tay Za as a broker”.

Another cable indicates that Ford was still receiving instructions from the Ivanhoe Mines head office in Canada, despite the firm’s claims to the contrary. The cable states: “According to Ford, Ivanhoe Headquarters instructed him to produce a small amount of copper every six months to prevent the one-year timeframe from elapsing.” (a clause in the secret contract that if nothing was produced in a one year timeframe the Chinese partner company would take complete ownership of the mine and its operations).

Ford’s statement to the US embassy representatives revealing that Ivanhoe’s stake in MICCL was going to be sold first to a Burmese state-owned enterprise before being re-sold to Norinco suggests that Ivanhoe willfully disregarded its supposed Burmese divestment policy.

Furthermore, Ivanhoe must be brought to task for a curious accounting trick that it performed in late 2007, nearly seven months after it officially shifted its Burmese assets into the ‘blind trust’. In regulatory filings both in the US and Canada, Ivanhoe claimed it was “prudent to record a US \$134.3 million write down” in the value of their 50 percent stake in MICCL, reducing the value of the firm's Burmese assets to nothing.

(On the contrary, when it suited itself, Ivanhoe had previously claimed that the Monywa area contained one of the most lucrative copper deposits in the world - and by inference, their huge mine was doing a lucrative business).



The aforementioned statement was made in the firm's regulatory filings, which meant that it is extremely misleading, if not downright false.

It was a clever ploy to avoid revealing any details about the Monywa mine in its regulatory filings, and meant that Ivanhoe no longer was compelled to disclose - in three years worth of regulatory filings - that it still owned assets in Burma. The legality of this action is something that must be examined by both US and Canadian regulators.

We now know - thanks to both the Wikileaks cables and Glenn Ford's repeated conversations with embassy officials - that Ivanhoe was in fact involved in the regular operations of the Monywa Mine long after Ivanhoe's stake was officially transferred to the ‘blind trust’. The leaked cables indicate that Ivanhoe’s senior management was directly involved in the daily operations at the mine long past the firm’s supposed withdrawal from Burma in early 2007. This is in glaring contradiction to Ivanhoe’s previously stated claim that the firm stopped being involved in mine activities after Ivanhoe transferred its stake into a so-called ‘third party blind trust’ in February 2007.



And, lastly, (lastly for this paper, there is actually a lot more) Canadian Friends of Burma (CFOB), Earth Rights International, (a legal rights NGO), and Mizzima (opposition Burmese news agency) have all found evidence that funds from the Monywa mine had been diverted to offshore accounts in Singapore ever since Ivanhoe's joint venture with the Burmese regime first started producing copper in 1998.

The documented evidence of using a Singaporean bank to skirt Western sanctions was yet one more reason why the Canadian Government should investigate Ivanhoe's operations in Burma, and Ivanhoe's controversial exit (or smokescreen) from Burma.

Ivanhoe's senior executives were clearly in a position to be aware that their venture was deliberately and cunningly evading sanctions. Ivanhoe must be investigated for its actions and punished for any legal violations the firm - or entities that it controlled - have committed.

CFOB executive director Tin Maung Htoo said, "Now we have absolute proof that Ivanhoe's Burmese operations have resulted in millions of dollars going to a secret offshore junta-controlled hard-currency fund."

Tin Maung Htoo continued, "We're certain that this money was not being used for badly needed social services, but instead, was going to the Burmese generals' personal use, military weapon buying sprees, and clandestine missile and nuclear programs."

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