

Canadian Extractive Industries Operating
Abroad:
An Analysis of Golden Star Resources and the
Effects of Its Operations in Host Communities
in Ghana

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The purpose of this report is to provide information regarding rules and regulations on foreign investment and mining in Ghana as well as the guidelines that Canadian corporations are obligated to abide by while operating abroad. This was done while analyzing the actions of the Canadian mining corporation Golden Star Resources Limited and two communities, Dumase and Prestea, which have been affected by the mining practices conducted by the Canadian company. The research was conducted throughout the duration of a three-month internship with Ghanaian grass roots organization WACAM. Primary and secondary research was also conducted within the two communities, as well as gathering information through literature and past reports. One of the main intentions of this report was to provide an unbiased perspective surrounding the pros and cons of mining in a developing country and more specifically, what surface mining means for the communities that surround mine sites. However, the report may reflect some of the personal opinions that were developed through participant observation and through many stories and experiences told by community members. Moreover, by witnessing and working with WACAM and through the knowledge shared by those involved with the organization, perspectives and ideologies from both have somewhat influenced this report. In an attempt to provide well-balanced information, efforts were made with multiple representatives from GSRL to arrange a time for discussion; however, due to the inflexibility of those who were contacted, interviews and answers to emailed questions were unable to take place.

WACAM is a Non-Governmental Organization that focuses on the protection of natural resources and the rights of communities affected by mining. This NGO concentrates on capacity building through educational workshops that inform Ghanaians of their rights as stated in the Constitution of Ghana. WACAM advocates for the rights of mining communities through various media outlets, providing legal representation by working in conjunction with the Centre for Public Interest Law, as well as representing those who are affected by mining at various conferences, through press releases, and by sharing the knowledge and information that WACAM possesses through the production of annual reports, articles, and presentations.

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Abbreviations

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|--------|--|
| CHRAJ: | Commission on Human Rights and Administrative Justice |
| CIDA: | Canadian International Development Agency |
| CPP: | Canada Pension Plan |
| CSO: | Civil Society Organization |
| CSR: | Corporate Social Responsibility |
| DFAIT: | Department of Foreign Affairs and International Trade |
| EDC: | Export Development Canada |
| EITI: | Extractive Industries Transparency Initiative |
| EPA: | Environmental Protection Agency |
| ERP: | Economic Recovery Plan |
| FDI: | Foreign Direct Investment |
| GOC: | Government of Canada |
| GSBPL: | Golden Star Bogoso/Prestea Limited |
| GSOPP: | Golden Star Oil Palm Plantation |
| GSRL: | Golden Star Resources Limited |
| GSWL: | Golden Star Wassa Limited |
| GWSC: | Ghana Water and Sewerage Company |
| IFC: | International Finance Corporation |
| IRS: | International Revenue Service |
| IMF: | International Monetary Fund |
| MLNR: | Ministry of Lands and Natural Resources |
| MNC: | Multinational Corporation |
| NCP: | National Contact Points |
| NGO: | Non-Governmental Organization |
| NRCan: | Natural Resources Canada |
| OECD: | Organization for Economic Co-operation and Development |
| SAP: | Structural Adjustment Program |
| SSM: | Small-Scale Mining |
| TSX: | Toronto Stock Exchange |
| UN: | United Nations |
| WACAM: | (formerly) Wassa Association of Communities Affected by Mining |

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Ghana

Mining Overview

Formally known as the 'Gold Coast', Ghana's substantial mineral wealth has been noted throughout historical archives for centuries. This abundance of minerals is due to Ghana's geological attributes. Birimian and Tarkwaian rocks encompass the majority of the country as well as West Africa (Akabzaa, 2000). The hub of mining in Ghana is located in the Western Region. This Region is home to the 'Tarkwa Mining District' found in the Wassa West District; in all of Africa this District has the highest concentration of mines within a single locality (Akabzaa, 2000). Currently, Ghana has thirteen large-scale mineral extraction companies producing gold, diamonds, manganese and bauxite; notwithstanding the reported three hundred plus registered SSM operations (MBendi, 2011). In terms of employment, it is reported that large-scale mining employs 20,000 individuals directly (including ex-patriots), where illegal SSM – or as it is locally known: galamsey – employs more than five times that amount (Akabzaa, 2000). It is estimated that 500,000 to 1,000,000 people in Ghana are directly involved with SSM (UN, 2006). The comparatively low number of employees involved in large-scale mining operations can be attributed to the fact that all large-scale mining operations in Ghana are open pit. Open pit mines are capital intensive and do not require a large work force in order to operate.

Economy

Mineral wealth has become a crutch in which Ghana has relied on in hopes of boosting its economy. This is due to the dependence on macro-economic practices that have been set in place by the IMF and World Bank during the implementation of Ghana's ERP; structural adjustment loans (UN, 2006). With the implementation of Ghana's ERP, it was believed that economic development would foster through the liberalization of its markets, the privatization of social services and the through the promotion of private investment. These conditionalities have attracted the interest of international and multinational corporations, thus FDI has enveloped Ghana's mineral extraction industry.

Though Ghana's mining industry has experienced logistical and fiscal successes, many concessions have also been made in order to attract substantial FDI. The mining sector is the largest foreign exchange earner in Ghana, however very little of the revenue obtained in this industry reaches the citizens of Ghana (Akabzaa, 2000). This lack of fiscal integration is evident in Ghana's mining communities, exemplified in the two case studies; Dumase and Prestea. The majority of FDI has flooded to the production of gold. Throughout the last decade, the prospect of gold has attracted more than 56% of all FDI that flows into Ghana (OECD, 2002). The total amount of gold production increased

“...more than five fold from 1980 to 1996...” (Akabzaa: 2000,11).

In 2005 alone, the production rate reached 70 t (MBendi, 2011). In 2008, the total exports in gold amounted to almost US\$2.25 billion (UN, 2006). Notwithstanding, gold reached a new record as of March 2011 of \$1,419.90 per ounce (CNN Money, 2011). With the price of gold increasing the extraction, production and export of this mineral will also significantly increase to meet the demands of the global economic market. SSM also has contributed to Ghana's overall mineral exports; between 2000 and 2008 it accounted for an average of 12% of the total gold produced. However, although the price of gold has reached a new high and the production rate of gold in Ghana has increased, mining ventures in Ghana account for only 5% of the country's GDP (MBendi, 2011). Minerals account for 37% of all export ventures; of that 37%, gold accounts for 90% of total mineral exports (MBendi, 2011). Ghana, second only to South Africa, is the largest producer of gold in Africa (OECD, 2002).

Though Ghana's gold industry accounts for the majority of mineral exports, it has made relatively inconsequential contributions to the Ghanaian economy. The linkages between Ghana's mining sector and that of its economy are lacking. The adverse effects of the mining industry in Ghana have been countless; human rights abuses, substantial environmental degradation and varying health issues are all reoccurring externalities from both large and small-scale mining activities.

Akabzaa (2000) described a view, though unofficial, of how varying institutions such as the Mineral Commission of Ghana and the Chamber of Mines, along with academia and mining companies have argued that current developed countries initially focused on their mineral wealth for development with very little or no concern for the environmental impacts. If the Global North or 'developed nations' have developed in such a way the general agreement is that 'developing countries' should follow suit. With this ideology and the pressures of the IMF and World Bank, Ghana's Government and respective institutions have created lax regulations for MNCs to follow. The less regulations, laws and repercussions that are attached to the mining industry in Ghana, the greater the FDI that flows into the country.

Royalties and Taxes

Mineral extraction companies in Ghana are required to pay varying taxes and royalties, however these corporate taxes have been scaled down significantly. Initially in 1975, corporate income tax stood between 50-55% until it was reduced to 35% in 1994 (Akabzaa, 2000). To follow suit, royalties dropped from 6% in 1975 to 3% in 1987 (Akabzaa, 2000). Other duties that companies must pay consist of a mineral duty, foreign exchange tax and import duties (Akabzaa, 2000). Interestingly, Akabzaa (2000) reported that a holder of a mineral lease, whether it is a large company or a SSM operation, may

retain a minimum of 25% of all operations of foreign exchange earnings in an external account. However it has been noted that negotiations have been made on the individual level to expand the degree of retention. Therefore, while mineral exports are seemingly high, its contribution to Ghana's GDP is quite low in comparison (Akabzaa, 2000).

Although mineral extraction companies are ordered by law to pay royalties and taxes, reductions can be made by varying capital allowances (MBendi, 2011). The Chamber of Mines receives 10% of all royalties that are paid by extraction companies, which is allocated to the Mineral Development Fund (Ghana, 2011). From that 10%, 1% is allocated to the Office of the Administrator of Stool Lands; from there the remaining 9% is distributed to host communities (Ghana, 2011). As for share holdings, the Government of Ghana holds a 10% free equity in all mining concessions (MBendi, 2011).

Mining Laws and Legal Framework

The legal framework that governs mining activities in Ghana has been instilled by the Minerals and Mining Law of 1986 and modified within the Minerals and Mining Law Amendment Act and the Constitution of 1993. According to these frameworks, all minerals that are considered to be in their natural state are owned by the President of Ghana and are in trust for the Ghanaian public (Mining Portal Ghana, 2006). Established in 1984, Ghana's Mineral Commission has been assigned the responsibility to aid in the recommendations in mineral policies, advising the Government and to contribute to the development of activities in the mining sector, acting as an intermediary (Akabzaa, 2000). More specifically, the Minister of Mines has the authority to provide grants for all the logistics associated with minerals and their extraction (Mining Portal of Ghana, 2006). The Minister for Mines also must work with and act upon the advisement of the Minerals Commission whose authority lies within the Ghanaian Constitution.

Until recently the most pivotal section of Ghanaian law that regulated mineral transactions were found within Law 153 of Ghana's Mineral Rights. This law resulted in the establishment of documents in which the sector Minister outlined the regulations by which a mineral right holder must oblige (Mining Portal of Ghana, 2006). Under this law, mineral rights were granted in order to obtain a reconnaissance, prospecting license, a mining lease, and a lease for building industrial materials. However with changing international mining activities, Law 153 required alterations. Through various reviews a new act was established; the Minerals and Mining Act, Act 703 of 2006 (UN, 2006). Key features of the new Act have been outlined by the UN, some of which include: (UN, 2008)

- MLNR in their exclusivity are able to grant mineral rights on advisement from a 'technical committee'
- This legislation is equally applied to foreign companies, Ghanaians and investors

Under the new Mineral and Mining Act, 2006 (Act 703); mining has been divided into two factions: large scale and small scale. The regulations of this new act apply to both classifications.

Act 703 also sheds light on the issue of compensation. It outlines principles that should be taken into account in terms of the "...payment of compensation, including: (i) deprivation of the use of the natural surface of the land; (ii) loss of or damage to immovable property; (iii) for land under cultivation, loss of earnings or sustenance suffered by owner or lawful occupier; and (iv) loss of expected income depending on the nature of crops and their life expectancy." (UN, 2006: 13). Though this new act is offering compensation as well as bringing the negative externalities associated with mining to the forefront, these are perpetual issues that are occurring on a day to day basis.

Along with the new Act in 2006, other institutions have been put in place in order to aid in the regulation of Ghana's mineral extractive industry. Some of these initiations include the EPA, the Land Commission and the Water Resources Commission to name a few.

Social Repercussions

Due to the greater fiscal benefits of open pit mining, it has become the variant that caused and is continuously causing a significant amount of negative externalities in and around mining communities. Open pit mining requires a substantial amount of land, and due to the history of farming in many of the host communities, issues have arisen. Moreover the loss of rainforest and biodiversity has been substantial. The prospect and realities of the fiscal benefits and economic development has overlooked the surrounding environment and communities alike. Mining activities throughout Ghana and specifically the Wassa West District have created social conflicts revolving around the elimination of farmland and the natural environment, health issues, inadequate distribution of compensation, and the mismanagement of royalties and taxes (Akabzaa, 2000). In terms of loss of land, the majority of the Tarkwa-Prestea-Bogoso-Abosso-Nsuta (Dumase lies between Bogoso and Prestea) axis is currently under land concessions; reportedly, less than 50% of these land concessions are being mined yet farming on these properties is entirely prohibited (Akabzaa, 2000).

The Ghanaian State receives minimal fiscal benefits in comparison to what mining companies generate, "...what the State collects is relatively marginal and there have been no clearly defined guidelines for how mineral revenue trickles down and benefits local communities directly and indirectly" (Hilson, 2003, 53). Ghana's mining communities are often marginalized in terms of restrictions to adequate services and facilities (Hilson, 2003). Mining concessions and investments more often than not involve rural communities; however this aspect of the extractive industries is the one that is constantly

overlooked. The social consequences of mining are discussed further in the two case studies of Dumase and Prestea

Extractive Industries Transparency Initiative

Launched as a global initiative in 2003, the EITI strives to strengthen governing forces by improving their accountability and transparency in the extractive sector (Hilson 2010). Global standards are being created whereby extractive companies are required to publish their revenue and the fiscal benefits that host countries receive. (Hilson, 2010). In order to adopt and implement the EITI, governments, MNCs, civil society and local extractive companies must all collaborate equally; however, policies put into practice rarely reflect reality.

As of last year, there were 23 candidate countries within the EITI. In order for a country to become fully compliant, a validation process must be completed. This process is “...managed in country by the country multi-stakeholder group to assess compliance with the standard.” (Hilson 2010, 65). Ghana has been cooperating with the EITI since 2003 (IDL Group 2010). Of the 23 countries participating in the EITI, Ghana was the first to fully implement the EITI’s policies to a sub-national level. With the completion of three comprehensive EITI reports, the findings have “...undoubtedly increased the transparency of Ghana’s mineral flows...GHEITI has provided a higher profile, independent and trusted platform to disseminate this information to citizens.” (IDL Group 2010, 36). The EITI has also made steps toward incorporating the traditional authorities in Ghana. This is a vital step as these authorities control land holdings and the surrounding natural resources, providing them with the ability to contribute to the development of their communities. Alongside the incorporation of traditional figures such as community chiefs, the EITI has also been promoting the involvement of civil society factions in drafting legislation and promoting relations between them and government agencies (IDL Group 2010).

The EITI has brought the lack of tangible development in Ghana’s mining communities to the forefront; the mineral royalties and various forms of taxes that are paid to the Government of Ghana have not been equally redistributed back into these communities. For the vast amounts of mineral wealth that Ghana possesses, tangible development should be a realization and a reality; however this is not the case. Reports issued from the EITI have outlined varying discrepancies within Ghana. In 2006 and 2007, there were discrepancies of GH¢ 511,660 and GH¢ 2,753,111 respectively and GH¢ 370,697 in 2008 (Ghana, 2011, 8).

While the adoption of the EITI in Ghana is relatively new, the consensus has been positive. WACAM believes that the global initiative is a step in the right direction, by forcing mineral extraction companies and the Government of Ghana to reach a higher

level of fiscal accountability. It is still too soon to say however, whether or not this initiative will be truly beneficial to the citizens of Ghana as there are no repercussions if the policies that encapsulate the EITI are not followed.

Environmental Protection Agency

The main responsibility of the EPA [established under the Environmental Protection Agency Act 1994], is the protection of natural resources and the enforcement of environmental regulations in conjunction with the Environmental Assessment Regulations 1999 (UN, 2006). In order for any mineral extraction activities to occur, a permit is required from the EPA. The regulations as stated by the EPA, require a permit holder of any mineral right to submit an annual environmental report. In addition, the EPA also has the task of monitoring the activities of mineral right holders to ensure that proper environmental activities are taking place under Ghanaian law (UN, 2006). If the mineral right holder has breached their contract or failed to abide by any law, the EPA has the authority and responsibility to revoke, suspend or cancel an environmental permit.

The consensus of numerous residents from both Dumase and Prestea is that mining companies are bribing the EPA in hopes of attaining lenient laws in order to further pursue and gain permission for their mining activities. This general distrust of the EPA is even more prevalent in Prestea. The EPA remains in a struggle with the demands of the mining industry and the role that has been assigned to the organization to focus on economic development and environmental protection. Furthermore, the EPA is responsible for also balancing the desires and concerns of the Ghanaian people as well as ensuring that proper resource extraction practices are in place (Akabzaa, 2000).

Canadian Extractive Corporations and Mining Abroad

Canadian Mining Corporations Operating in Africa

Canadian mining investments in African countries have been on the rise since the 1980s with the introduction of structural adjustment and economic recovery programs, both initiated by the IMF and the World Bank. In 2010, \$C 23.6 billion was invested in Africa's extractive industry, a significant increase from the \$C 2.87 billion that was invested in 2001; providing confirmation to the claim that the African continent, which holds 35% percent of the world's gold reserves, is currently home to the most accelerated rate of growth for investments made by the Canadian mining sector (Gonick, January 4, 2011; Hilson, 2004). These investments account for approximately 17% of all foreign Canadian mining assets; of which 91% are held in eight African countries, while 6.5% of

these investments are held in Ghana (Campbell, 2011; Gonick, 2011).

While Canada boasts a high percentage of foreign investment in the extractive sector in Africa and in particular Ghana, one must consider the reasons why Canada has a high investment rate in this sector. Canada is home to a large mining industry however, mineral extraction in Canada is capital intensive due to heavy processing requirements, making operations on Canadian soil relatively expensive compared to the cost of operations abroad. Canadian corporations may also be discouraged from mining domestically due to Canada's strict land-use, environmental, and extraction laws; all of which are comparatively extremely liberal in most African countries (Gonick, 2011). Furthermore, many Canadian-based companies operating overseas do so with monetary support, provided domestically through EDC and the CPP Investment Board (Gonick, 2011).

In order to gain the interests of foreign companies, African states offer government subsidies through the reduction of corporate taxes and by the provision of lower standards on many laws that play a key role in regulating the extractive industry. These strategies have resulted in severe environmental degradation, labor exploitation and extreme human rights abuses. (Darimani, 2005). However, the aim of attracting foreign investors by way of the aforementioned tactics has proven to be successful considering the recent upsurge of FDI in the last decade, and accounting for the fact that 12% of all Canadian FDI is provided to the metal sector industry. This makes these investments only second to those in financial services (Gonick, 2011).

In 2001, Canadian mining assets in Ghana accounted for \$C 159 million where as in 2006 this figure increased to \$C 1,038 billion (Brassard, 2006). These assets have contributed to the macroeconomic progress that has developed in Ghana's mining sector, such as the increase in gold production of over 500 percent since the inception of ERPs (Hilson, 2004). However, the affiliated growth of the macro-economic advancements has had detrimental impacts on indigenous communities. Specifically, the constant expansion of mining and mineral exploration projects has displaced several subsistence groups entirely and destroyed a wide range of cultural and environmental resources. The severity of environmental degradation associated with mineral extraction is evident in the 250 water bodies that have been polluted due to the activities of mining operations in Ghana (Hilson, 2004; Ghana Business and Finance, 2011). The adverse effects are notable throughout communities located near mining sites, including those that are operated by the Canadian mining firm, GSRL.

Canada is home to roughly 75% of global mining and exploration enterprises, making Toronto the mining finance capital of the world as transactions relating to these

corporations take place through the TSX (Drohan, 2010). This provides Canada with the opportunity to take a lead role in promoting responsible corporate practices in terms of the environment and human rights. Canada has been called on domestically and internationally to implement more effective CSR led strategies. Moreover, the GOC has acknowledged the role it has in ensuring that domestically based corporations are acting responsibly in all operations abroad through the initiation of a GOC CSR-based strategy. However, while the involvement of Canada in African extractive operations continues to grow so too does the risk of conflict and violence in countries where Canadian companies are operating (Campbell, 2011).

Bill C-300

On 9 February 2009, Bill C-300 was introduced to the House of Commons of Canada for its first reading. The second reading took place on 22 April 2009, where the required approval was met in order to send the Bill to the Standing Committee on Foreign Affairs and International Development for extensive examination (McKay, 23 April 2009). A vote of 140 to 134 on 27 October 2010 resulted in a failure to pass Bill C-300 in its third reading (Hill, 28 October 2010). During the readings, the Bill received positive attention and support from domestic and foreign members of civil society, NGOs, academia, and various Members of Parliament, as well as individuals from developing countries such as Chile, Argentina, Papua New Guinea, and Peru, who gave testimony to their victimization by Canadian corporations (McKay, 2010). The Bill also faced opposition from many, including members of the GOC and Canadian companies involved in the extractive industry.

The Bill was conceived to create a level of CSR and liability on behalf of the Canadian government. This was to be achieved by requiring the retraction of state funds from Canadian mining, oil, or gas corporations upon obtaining proof of the engagement of an extractive company in activities divergent from “international environmental best practices and with Canada’s commitments to international human rights standards” (McKay, 2009).

Throughout the private Member’s Bill, Member of Parliament John McKay proposed specific ways that the issues surrounding alleged incidences of inadequate corporate social responsibility among Canadian enterprises could be confronted by the Canadian government. Many of the solutions put forth in the Bill were composed using the recommendations provided by the National Roundtable Advisory Group. The Advisory Group, commissioned by the GOC in 2006, was established specifically to review policies and approaches that would better enable Canadian extractive enterprises to adhere to the corporate expectations associated with the prominent international

“Corporate Social Responsibility standards and best practices” (Janda, 2009). The Advisory Group was comprised of individuals from a wealth of different backgrounds and interests, including academics, members of civil society, and representatives from the extractive industry and labour groups (Janda, 2009).

March 2007 marked the completion of the project assigned to the Advisory Group as the final report was presented to the GOC (Janda, 2009). The report was an examination of a number of recommendations that were created and agreed upon by the various members of the Advisory Group during the roundtable discussions that took place in the fall of 2006 (Janda, 2009). The most pivotal of all these recommendations was the development of a Canadian CSR framework. It is through this proposal and its correlated six components that the basis of Bill C-300 was drafted. Owing partially to the same recommendations was the introduction of measures provided by the federal government for Canadian extractive enterprises, known as the “*Advantage Canada Strategy*” – originating from “Building the Canadian Advantage: A Corporate Social Responsibility (CSR) Strategy for the Canadian International Extractive Sector” (Janda, 2009). While both documents reference the six-tiered recommendations of the Advisory Group, Bill C-300 places greater emphasis on the proposals put forth than does the *Advantage Canada Strategy* (Janda, 2009).

In an effort to reduce human rights violations and excessive environmental degradation emanating from Canadian extractive corporations in operation throughout the developing world, Bill C-300 proposed the implementation of a system in which international complaints would be heard, addressed and, if necessary, acted upon in a way that could result in the loss of both public funds and the support of the Canadian government. Specifically the Bill would have required all complaints concerning Canadian companies engaged in mining, oil, or gas activities to be submitted in writing to the Minister of Foreign Affairs and the Minister of International Trade accompanied by supporting reasons for the accusation (McKay, 2009).

Both ministers would have been responsible for the examination of each proposed case of injustice. If a complaint was viewed to be “frivolous or vexatious or made in bad faith”, the minister may have chosen to refute the examination of the claim made. Furthermore, either minister had the authority to investigate the actions of a Canadian extractive enterprise if deemed necessary, with or without the submission of a formal complaint (McKay, 2009). If the accusations toward a company were proven to be correct and inconsistent with the guidelines that would have been enacted had the Bill passed, the President of EDC and the Chairperson of the CPP Investment Board would be notified and funding received from both entities would be ceased. Each accusation and the resultant outcome, including justification if a case was refuted, would have been made

publicly available in the Canada Gazette (McKay, 2009)

Despite the fact that Bill C-300 would not act as a punitive regulatory bill, it was still met with a high degree of resistance. Concerns were raised regarding a wide array of issues such as the potential for the Bill to tarnish Canadian corporate image and reputation, to be used by rivals to debilitate Canadian competitiveness and manipulate corporations, and to act as encouragement for Canadian companies to divert from Canada. These concerns would be valid for corporations that had not been acquainted with, and obliged to, CSR guidelines prior to Bill C-300. Canadian corporations however, are committed to abide by the OECD Guidelines for Multinational Enterprises as well as the recently administered *Advantage Canada* Strategy. Unfortunately, due to lackadaisical measures of enforcement of these guidelines, companies do not fully adhere to them and, therefore, concerns such as the aforementioned are raised when a system composed of concrete repercussions such as Bill C-300 is presented.

OECD Guidelines for Multinational Enterprises

The notion of CSR has become increasingly dominant on the global stage. CSR is a term that has come to define the commitment that corporations claim to have made to contribute to economic development in a way that respects international human rights and limits environmental degradation. It is also a term that forms the basis of many guidelines and strategies created by a number of international organizations and government institutions that attempt to ensure that corporations are being socially responsible throughout their operations. Many of these guidelines and strategies have been initiated or updated within the last ten years (Drohan, 2010). Some of the recent establishments and amendments include the UN Global Compact, where principles may be subscribed to specifically by corporations; the EITI and the Voluntary Principles for Security and Human Rights, which encourage both business and government utilization; and the OECD Guidelines for Multinational Enterprises, which are promoted by adhering government bodies for use by multinational corporations (Drohan, 2010).

Two CSR-related dispute mechanisms are relevant to the actions of Canadian mining, oil, or gas enterprises operating in developing countries: that which is included in the OECD Guidelines as well as the dispute mechanism outlined in the GOC CSR Strategy (Janda, 2009).

1976 marked the commencement of the OECD Guidelines for Multinational Enterprises. Since then the OECD – an organization composed of governing bodies described as working to contribute to the improvement of the economic and social well-being of individuals on a global scale – has reviewed and updated the Guidelines on several occasions. Revisions to the Guidelines were initiated in 2010 by adhering governments; this includes the thirty-four OECD member countries, including Canada, as well as the

eight non-member countries. The most recently updated version of the Guidelines became available on 25 May 2011 (OECD website, 2011).

While the OECD guidelines recognize that investment plays a pivotal role in the world economy as well as in the development of member countries, it also acknowledges that the countries that are investing in global operations have a responsibility to respect international human rights and environmental laws: to be corporately socially responsible; it is through this lens that the OECD Guidelines for Multinational Enterprises were formulated. The voluntary principles and standards that are recommended throughout the Guidelines focus on responsible business conduct in areas such as the environment, employment, human rights, and anti-corruption. The main objectives outlined in the Guidelines are to ensure that government policies are respected and observed by corporations in order to strengthen trust among both the corporate entities and the societies that are central to their operations, thus furthering the progression of the foreign investment domain and increasing the involvement of multinational enterprises in terms of sustainable development (OECD Guidelines, 2000).

The guidelines require that each adhering government establish a NCP, where concerns regarding any of the issues discussed in the Guidelines, including violations, can be raised, thereby informing the respective government of the accused violator. The NCP in Canada is an interdepartmental committee managed by the DFAIT (GOC website, 2011). The NCP acts as a mechanism for discussion where the focus is to resolve any disputes or issues that arise.

The only condition resulting in a negative consequence is given if the Guidelines have been breached in the issuing of a public statement identifying the enterprise and the violations that took place. However, if left to the discretion of the consuler, this minor complication to any enterprise unwilling to abide by the Guidelines may be nullified if the corporation in question makes reasonable claims as to why the findings should be kept confidential (OECD Guidelines, 2000).

While the Guidelines remain “the most prominent intergovernmental ‘code of conduct’ that seeks to encapsulate self-regulation with a universally mandated solution,” they have been subject to a great deal of criticism (Tully, 2000). Since the Guidelines do not allow for any type of sanction to be imposed, there is a discernable lack of motivation or incentive for corporations to adhere to them. Other criticisms of the Guidelines include the emphasis placed throughout the document on the fact that they are strictly voluntary codes of conduct; this is evident in the language used throughout the Guidelines (Tully, 2000). An example of this is use of terms such as “encourage” and “contributes” (Tully, 2000). Furthermore, the extensive use of terminology such as “local capacity building”, “individual human development”, and “good corporate governance” lack the definitiveness needed to achieve the goals stated in the Guidelines, and the ambiguity of

the terms used results in difficulties in accurately determining compliance (Tully, 2000).

Critics also note that the guidelines tend to shed a positive light on the activities of corporations by overstating the outcomes associated with corporate activities that are deemed beneficial, while simultaneously minimizing the importance and consistency of instances of negative consequences resulting from the same activities (Tully, 2000). This is exemplified in the following excerpt from the Guidelines:

“Today’s competitive forces are intense and multinational enterprises face a variety of legal, social, and regulatory settings. In this context, some enterprises may be tempted to neglect appropriate standards and principles of conduct in an attempt to gain undue competitive advantage. Such practices by the few may call into question the reputation of the many and may give rise to public concerns.”
(OECD Guidelines, 2000)

The Guidelines state that adhering governments must be committed to ongoing efforts to improve the welfare and living standards of people on a global scale. Suggestions are made to further improve the actions of domestically run multinational enterprises by moving beyond the Guidelines through implementation of effective domestic policy frameworks. These frameworks may include stable macroeconomic policy, non-discriminatory treatment of firms, appropriate regulations and prudential supervision, an impartial system of courts and law enforcement, and efficient and honest public administration (OECD Guidelines, 2000).

The Canadian government adheres to the Guidelines as a member country of the OECD by promoting the principles described in the Guidelines and through the establishment of the mandatory NCP. However, it became evident after prolonged examination of Canadian extractive industries and the general approach that is taken on the environmental and social effects of their activities in developing countries, that adhering to the guidelines was not sufficient. Through a report entitled *Mining in Developing Countries and Corporate Social Responsibility*, the Standing Committee on Foreign Affairs and International Trade proposed similar suggestions to the GOC as those encouraged in the Guidelines, involving the introduction of a framework that ensures social and environmental responsibility among Canadian mining companies in their operations abroad (Janda, 2009). It is as a result of this that the Advisory Group to the “National Roundtables on Corporate Social Responsibility and the Canadian Extractive Sector in Developing Countries” was formed and it is partially through the suggestions that were made by the Advisory Group that the GOC initiated its own CSR strategy for Canadian extractive enterprises (GOC, 2009).

Government of Canada Corporate Social Responsibility Strategy

The Canadian Government in March 2009 released the *Advantage Canada* Strategy, which has put forth varying strategies that focus on the “improvement of the competing advantage of Canadian international extractive sector companies by enhancing their ability to manage social and environmental risks,” (GOC, 2009). A large section of the report examines strategies and policies that the GOC has implemented and promoted in the past as well as those that are currently used in order to encourage CSR among Canadian enterprises. The Canadian Government acknowledges throughout the report that “most Canadian companies are committed to the highest ethical, environmental and social standards” (GOC, 2009). However, while the GOC has taken part in many CSR-led initiatives it is understood that there are those companies that lack the same high standards and commitment to CSR as other Canadian enterprises and can “cause harm to communities abroad and undermine the competitive position of other Canadian companies” (GOC, 2009). The issues surrounding the latter quote as well as Canada’s high level of involvement in the extractive sector are the compelling factors that have lead the GOC to take more affirmative action in aims of promoting CSR activities within the extractive industries.

The implementation and promotion of CSR as represented in the *Advantage Canada* Strategy is through focused participation and support of the OECD Guidelines for Multinational Enterprises. Moreover, the Canadian Government is also participating in the following established CSR-led initiatives: the International Finance Corporation Performance Standards on Social and Environmental Sustainability, Voluntary Principles on Security and Human Rights, and the Global Reporting Initiative (GOC, 2009). Through these initiatives as well as the strategies set forth by the GOC, the *Advantage Canada* Strategy seeks to achieve capacity building in developing countries to aid in the management of extractive resources and industries, allowing for increased domestic benefits and future poverty reduction.

The *Advantage Canada* Strategy also entails the establishment of the Office of the Extractive Sector CSR Counselor who is responsible for assisting in the resolution of any issues that arise pertaining to the actions of Canadian extractive corporations abroad. As part of the Strategy, the GOC also established a CSR Centre of Excellence which was created with an existing non-governmental institution and is meant to provide high-quality information, training and tools related to CSR practices in order to assist in the implementation of the *Advantage Canada* Strategy (GOC, 2009). In attempting to fulfill the goals set forth in the Strategy, the GOC intends on collaborating with specific government institutions such as: the CIDA, NRCan, as well as the DFAIT.

In the *Advantage Canada* Strategy, a complaint mechanism has been established which allows for any individual, group, or community to put forth a complaint and request a review if it is believed that any current or future actions of a Canadian extractive company has already, or will soon lead to negative effects. Furthermore, a complaint may be submitted by a Canadian extractive company concerning any allegations that are deemed to be unwarranted in relation to engagement in activities outside of Canada and the violation of Canadian promoted CSR guidelines (Janda, 2009).

Establishing the required institutions for complaint mechanisms is commendable; however the system created has been ineffective in enforcing the recommendations and CSR-based policies as outlined in the GOC CSR Strategy. While the CSR Counselor is responsible for conducting a review on the actions of the corporation in question, it may only be administered upon obtaining the consent of both parties, while no further actions are imposed after this initial and single step. The CSR Counselor lacks any jurisdiction in order to “make binding recommendations or policy or legislative recommendations, create new performance standards, or formally mediate between parties,” let alone impose any type of sanction, even if after a review has been conducted and the accusations made upon a company prove to be correct (GOC, 2009).

Golden Star Resources Ltd.

GSRL, a Canadian international gold mining and exploration company, became federally incorporated under the Canadian Business Corporations Act in May of 1992 as a result of the amalgamation of South American based Goldfields Inc. and GSRL (NASDAQ, 2011). GSRL is incorporated under the federal laws in Canada. It is a parent organization with nine subsidiaries and four sibling organizations (AfDevInfo, 2009). It is currently registered under the TSX and as of August 2011 it has 258,584,486 shares listed (TSX, 2011). One of GSR’s largest shareholders is the Canadian Pension Fund whereas of 31 March 2011, the CPP held 1,082,000 shares, equating to approximately \$C 3 million (CPP, 2011).

GSRL has an extremely large exploration budget, as it currently has sites operating in South America as well as throughout a number of African countries, specifically: Sierra Leone, Burkina Faso, Mali, Cote D’Ivoire and Ghana (GSR, 2011). Currently GSRL has two operations situated on the Ashanti Gold Belt of Ghana; the Wassa/HBB and Bogoso/Prestea Mines. The company recently announced an increase in the 2011 budget to \$30 million for exploration primarily encompassing the Bogoso/Prestea and Wassa sites in order to expand their holdings of land on the Ashanti Gold Trend; the most lucrative area in the country (GSRL: Operations, 2011).

Logistically GSR holds: (TMX Money, 2011).

- 145 km² trend in Bogoso
- 192 km² trend in Prestea
- Bogoso/Prestea strike length of approximately 85km on the Ashanti Gold Trend
- 81% interest in an underground mine in Prestea (the company is conducting exploration to determine the potential profit availability)
- Properties in Akropong and Dunkwa, near the town of Bogoso, through a 90% holding under a subsidiary of GSRL called GSBPL (Contributor, 2009). This operating plant has a nominal 3.5 million tons/year processing facility that produced and sold 170,499 ounces of solid gold in 2008 (Contributor, 2009).

GSRL also has a 90% holding in the Wassa Mine under another subsidiary named GSWL; this mine is located 35 km east of Bogoso/Prestea (Contributor, 2009). The total production capacity of this mine on average is 3.0 million ounces/year and in 2008 125,427 ounces of gold was produced and sold (Contributor, 2009). GSWL owns both the Benso mine and its concessions (HBB properties) in the South Western part of Ghana; the HBB properties have been shipping unrefined ore to the Wassa Mine since 2008 (Contributor, 2009).

GSRL releases quarterly reports per year to the public depicting a financial summary including the reported earnings, extraction quantities, liquidity and capital resources, the status on the explorative projects and future prospective goals of each major site. The most recent information available is the First Quarter Financial Results for 2011.

According Tom Mair, President and CEO of GSRL, the production at the Bogoso mine during the second half to 2010 was constrained by the need to process other ore that have lower recoveries (TMX Money, 2011). Below are some of the 2010 results for GSR (TMX Money, 2011):

- Gold sales from Bogoso/Prestea and from Wassa/HBB mines was 354,904 ounces
- Cash operating costs were \$766 per ounce
- Year-end cash and cash equivalents (2010) balance of \$178.0 million in comparison to \$154.1 million at the end of 2009
- Gold sales from Bogoso/Prestea mine totaled to 170,973 ounces in 2010
- Gold sales in Wassa/HBB amounted to 183,931 ounces in 2010
- Capital expenditure for 2010 amounted to \$83.8 million

- \$20.9 million for mine development projects
- \$15.1 million for deferred shipping
- \$30.9 million for equipment purchases
- \$16.9 million for exploration drilling

Development Practices and CSR

As a result of Canada's role as a member country of the OECD, GSRL is obligated to abide by the CSR practices outlined in the regulations and mandate of the OECD Guidelines as well as the GOC CSR Strategy. As a form of CSR, GSRL has created a 'development' sector under their organization entitled as the 'Golden Star Development Foundation'. The hopes of this development project are to "Promote and facilitate sustainable socio-economic development...provide funds for development projects...partner with public and private entities to address community needs [and to] provide an opportunity for community driven project promotion" (GSRL: CDP, 1). The main areas in which GSRL is focusing in terms of development is improving educational services, local services, community electrification projects and infrastructure. Moreover, GSR boasts a local hiring policy.

GSRL's Development Foundation in 2008 was responsible for four main campaigns which included (GSRL: CDP, 3):

- Wassa Educational Scholarship Scheme
- 14 students from the Wassa communities were awarded scholarships
- Prestea Secondary Technical School
- 8 unit classrooms
- Akyempim School near Wassa Mine
- Juaben School near Bogoso

GSOPP is an award winning GSRL development initiative that has gained mass public attention. The plantation is part of an economic livelihood development program for those communities surrounding the operations of GSRL (GSRL: Eco. Development). The purpose for the GSOPP according to GSRL is to help reduce poverty by providing alternative livelihoods for adversely effected community members. It is to help create and implement "...a model for effective, self-sustaining economic development in communities affected by the extractive industries sector..." (GSRL, Eco. Development,

3). Reportedly, the hired labor for the plantation was paid GH¢ 5.20 per day which lasted for three years. As the palm trees begin yielding fruit, the farmers will be paid GH¢ 3.00 per day, equivalent to approximately CDN\$ 2.00 (GSR, Eco. Development). GSRL has spent US\$ 1.5 million on this project; however even with this substantial fiscal backing communities claim that the targeted populations for this project are not receiving the benefits (GSRL, Eco. Development). As discussed in the case study of Prestea, the realities of GSRL's livelihood and development projects appear exceptional on paper but quite the opposite in practice.

Policy on Environment

GSRL's operational mining activities in Ghana are open-pit. Though this form of mining is capital intensive, it is significantly more cost effective than underground mining. Open-pit mining requires a substantial amount of land, thus creating conflict among rural communities that lie on and near the Ashanti Gold Trend. For generations farming has been the predominant livelihood activity for many residents in these communities. However, farming has become a much more difficult task with the reduction of available farmland due to mining activities. Aside from farming, land and natural resources have a crucial role to play in the lives of countless individuals in mining communities; whether it is water reservoirs used for everyday consumption and household chores, or the various aspects of nature such as rivers and rocks that are viewed as sacred and spiritual.

In being corporately socially responsible, GSRL has committed to meeting regulatory requirements outlined primarily by the EPA and the Government of Ghana in all of its exploration, extraction and mining activities. GSRL's policies on the environment consist of incorporating environmental practices in all contracts, ensuring all staff and employees accept environment policies, establishing operating standards that coincide with all laws and preparing and reviewing environmental management plans (GSRL, Enviro. Policy, 2007). As further discussed in the case studies of Dumase and Prestea, the policies established by GSRL by which they are to abide by under their CSR strategies are ineffective. The environmental degradation, loss of biodiversity and farmland, along with the destruction of waterways have all been repercussions of the mining activities of GSRL.

Case Studies: Dumase and Prestea

Surrounding natural resources are the life source to any and all communities. Access to arable land, forested areas and water are the sustaining factors; however, when these facets have been jeopardized what are the alternatives available for rural based

communities? International mining companies in Ghana have created a substantial amount of externalities; some may be considered positive, but the majority are negative. Through two case studies of Prestea and Dumase, these externalities will be exemplified. Issues pertaining to resettlement, water, blasting, livelihoods, compensation, violence and the communities before and after the presence of GSRL will be examined. Farmland, fishponds and rivers have been destroyed, livelihoods have been compromised and people's health has been jeopardized. Notwithstanding, with the reported beatings, shootings, dog attacks and jailing of community peoples; the reputation of the company among community members is anything but positive.

Prestea

Demographics:

| | |
|--------------------------------|---|
| Chief: | Nana Nitaboaprahi |
| Population: | 40, 000 |
| Current Livelihood Activities: | Farming, Mining, Galamsey, Roadside Selling |

Prestea is a town that lies on the west bank of the Ankobra River in the Western Region of Ghana. Gold mining has been a popular activity in the Prestea area for over a century. Prior to surface mining operations in the area, livelihood activities consisted mainly of underground mining and respective jobs as Ghana's first large-scale industrial gold mine was established in 1929 (Darimani, October 2005). Underground mining persisted until 2002, which marked the beginning of surface mining in Prestea; making it nearly a decade that GSRL has been operating in the area.

Water

According to community members of Prestea, the operations of GSR in the area have resulted in the pollution of two rivers, the Nana Abogyese and Subri (CHRAJ, 2008). According to a report conducted by the CHRAJ, the Concerned Youth Group of Prestea stated that prior to the operations of the company the community would fetch water from a spring well, which provided an unlimited source of water. Unfortunately, sachet water now serves as the main source of drinking water following the destruction of the aforementioned rivers as well as a spring fed well; it is now covered by waste materials produced by GSRL (CHRAJ, 83). An alternative source of water is periodically available through the Ankobra River water project of the GWSC, where water only runs for a brief period of time (CHRAJ, 83). A more reliable water source provided by the GWSC is located approximately 4 miles from Prestea (CHRAJ, 83). In seeking a solution to the lack of potable water, GSRL provided a borehole to the community; however, the water

that runs through the borehole is said to be discoloured and untreated and therefore unsuitable for use. Furthermore, according to a study conducted in 2008 water samples taken from the borehole provided results showing that the pH level was 6.20, where as the WHO recommends a pH level of 6.5-8.5, meaning that according to the WHO the water from the borehole is unsafe for human consumption (Obiri, August 2009).

Ghana is currently considered one of the most water-stressed countries in Africa, and is predicted to experience water-stress of 1700 cubic meters per person on a yearly basis by 2025 (Obiri, August 2009). If the estimations of water-stress transpire into reality a plethora of complications will arise for Ghana's general population. However, the residents of Prestea are currently experiencing a direct impact of water insecurity as a result of the pollution of rivers and the lack of any safe and easily accessible alternative water source. Besides incurring the added cost of either the now necessary purchase of sachet water or travelling 4 miles to retrieve drinkable water, community members have been reporting adverse health effects which they blame on the pollution of local water bodies. Many citizens of Prestea have experienced skin diseases and rashes and look to the poor quality of water as a cause.

Blasting

Community members of Prestea have been especially exposed to the negative effects of blasting. An open pit that is no longer in use can be found in close proximity to many of the town's private and public buildings. As a result of the blasting that occurred in this pit, many buildings became cracked and on 29 January 2006, a number of buildings collapsed (CHRAJ, 2008). Over 44 buildings sustained cracks, of which at least 20 have been identified for repairs by the company and a number of individuals have received payment as a form of compensation for the damages (CHRAJ, 2008). The police station, as well as the post and labour offices were among the public buildings that experienced damage; however these were rebuilt by the company. As of 2008 when a CHRAJ study entitled *The State of Human Rights in Mining Communities in Ghana* was conducted, no compensation had been paid to the individuals whose buildings had collapsed. (See appendices 1 and 2)

In an attempt to minimize the damaging effect of blasting, a committee consisting of four community members was established with the role of supervising blasting activities. The members of the committee were provided with financial support by the company for their efforts, initially in the amount of GH¢ 50 per month and eventually increasing to GH¢ 100 per month (CHRAJ, 2008).

Many people in Prestea claim to have experienced negative health effects associated with blasting. Community members state that toxic dusts are emitted when the company blasts and results in an overwhelming amount of individuals who suffer from related illnesses

and diseases. During a visit to Prestea one community member stated that she felt it was necessary to send her children to live in Accra as she was concerned that if they continued to live in Prestea they too would fall ill from one of more of a list of illnesses that have been proven to be associated with dust caused by blasting. Silicosis, tuberculosis and silico-tuberculosis are among the illnesses caused by dust (Akabzaa, 2000). These three diseases are specifically a result of the extremely high silica content that exists within the rock formations from which gold is mined in the Tarkwa area, exposing individuals in the surrounding mining communities to ‘silica dust’ (Akabzaa, 2000). Interviewees in Prestea displayed concern regarding the rate of tuberculosis in the area.

Furthermore, the generation of dust, which can be inhaled deep into the lungs due to its composition of minute dust particles, is a known consequence of gold mining operations (Akabzaa, 2000). This dust has the potential to cause many respiratory diseases and disorders such as bronchitis, which is among the most common diseases contracted by those residing in close proximity to mine sites (Akabzaa, 2000). Moreover, the small particulate matter can result in an increase in the level of severity of asthma arthritis among those who already suffer from it (Akabzaa, 2000).

Livelihoods

The introduction of privatized state-owned mines, followed by the establishment of surface mines, resulted in a decrease of the mining work force in Ghana. Mining related employment decreased by 12 percent between 1992 and 2000, resulting in the loss of 2346 jobs (Campbell, 2011). While GSRL did not begin surface mining in the Prestea area until 2002, the trend of increased unemployment rates due to mining continues. At a time when the population of Prestea was significantly less than the current demographic of 40,000, over 4000 individuals were employed underground (CHRAJ, 2008). “Almost everyone in Prestea was linked to the mine in some way” stated Dominic Nyame, a resident of Prestea, when asked about common livelihoods prior to surface mining in the area. In 2008, GSRL stated that 1247 employees and 718 contractors were employed through the GSBPL operations (GSRL Sustainability Report, 2008). The former Chief of Prestea claimed that in 2007, fewer than 200 residents of Prestea held positions in the company (CHRAJ 2008). While the company advertises job availabilities most community members are unable to fulfill the qualifications, leaving the positions to be filled by individuals outside the community. Residents of Prestea stated that the company had intended to train and employ a number of youth from the area though this has yet to be actualized. Youth noted that the potential to correct the situation was left to the community employment committee, but claim that executive members of the committee demanded bribes in large-sum amounts prior to advancing the names of applicants for employment within GSRL.

The closure of the underground mine, which GSRL now holds an 81 percent interest, along with the relatively small number of workers employed within the surface mining operations have left people seeking other income generating activities (GSRL Operations: Bogoso, 2011). According to community members, the illegal form of small-scale mining, locally known as *galamsey*, was essentially non-existent in Prestea throughout the days of underground mining. *Galamsey* was not regarded as a respectable occupation. It was deemed unnecessary due to the wealth of employment opportunities involved with the underground mine. However, due to increases in both population and unemployment in the town, *galamsey* is no longer frowned upon. It is rather viewed as a logical means of utilizing the tools and expertise gained from experiences in underground mining. Also, it offers the opportunity for self-employment and income generation for those residents who continue to struggle financially.

Turning to *galamsey* is one of two options for small-scale miners as formalized SSM has been in place since 1989 (Hilson, 2010). The state has an established registration process where individuals can legalize their operations. However, many residents of Prestea sympathize with the fact that for many small-scale miners registering is simply not an option. According to community members, the regulation process is not conducive to the constant shifting of locations and operations that occur as a small-scale miner. These miners are perpetually nomadic and in search of new land as well as on-going productions on land that is rich in gold deposits. Residents stated that the legalizing process can become quite expensive due to the requirement of registering each plot of land that a small-scale miner operates on and for some, this entails the payment of registration fees on multiple occasions.

It is estimated that more than 500,000 individuals throughout Ghana are directly employed by either *galamsey* or legal SSM (Hilson, 2010). These growing numbers result in the difficulties in obtaining land as large-scale companies have control over the majority of land containing prospective gold deposits (Akabzaa, 2000). Conflict around this issue typically ensues as small-scale miners are in constant competition with large-scale companies for land, and often encroach on the concessions of the companies. There have been several circumstances where activities such as illegal mining on the property of GSRL have led to severe human rights abuses.

The initiation of the GSOPP project caused excitement among some of the residents of Prestea. The project seemed promising initially as community members claimed that approximately 2000 people were hired from the area to work on the plantations, only to be fired two weeks later. Since then, residents of Prestea have not witnessed any form of employment as a result of the establishment of the GSOPP. Community members went on to note that one could see the results of the project themselves simply by driving through the plantation areas. Their claims were confirmed by the desolation surrounding the plantations.

Social and Physical Effects of Mining

While information was not found relating specifically to Prestea, there is evidence regarding social effects on communities due to an increase in galamsey. Due to the intensive nature of galamsey as it is physically exerting, time consuming and dangerous, drug use has become increasingly common among those involved with the illegal form of SSM. It is believed by galamseys that the drugs help them cope with these demands and even increase levels of productivity (Akabzaa, 2000). The most common drugs used are marijuana and cocaine (Akabzaa, 2000). Furthermore, galamsey camps are characterized by extreme acts of violence, which on few occasions have resulted in death (Akabzaa, 2000). Some women living in the camps also noted that rape is common, typically when drugs have been involved (Akabzaa, 2000).

A large number of human rights abuses have been prevalent in Prestea since the onset of surface mining. Military personnel and police officers have both been involved in brutalities that have taken place. GSRL allegedly stationed the military in Prestea with the assistance of the Regional Security Council (CHRAJ, 2008).

On 14 June 2005, residents of Prestea applied for and were granted permission to demonstrate under the Public Order Act 7 (RAVI, 2009). On the scheduled date, demonstrators were met by a combined force of military and police personnel, who then proceeded to brutalize and fire at community members (CHRAJ, 2008). The shootings resulted in serious injuries; for Nasiru Alhassan a 16 year old boy, it resulted in the disfiguration of his hand (CHRAJ, 2008). On 5 December 2006, Ahmed Saloum was shot in the leg by military personnel, while on a separate occasion Isaac Kofi was shot in the abdomen (CHRAJ, 2008). Among other shootings there have also been incidences of harassment of farmers and the destruction of property belonging to galamseys (CHRAJ, 2008).

The relationship between the company and the government institutionalized EPA has caused tension among community members and GSRL. Prior to surface mining in the area the EPA conducted an Environmental Impact Assessment forum where community members expressed their disapproval of the idea of initiating mining operations in such close proximity to the town (RAVI, 2009). Despite the concerns of the community, the EPA recommended the operation. One of the more pressing issues occurring with the residents of Prestea today and the GSBPL site involves GSRL's interest in opening up a new pit in the South of Prestea. Residents of Prestea appealed to the EPA to request that they require GSRL to fill the main pit in Prestea prior to beginning operations on a new one. The EPA concurred and made it clear that the company must fill the pit in Prestea in order to move on to the operations of a second pit. While the pit has only been approximately 60 percent filled the EPA has renounced its decision and has given the company permission to begin operations at the second pit. The change in the EPA's

decision has caused people in Prestea to believe that some form of bribery has taken place between the company and the EPA.

The human rights abuses and the actions of the EPA have caused confusion and distrust among residents of Prestea. The very people who are commissioned with protecting the citizens of Ghana have instead instilled fear and frustration among them with the brutalities that have occurred. A government institution that was put in place to protect the environment seems to disregard the concerns of community members, and instead supports an industry that has contributed greatly to environmental degradation. These emotions are further brought to the surface as GSRL continues to mislead residents. Therefore, the social effects that the presence of the company has had on the residents of Prestea are ones of frustration and distrust relating to the company, security agencies and government institutions.

GSRL

Despite the many statements made by community members claiming that GSRL has not benefitted the people of Prestea in any way, it has in fact, however small, contributed to the town in a number of ways.

Due to the close proximity of the Prestea mine and the town itself, the police station, post office and labour building sustained various cracks and damages, and required replacement by the company. All three buildings have been replaced and are in use.

Throughout Prestea a number of small developments are evident as signs have been posted by the company for the demonstration of almost any contribution to the community. Two small metal bridges passing over a stream were marked as donated by GSRL. The company provided funding for the construction of 16 additional classrooms for the Prestea Senior Technical School. However, despite the initiation of the project approximately 7 years ago, only half of the classrooms are completed and are in use. In January 2011, GSRL also provided a water pump to the same school. Furthermore, the company funded the Prestea Secondary Technical School that is made of 8-unit classrooms, a staff common room, head master's office, a store and 6-w/c building (GSR Social Responsibility Document, 2009).

In terms of monetary funding, GSRL has provided scholarships for a number of students in Prestea. According to a sign posted in the town, the company also provides financial support for a local football team.

While there have been some tangible developments as a result of the presence of GSRL, they are outweighed by the amount of destruction that has taken place. According to Dominic Nyame, the company has destroyed at least 24 bungalows. Community members boasted of a beautiful labour office that residents of Prestea took pride in and

fully utilized, which was once on the land that is now occupied by the Prestea open pit mine. Countless buildings have been cracked due to blasting, water sources polluted, and there has been a rise in the number of health issues related to the activities of the mine. It then becomes evident, even with the few new developments, funding and employment that GSRL have provided, that upon meeting Dominic Nyame, he stated, “Sometimes people in the community don’t even like hearing the name, ‘Golden Star Resources.’”

WACAM

WACAM has hosted workshops for the residents of Prestea in which has provided community members with the opportunity to increase their level of understanding and knowledge of their rights. It is also hoped that with this expansion of knowledge residents will more confidently confront the challenges their community continues to face. With its experience in negotiating with mining companies for over 13 years, WACAM applies its knowledge and expertise beyond workshops, to support the people of Prestea in numerous ways.

Based on the issues facing Prestea, WACAM organized a press conference in Accra in June of 2005. It was deemed necessary in order to inform the public of the brutalities that occurred on 15 June 2005 when residents of Prestea were exercising their right to demonstrate (RAVI, 2009). Not only did the press conference succeed in informing the public, it also placed pressure on the company to refrain from involvement in any similar activities in the future.

On 4 October 2005, some residents of Prestea were arrested while educating others about the harmful effects of mining (RAVI, 2009). Those who were arrested were detained in the Prestea Police station. It was only after the intervention of WACAM that they were released (RAVI, 2009).

In March 2006, WACAM launched a campaign in Prestea to raise national awareness on the issues confronting the town. WACAM worked with community-based organizations such as the Concerned Citizens Association of Prestea and Voices of Tomorrow Foundation to undertake public protests through activities such as picketing, demonstrations and press conferences.

Currently, WACAM is working alongside the residents of Prestea to productively engage with the EPA due to shifting of requirements as outlined by the EPA regarding the commencement of GSRL’s operations at the second pit.

WACAM has become a well-known NGO among the public, communities affected by mining, mining companies, the media and government bodies. WACAM has worked diligently to gain the confidence and support of communities affected by mining. The presence of WACAM in these communities has contributed tremendously to the

empowerment of a wealth of individuals through advocacy and rights education. It is for these reasons and the constant help and education that have been provided to the residents of Prestea, that they are forever grateful to WACAM

Dumase

Demographics:

| | |
|---|----------------------|
| · Chief: | Nana Kwabenah Oppong |
| · Approximate population: | 2000 |
| · Schools (Junior) | |
| · Private (Built by GSRL) | 1 |
| · Public | 1 |
| · Water sources: | |
| · Polytanks | 4 |
| · Boreholes | 4 |
| · Streams (unusable) | 10 |
| · [Aprepre, Worawora, Bayaa, Naneyabou, Prem, Henya, Eniabpa, Nana Anyeaboa, Atsesua] | |
| · Current livelihood activities | |
| · Farming | |
| · Galamsey | |
| · Roadside selling | |
| · Carrying sand | |

Dumase is a small community that lies between Bogoso and Prestea in the Western Region of Ghana. The main form of subsistence among community members prior to the presence of GSRL was farming. GSRL has operated in Dumase for over twenty years; the mining company arrived in 1985 but had been prospecting throughout the area from 1987 to 1990. Now with the onslaught of requiring further land to expand the open pit operations of GSRL, resettlement is the newest debate and issue facing the community.

Resettlement

The Dumase community is divided on the topic of resettlement. Recently GSRL conducted a survey whereby individuals hired through the company surveyed the entire community of Dumase. Surveyors recorded the owners of property and their possessions; creating a cost-benefit analysis required by GSRL in order to determine whether or not it is beneficial to the company to enter into negotiations with community members to relocate Dumase. While surveying the properties of community members the surveyors

proceeded to paint 'Done' in large letters on the side of each structure, doing so without permission and creating discontent among residents of Dumase as this method led to aesthetically displeasing properties, leaving structures looking almost vandalized.

One of the largest issues relating to relocation concerns access to land. Resident of Dumase, Dei Nkrumah, brought this view to light. Briefly, land in Ghana is not severed and owned as it is in North America, but is either stool or skin land which means that the chief is in control of the land and determines how it is distributed. Typically, land is passed from generation to generation or occasionally is sold off. Joanna Manu, an Assembly Woman in Dumase who has made a personal claim against relocating, has stated that only those who can afford to purchase land in the resettled area will have the ability to farm. Furthermore, she notes that the individuals in Dumase who are still fortunate to have farmlands will be unable to access them due to the cost and time that will be incurred by travelling from the relocated area to their farms. A group of community women voiced similar concerns stating that relocating the entire community would be an extremely difficult task and that those residents who have no traditional ties to the new land would once again be without a means to a livelihood, unless proper negotiations take place that guarantee the distribution of farmland.

However, Joanna Manu believes that many residents in the community would chose to move. Due to a significant lack of food, water and livelihood activities, many individuals feel as though there is no viable alternative to relocating.

Water

Currently, the only fresh water source available to residents of Dumase is derived from four boreholes located throughout the community. However due to the chemical composition of the soil in the area, the water that comes from these boreholes is often yellow in colour. Aside from the boreholes, GSRL has provided four Polytanks as a source of water for the community. However, residents claim that it can often take up to three days for GSRL to ensure that the tanks are refilled once they are empty. According to community members, when this has occurred in the past, people result to drinking the contaminated water from the community boreholes or purchase sachet water; though for many, the latter alternative is simply unaffordable.

Since GSRL has been in the Dumase area, there have been two reported cyanide spills, one in 2004 and the second in 2006. In 2004, the company that was then operating under the name of Bogoso Gold Limited, spilled large volumes of cyanide into the Aprepre River in Dumase (Obiri: 2009). This river flows into a variety of other water sources in the area such as the Manse River, resulting in the chemical pollution of many water bodies in the area (Obiri: 2009). Furthermore, just three months after GSRL signed the Cyanide Code, cyanide laced tailings leaked into the Ajoo stream, a tributary of the

Aprepre River (Owusu-Koranteng: email) This river was the life source for Dumase and surrounding communities; it was essential for providing water for consumption, hygiene, food preparation and general household use. Aprepre River is now unusable.

Initially the community continued to use the contaminated water for some time, resulting in various negative health effects. It was reported that due to the consumption of the polluted water many women began experiencing irregular menstruation cycles, menstruating on average twice per month. However, residents of Dumase no longer consume the contaminated water, and with this, women have stated that the irregular menstrual cycles have ceased.

Livestock belonging to numerous residents of Dumase perished due to drinking from the cyanide polluted river. Dei Nkrumah, one of the many farmers whose livestock died, lost 30 sheep among other animals such as fowls and ducks. The affected people and some members of the community instituted court action against the company in hopes of receiving compensation. (See appendix 4) At the time of writing this report the company had indicated its readiness to have an out court settlement on the 2006 cyanide spillage.

Residents of Dumase have been in court proceedings since 2004 to receive compensation for the damages of one of the two cyanide spills. In this incidence over 50 community members drank from the contaminated water, rendering them ill. A settlement has yet to be negotiated. (See appendix 5)

Blasting

Blasting in an open pit mine typically occurs on a daily basis near Dumase. During a community visit to Dumase in February 2011, blasting occurred every day after 4 p.m. The repercussions of the blasting are cracks in the buildings, as well as illnesses caused by the dust that is emitted when blasting occurs. In the past blasting near Dumase has proven to be hazardous as rocks were launched from one of the pits operated by GSRL and into the community. Residents of Dumase were concerned about the flying rocks as individuals could be seriously injured and property damaged. As a result of the hazards that blasting in the nearby pit posed, along with the struggle of community members, operations within the pit named as ECOMOG were forced to a halt by the EPA.

Livelihood

The community members of Dumase have been struggling to maintain their livelihoods amongst the presence of GSRL. Prior to mining, the main source of livelihood for the residents of Dumase was farming. Crops such as cassava, plantain, palm trees, cocoa and pepper, among other spices were the main crops harvested. Now the majority of farmland and forested areas that were previously used by community members have been

destroyed by the company's operations. (See appendix 6) Initially when GSRL arrived in Dumase, some compensation was provided. However, members of the community deemed this inadequate after learning about their rights as stated in the Constitution of Ghana and in the Minerals and Mining Act, 2009(Act 703). Moreover, compensation was also deemed insufficient as the company reportedly only paid for the initial purchase cost of crops; the potential future yield of the land and the life expectancy of the crops were not taken into consideration. During a visit to Dumase, Joana Manu shared her experience of the loss of her farmland: Joana stated that upon returning to her farm one evening she realized that a man who she hired to clear some of her land was arrested, the company's security then proceeded to arrest Joana for what they claimed to be trespassing. She was later discharged and granted permission to return to her farm. After a short time period since the initial incident occurred, the single road leading to Joana's farm was blocked by GSRL, leaving Joana with the inability to access her land. She has not been on her farm since then. Joana stated that only after confronting the company did she eventually receive compensation for her land.

In Ghana the head of family often manages finances. In which under many circumstances means that the men of the household control money; this has led to the inability of women to hold compensation for their land or crops. In discussing current livelihood activities with a group of women, it became evident that their only available source of income is to carry sand for private contractors to build houses. This employment is rare and unreliable. For one full day of carrying sand, a woman can earn up to 5 Ghana Cedis. Other than those who sell foodstuffs the roadside, there are little employment opportunities available for women. In seeking out alternative livelihoods many men have turned to galamsey. Joana Manu estimated that approximately 60% of men in Dumase partake in this illegal form of small-scale mining.

While there are various avenues available to become a legal small-scale miner, the costs associated with completing the legal process are too high for the majority of people. The alternative is to be a galamsey. Since the age of 18, Alfred, a resident of Dumase, has undertaken galamsey as his livelihood and has done so for 15 years. He was taught by his father and is able to generate a small income capable to support himself, his wife and child. When asked why he was not registered with the Minerals Commission of Ghana, he stated it was due to the substantial cost, logistics and taxes involved with registering. He further stated that the mining company should allow galamsey operators to enter abandoned pits to extract left over ore that they can process themselves. He believes that the mining companies are saying no because they are afraid of people getting injured and seeking compensation. According to community members legal small-scale miners also benefit from galamseys by employing 'middlemen' who purchase unrefined gold from galamseys which is then either refined by the middleman or left unrefined, and sold to the legal small-scale miners who then re-sell the gold as though it was mined from a legally

registered small-scale mining site.

Social effects of mining

When discussing with residents of Dumase the varying externalities that result from mining, violence was a reoccurring topic. The majority of the people interviewed however, did not explicitly discuss this topic due to its sensitive nature. All that was stated and confirmed by numerous community members was that violence; domestic violence and alcoholism have all increased since the presence of the mine. According to community women who were interviewed, violent outbursts and alcoholism are attributed to galamsey operations. Women stated that men who work as galamseys have the reputation of beating their wives when there are lulls in receiving or generating an income, and that when they do get paid, they spend their money on alcohol and marijuana. It has also been reported that men who have received compensation from GSRL have left their first wife and children in Dumase without any form of support.

Moreover, a prevalent concern among community members is the increase in the number of street children since the onset of surface mining in the area. Parents often cannot afford to send their children to school, as a result of the lack of livelihood activities available for residents of Dumase.

GSRL and WACAM

The company has contributed very little tangible developments to the community. Many of the buildings and programs provided are a result of the mass demonstrations executed by the community. GSRL has built a community centre and a primary school (the school is registered under the Government of Ghana in order to maintain its public setting). Moreover, last year was the first year that GSRL had set up a scholarship program to send students from the community to the senior high school in Bogoso. Initially however, transportation was not provided but due to increased demonstrations, GSRL is now providing transportation to and from Bogoso.

According to an elderly resident of Dumase, a woman in her 80's, prior to the arrival of GSRL, the community was united and worked together. She states, however, that since the presence of the company, the community is now divided. This division is perpetuated even further by the promises that GSRL has made and continues to make along with the presence of CSOs such as WACAM that work to raise community awareness on their rights. GSRL, according to community members, promised to provide alternative livelihood programs and vocational training for residents of Dumase. Women were given promises of workshops that would teach the women how to do batik, tie-dye and sewing; none of which happened. For men, all that was provided was a 6-month vocational training program for construction. After the completion of the program, there were no jobs to absorb the men that partook in this livelihood training.

In comparison, WACAM has had a significant role in Dumase aiding community members in finding their voice to take the proper legal actions to fight against injustices that have been caused by GSRL. Both Joana Manu and Dei Nkrumah believe that if it was not for the interventions of WACAM, Dumase would be in a far worse state than it already is. According to Daniel Owusu-Koranteng, the Executive Director of WACAM, “Mining has never been beneficial to Ghana. The closer you are to mining communities, the poorer you get. So the idea of getting economic development from mining as praised by the World Bank/IMF has been defeated”. (Ghana, 2011:56).

The information that community members shared in Dumase has been made public on countless occasions, both locally and internationally. A variety of globally recognized journalists, national broadcasting television stations, and students from across the globe have made trips to Dumase and researched the effects that the operations and actions of GSRL has had on the community; giving them a better understanding of what is actually occurring on the ground.

Conclusion

Global initiatives that emphasize the perceived need for Northern investment given the long standing inequality of power in the global economy has been prominent (Hilson, 2010). This unequal power distribution within the global economy exasperates the drive for a capitalistic, dependent development. The promotion of allowance of mineral extractive MNCs and perceived ideologies that these companies assist in development has not been proven. Other avenues should be explored. The fiscal benefits are inadequate compared to the total revenue of mineral extraction companies; however, it is the responsibility of the host Government to redistribute the earnings to the people, society and infrastructure. Blame should solely not be placed on mineral extraction companies.

Perhaps a complaint mechanism that enables the enforcement of the *Advantage Canada* Strategy is a consideration that the GOC can take into account in its 2014 review. It is not to say that these companies should cease all activities, but to actually take responsibility for their actions and participate in socially responsible practices.

Final Remarks

This report is just a glimpse of the in depth and controversial issue of the mineral extraction industry in Ghana. We are forever thankful to Trent University for giving us the opportunity to travel to Ghana, WACAM for taking us on for an internship and the amazing community members of Dumase and Prestea for welcoming us with open arms.

Appendices

Legal documentation has been provided in an attempt to contribute to the validity of claims made throughout the report.

Appendix 1.1

P. O. Box 28
Prestea
27th September, 2005

Dear Sirs,

THE PRESTEA CRISIS

I would like to take this opportunity of your presence here today to investigate allegations and complains of the people of Prestea and it's environ on the effect of BGL's blasting activities on the Township.

I have made several attempts to inform BGL about the deleterious effect of their mining activities in the Prestea Township.

Attached are copies of the Petition I sent to the BGL management on the 4th of June 2005 and a reminder on the 12th of July 2005.


All efforts made to draw BGL's attention to address this subject matter proved utterly fruitless.

I am giving you copies of my modest attempt to inform BGL about the damages to my house caused by their blasting activities for your study, action and advice

If my presentation helps you in any way to bring peace and sanity to Prestea then I would have done my job as an opinion leader and an honourable Assembly member.

I cannot ask BGL to stop their mining operations. All I am saying is that they should first resettle those of us, including myself, who have been seriously affected by their present blasting activities to save lives and properties.

Yours faithfully


Justice Andoh Mensah

The Chairman
Parliamentary Select Committee on Mines, Energy and Environment
Parliament House
Accra

CC: The Ranking Member, Parliamentary Select Committee on Mines, Energy And Environment,

P. O. Box 28
Prestea
12th July 2005

Dear Sir,

PETITION

I refer to my petition of 4th June, 2005 (attached is a copy of that petition) in respect of very serious damages to my house caused by your blasting activities at the Prestea open cast mine.

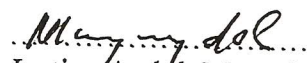
I am utterly surprised that you have not found it expedient to quickly call at my premise to assess the extent of damage to the house and advise as to what should be done in the meantime.

I am depending on your moral responsibilities to the people of Prestea, who are severely affected by your blasting activities, to take immediate action to forestall any serious injury to life and property.

The welfare of my family is of great concern to me. I am not asking you to stop your mining activities, far from that, but I believe that responsible mining within the Prestea enclave can go a long way to ensure the sustainability of the livelihood of the people of Prestea for generations to come.

I humbly and strongly appeal to you to act immediately on this reminder for peace and sanity to prevail. A word to the wise is enough.

Yours faithfully


Justice Andoh Mensah

The General Manager
Bogoso Gold Limited
Bogoso

CC: Environmental Protection Agency (E.P.A) Tarkwa
Wassa West District Assembly Tarkwa
The District Chief Executive, Wassa West District Assembly
Human Relations Manager (BGL)
The Assembly member (Mankessim / Aketsiwa)
The Chief Superintendent of Police (Prestea Branch)
The District Director, Wacam, Tarkwa

Appendix 1.3

P. O. Box 28
Prestea
4th June, 2005

Dear Sir,

PETITION

I write to acknowledge that through your blasting activities at Prestea, my house which is situated at Aketsiwa, a suburb of Prestea has been damaged. The house number is A 26. Opposite grace villa hotel.

I humbly and strongly appeal to you to act immediately on my petition.

Yours faithfully

Justice Andoh Mensah



The General Manager
Bogoso Gold Limited
Bogoso

CC: Environmental Protection Agency (E.P.A) Tarkwa

Wassa West District Assembly Tarkwa

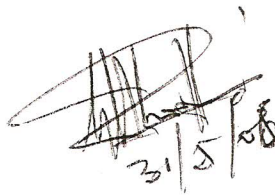
The District Chief Executive, Wassa West District Assembly

Human Relationship Manager (BGL)

The Assembly member (Mankessim / Aketsiwa)

The Chief Superintendent of Police (Prestea Branch)

Appendix 2



P.O. Box 28
Prestea.

30th May 2006

The General Manager
Bogoso Gold Limited
P. O. Box 11
Bogoso

Dear Sir,

PETITION

I would like to petition you on your blasting activities which have caused damage again to my building situated near the Central Mosque at Aketesewa (Prestea). Blasting made on the 24th day of March 2006 affected my building – house Number A 28 at Aketsewa. A section of the building broke down as a result of your blasting. The worried situation is that the rains have started.

The cracks in the building and part which collapsed as a result of the blasting pose a threat to human lives. The building leaks. I am therefore, making this passionate appeal to your company to take immediate action on this deplorable situation which was caused by your blasting activities.

Even though the matter was earlier reported to the blasting committee which led to an inspection by the Building inspector and the Town and Country Planning Officer (of the Wassa West District Assembly) on the 4th day of April 2006. No action has been taken.

I am therefore, looking forward hopefully to a favourable response from you soon.

Attach copies of the previous petitions for your study.

Thanks.

Yours faithfully,


Justice Andoh - Mensah

CC: Environmental Protection Agency (E.P.A) Tarkwa
Wassa West District Assembly Tarkwa
The District Chief Executive, W.W.D.A Tarkwa
The District Officer Human Rights and Administrative Justice - Tarkwa
Human Relations Manager (B.G.L) Bogoso

CONCERN CITIZENS ASSOCIATION - PRESTEA

MOTTO: ARISE AND SHINE

C/O POST OFFICE BOX 7, PRESTEA. TEL NOS: 0209 262890, 0206 750428,
0243 467609, 0244 654783, 0243 308160

25TH OCTOBER 2010

THE BOARD CHAIRMAN
E. P. A.
ACCRA

Dear Sir,

We are very much happy for your firm decision to let G.S.B.P.L. to reclaimed one of the forty-five (45) pits created so far.

However, ever since the reclamation order was issued out the Company has been using all tactics to engage the community under difference headings to coax us to commits ourselves by allowing them to go to the southern part of the community to undertake their mining project without recourse to their commitment.

These are being done by inviting us frequently to series of meetings with no physical achievement. Initially it was through C.C.C. meetings, C.M.C.C. meetings then shifted to Consultants who were claiming to have come from the outfit of the Ministry or other N.G.O's on environment.

Latest is the engagement with some of us and Nananom through Professor Mireku Gyimah of UMAT. But being law abiding citizens we don't want to take the law into our own hands but follow the due process of protecting our environment.

We are still looking up to your outfit to enlighten us on the condition of their project in order not to jump on the street and drag your outfit name into disrepute.

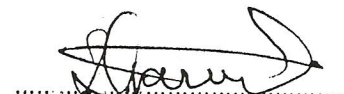
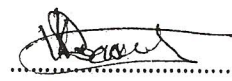
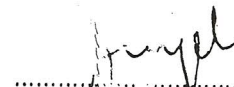
We are very much aware that re-enforcement order was issued on the 8th September 2009 to 8th September 2010 failure to address the issue would warrant on another dimension
We are watching all the unfolding event that's going on.

Appendix 3.2

Please attaché is the latest letter dated on 20th October 2010 inviting us to meet them at Tarkwa. We are honouring it out of respect to the law but not a kind of a FORUM as the letter is trying to portray.

Hoping to work in hands with all lawful protectors of the environments of which human beings are also part.

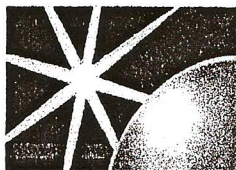
Yours in the service of environment protecting, secretary Victoria


.....
DIMINIC NYAME
(SECRETARY GENENAL COCAP)
.....
ERIC SHEERWOODS
(ORG. SECRETARY COCAP)
.....
VICTORIA BINEY
(WOMEN'S LEADER COCAP)
.....
FLORENCE AYEH
(FINANCIAL SECRETARY COCAP)

CC:

| | | |
|---|---|---------------------------|
| ✓ PROF. MIREKU GYIMAH | - | TARKWA (UMAT) |
| MINISTER OF ENVIRONMENT | - | ACCRA |
| MINISTER OF MINES & NATURAL RESOURCE | - | ACCRA |
| THE B. N. I. | - | TARKWA |
| THE E. P. A. | - | TARKWA |
| THE MUNICIPAL COMMANDER OF GHANA POLICE | - | TARKWA |
| THE D. C. E. | - | BOGOSO |
| THE M.P. | - | PRESTEA/HUNI-VALLEY CONT. |
| THE COMMANDER | - | PRESTEA |

Appendix 3.3



October 20, 2010

Dominic Nyame
NGO Representative
Prestea

Dear Sir,

Invitation to a meeting

As a member of the Golden Star – Communities Forum, you are invited to attend a meeting as per the schedule below:

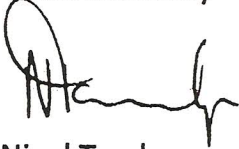
Date: Tuesday, 26th October, 2010

Time: 10.00 am

Venue: Hotel De Hilda

We look forward to seeing you at this very important meeting.

Yours Sincerely



Nigel Tamlyn
General Manager

Cc:

Moderator – Professor Mireku Gyimah

Appendix 4.1



REPUBLIC OF GHANA

WRIT OF SUMMONS

DATE: 13th August 2008

SUIT No. E112/08

In The High Court Of Justice

BETWEEN

DEI NKRUMAH

PLAINTIFFS

[In Representative Capacity

For & On Behalf of Himself AND 18 Others

Names attached hereto as Annex 1]

DUMASI, BOGOSO

AND

GOLDEN STAR (BOGOSO/PRESTEA) LIMITED

DEFENDANT

BOGOSO/PRESTEA MINE

BOGOSO

To

AN ACTION having been commenced against you by the issue of this writ by the above-named plaintiff.

YOU ARE HEREBY COMMANDED that within EIGHT DAYS after service of this writ on you inclusive of the day of service you do cause an appearance to be entered for you.

AND TAKE NOTICE that in default of your so doing, judgment may be given in your absence without further notice to you.

Dated this 13th day of August 2008

GEORGINA

SEALED

MRS. GEORGINA E. WOOD
Chief Justice of Ghana

HIGH COURT

NB: This writ is to be served within twelve calendar months from the date of issue unless, it is renewed within six calendar months from the date of that renewal. The defendant may appear hereto by filing a notice of appearance either personally or by a lawyer in Form 5 at the Registry of the Court of issue of the writ at the High Court, Tarkwa. A defendant appearing personally may, if he desires, give notice of appearance by post.


Appendix 4.2

STATEMENT OF CLAIM

The Plaintiffs Claim is for:

1. Declaration that the Defendant, for their own mining purposes, has since Nov 2006 and for the life of the mining operation, deprived the Plaintiffs of the use of their lands measuring 241.8 acres.
2. Declaration that the Plaintiffs are entitled to compensation from the Defendant for the said deprivation from Nov 2006 till the life of the mining operation is ended and the lands are returned to the Plaintiffs in accordance with the mining lease.
3. An order directed at the Defendant to pay the Plaintiffs Gh¢7,000.00 per acre of land so deprived, totalling the sum of Gh¢1,692,600.00 as compensation for the Plaintiffs to share in proportion to the acreage of their respective lands so deprived.
4. Declaration that the 1st and 2nd Plaintiffs have validly rescinded the MOU dated 21st Nov 2006 and the said MOU is of no legal effect.
5. An order directed at the Defendant to pay the sum of Gh¢10,080.00 to the 1st, 2nd and 3rd Plaintiffs being the loss of 36 fish ponds destroyed by the Defendants in Nov 2006.
6. Interest on All the above sums of money since Nov 2006.
7. Damages

This Writ was issued by:
whose address for service is:


RICHARD A-Y ANAMOO
ADDISON & ASSOCIATES
27 DR ISERT ROAD, NORTH RIDGE, ACCRA

Agent for

Lawyer for the Plaintiff:
who resides at :

RICHARD A-Y ANAMOO
27 DR ISERT ROAD NORTH RIDGE, ACCRA

Number of Lawyer's current Licence: 01861 dated 19-Jan-08

Indorsement to be made within 3 days after service

This writ was served by me at

On the defendant

on theday of2008

endorsed theday of2008

Signed

Address.....

Note: If the plaintiff's claim is for a liquidated demand only, further proceedings will be stayed if within the time limited for appearance the defendant pays the amount claimed to the Plaintiff, his lawyer or his agent or into court as provided for in Order 2 rule 3(2)

Appendix 4.3

ANNEX 1

DEI NKRUMAH

VRS

GOLDEN STAR (BOGOSO/PRESTEA) LIMITED

LIST OF PLAINTIFFS

| | |
|-----------------------|----------------------|
| 1. Dei Nkrumah | 11. Alice Amankrah |
| 2. James Okeh Bossman | 12. Hannah Manu |
| 3. Joseph Twentwene | 13. Yaw Mrah |
| 4. Joana Manu | 14. Afuah Baah |
| 5. Afua Semuah | 15. Ben Kwame |
| 6. Mary Bassanyi | 16. Daniel Baidu |
| 7. Florence Mensah | 17. Benjamin Nkrumah |
| 8. Charlotte Appiah | 18. Kwame Kusi |
| 9. Abena Potri | 19. Theresa Nkrumah |
| 10. Mary Tweneboa | |

Jan 08/08/08

Appendix 4.4

8. Plaintiffs aver that the said mining lease and /or the subsequent mining activities of the Defendant affected the lands of the Plaintiffs which they occupied prior to the grant of the aforementioned lease and were accordingly entitled by law to compensation for deprivation of the use of the natural surface of the land they occupied, loss or damages to their immovable property, loss of earnings or sustenance suffered, and loss of expected income. The affected parcels of land of the Plaintiffs are as below:

| Plaintiff | Land affected: Acres | Plaintiff | Land affected: Acres |
|----------------------------------|---|----------------------|-------------------------|
| 1. Dei Nkrumah | 25 | 11. Alice Amankrah | 5 |
| 2. James Okeh Bossman | 47.8 | 12. Hannah Manu | 10 |
| 3. Joseph Twentwene | 6 | 13. Yaw Mmrah | 13 |
| 4. Joana Manu | 13 | 14. Afuah Baah | 11 |
| 5. Afua Semuah | 12 | 15. Ben Kwame | 11 |
| 6. Mary Bassanyi | 13 | 16. Daniel Baidu | 12 |
| 7. Florence Mensah | 10 | 17. Benjamin Nkrumah | 6 |
| 8. Charlotte Appiah | 12 | 18. Kwame Kusi | 6 |
| 9. Abena Potri | 10 | 19. Theresa Nkrumah | 5 |
| 10. Mary Tweneboa | 14 | | |
| Total Land Affected: 241.8 acres | | | |
| | | | |
| Plaintiff | Fish Ponds affected: [40' x 40']: Nr. | | |
| 1. Dei Nkrumah | 10 | | |
| 2. James Okeh Bossman | 20 | | |
| 3. Joseph Twentwene | 6 | | |
| | 36 | | |
| Total Fish Ponds destroyed | | | |

9. Plaintiffs will contend that the Defendant elected only to pay and paid for all except compensating the Plaintiffs for the destruction of their fish ponds and deprivation of the use of the natural surface of the parcels of land they occupied, despite repeated and persistent demands on the Defendant by the Plaintiffs.
10. The 1st, 2nd and 3rd Plaintiffs will contend that in the course of mining operations by the Defendant in 2006, the Defendant started dumping mine waste material at the Chujah Waste Dump site which had been closed in 2001 and the said activities of the Defendant affected the lands of the Plaintiffs including 36 fish ponds of aforementioned Plaintiffs.
11. The 1st and 2nd Plaintiffs will further contend that in November of 2006, the Defendant induced the aforementioned Plaintiffs to enter into a Memorandum of Understanding ("MOU") with the Defendant in respect of their lands occupied by the Defendants.
12. It is the case of the 1st and 2nd Plaintiffs that the Defendant owed them a fiduciary duty to advise them to seek legal counselling before executing the aforesaid MOU drafted by the Defendant, the provisions of which were detrimental to the interest of the aforesaid Plaintiffs and contrary to law, wherefore the aforementioned Plaintiffs aver that they have rescinded the MOU made the 21st Nov 2006 with the Defendant.

Appendix 4.5

THE SUPERIOR COURT OF JUDICATURE
IN THE HIGH COURT OF JUSTICE
TARKWA A. D 2008

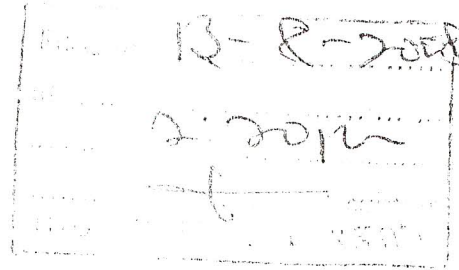
SUIT No. E112/09

DEI NKURUMAH

[Suing in Representative Capacity
For & On Behalf of Himself AND 18 Others
Names attached hereto as Annex 1]
DUMASI, BOGOSO

PLAINTIFFS

VRS



GOLDEN STAR (BOGOSO/PRESTEA) LIMITED
BOGOSO/PRESTEA MINE
BOGOSO

DEFENDANT

STATEMENT OF CLAIM

1. The Plaintiffs, numbering 19 in all, are peasant and /or commercial farmers from Dumasi in Bogoso and agitate on common grounds against the Defendant.
2. The Defendant is a company registered under the laws of Ghana and engaged in the business of mining exploration and extraction in Ghana.
3. Plaintiffs contend that prior to 2006, they owned and /or occupied various parcels of land in and around the village of Dumasi in Bogoso in the Western Region, which parcels of land have been bequeathed and /or granted to them by their great grand ancestors and their successive families to date.
4. Plaintiffs aver that from birth they, their families and dependants have lived off their respective parcels of land as peasant and /or commercial farmers, farming and rearing animals/birds on the said lands as well as building their places of abode and they have known no other means of livelihood other than farming and rearing animals/birds on the said parcels of land.
5. Plaintiffs further aver that over the past decades they have exercised acts of ownership over the said parcels of land by occasionally granting licences to other interested farmers and persons to live and farm on them in consideration of some fees or farm produce, which have often formed part of their sources of income.
6. The 1st, 2nd and 3rd Plaintiffs will contend that they had constructed 36 fish ponds on their respective lands and purchased fingerlings and discharged same into the said fish ponds and fed them to full maturity ready for harvesting.
7. Plaintiffs contend that the Defendant owns and operates the Bogoso/Prestea Mine by virtue of a Mining Lease granted them by the government of Ghana in or about 1987.

Appendix 4.6

13. The 1st and 2nd Plaintiffs will further aver that in breach of their fiduciary duty, the Defendant has relied on the provisions of the said MOU and has since 2006 refused and neglected to fully compensate the said Plaintiffs for their affected lands occupied by the Defendant including the aforementioned fish ponds destroyed on the instructions of the Defendant.
14. Further or in the alternative the 1st and 2nd Plaintiffs will contend that the Defendant breached the provisions of the said MOU by failing or neglecting to implement the said provisions since 2006 but yet occupied the Plaintiffs' lands and the aforesaid Plaintiffs thereby consider themselves no longer bound by the said MOU and they have rescinded the MOU.
15. In the premises the Plaintiffs will contend that although the Defendant has refused and neglected to compensate the Plaintiffs for depriving them of their means of livelihood, they have occupied their lands since Nov 2006 and have since been mining from there and the Plaintiffs have thereby suffered significant losses and damages.

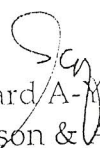
PARTICULARS OF LOSS

- | | |
|--|-----------------|
| 1. Deprivation of use of land since November 2006: | |
| 241.8 acres of land at Gh¢7,000.00 per acre : | Gh¢1,692,600.00 |
| 2. Loss of Fish Ponds with fish since Nov 2006: | Gh¢10,080.00 |

16. Plaintiffs contend that the Defendants would continue to occupy their said lands for the duration of the lease and /or the life of the mine and has no intention of compensating the Plaintiffs unless otherwise ordered by this Honourable court.

WHEREFORE the Plaintiffs claim against the Defendant as per their Writ of Summons.

DATED AT ADDISON & ASSOCIATES, ACCRA, THIS 9th DAY OF AUGUST 2008


Richard A-M Anamoc
Addison & Associates
Lawyers for the Plaintiffs

THE REGISTRAR
HIGH COURT
TARKWA

AND TO THE ABOVE-NAMED DEFENDANT OR THEIR SOLICITORS

**IN THE SUPERIOR COURT OF JUDICATURE
IN THE HIGH COURT OF JUSTICE
TARKWA A.D 2005**

NII ANYATEI & 41 OTHERS
C/O WACAM
GPRTU OF TUC BUILDING
TARKWA

PLAINTIFFS

VESUS

BOGOSO GOLD LIMITED
BOGOSO

DEFENDANT

STATEMENT OF CLAIM

1. The Plaintiffs are at all material times residents of Dumase in the Wassa West District of the Western Region of Ghana.
2. The Defendant is a limited liability company registered under the laws of Ghana with its registered office at 12 Akosombo Road Airport Residential Area, Accra and holds a mining concession at Bogoso in the Wassa West District.
3. The Plaintiffs say that the Defendant operates a surface mine at its mining concession at Bogoso.
4. The Plaintiffs say that on or about 23rd October 2004, it was detected that a solution containing cyanide had leaked from a newly constructed tailing dam on the Defendant's mining concession at Bogoso into the rivers Aprepre, Egua, Nsiah, Benya and Manse, all of which flow into river Ankobra.
5. Plaintiffs further aver that a few days prior to the 23rd October 2004, they had occasionally seen dead fish floating on the water any time they went to draw water from the said river for their domestic use and for watering their nurseries.
6. Plaintiffs say that rivers Aprepre, Egua, Nsiah, Benya, Manse, and Ankobra serve as sources of drinking water for the people of Dumase, Goloto Suaben, Kokofu and Egyabroni among other villages.
7. Plaintiffs say that the spill of this highly toxic substance into these rivers killed life forms such as fish, crabs, lobster and shrimp.

Appendix 5.2

8. Plaintiffs say that prior to the 23 October 2004, some of the Plaintiffs, mostly children who were apparently unaware of the spillage of the cyanide into the river and not knowing that the fish were killed by cyanide harvested the dead fish floating in the river and ate same.
9. Plaintiffs say that a number of the Plaintiffs over the period collected water from river Aprepre and used it for various purposes including drinking, bathing and washing.
10. The Plaintiffs aver further that cyanide is absorbed rapidly if ingested internally, and may also be taken through skin contact, and can thus lead to a systematic effect on the respiratory cells and the central nervous systems of human beings.
11. Plaintiffs say further that all the Plaintiffs including children who ate the dead fish or drank the contaminated water had health related problems such as stomach upsets, diarrhoea, dizziness, general body weakness, swollen faces, vomiting etc.
12. Plaintiffs say further that their domestic animals like, sheep, ducks and fowls that also drank the polluted water died as a result.
13. Plaintiffs say that when they observed and personally experienced the events mentioned above in paragraphs 5, 7, 11 and 12, the plaintiffs on the 23rd of October 2004 suspected that river Aprepre might have been contaminated by a possible toxic chemical or substance and therefore made a report to the Defendant who apparently was unaware or simply reckless as to the cyanide spillage. Plaintiffs also made a report to the Environmental Protection Agency and the Mines Department in Tarkwa.
14. Plaintiffs say further that it was as a result of the report made by the Plaintiffs to these institutions that it was detected that cyanide solution had leaked from the tailing dam of the Defendant into the aforesaid rivers.
15. Plaintiffs aver that the Defendant was negligent in spilling the cyanide solution into river Aprepre and the adjoining rivers.

PARTICULARS OF NEGLIGENCE

- (a) Defendant failed to ensure that the proper safety measure were taken in the construction of the tailings dam;
- (b) Defendant failed to monitor their tailing dam so as to detect the leakage of the cyanide solution;
- (c) Defendant failed to take steps to prevent the leaked cyanide solution from polluting river Aprepre and the adjoining rivers;

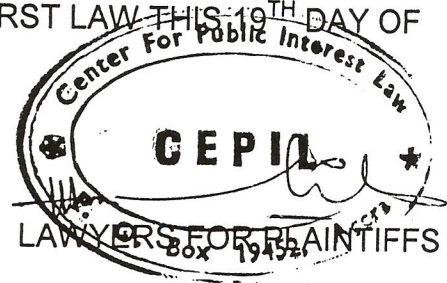
Appendix 5.3

- (d) Defendant failed to inform the plaintiffs and the other residents of Dumase about the spillage and to request them to refrain from collecting, drinking or using the water for any purpose and/or eating anything from the aforesaid rivers;
 - (e) Defendant failed to take any or the necessary emergency procedures required in such a spillage so as to prevent the possibility of injury or damage to persons, animals and plants.
16. Plaintiffs aver that those who were afflicted with health problems were treated in hospitals in Tarkwa, Wassa Akropong, and Dr. Forson's Clinic all in the Western Region and the Korle-bu and Ridge hospitals in Accra.
17. Plaintiffs say that they had to incur hospital bills and other related costs in providing treatment for themselves and those who were afflicted with the various health problems as a result of the cyanide spillage.
18. Plaintiffs aver further that cyanide ingestion and absorption has long-term health implications on human beings and there is the likelihood of long-term health effects on the Plaintiffs.
19. Plaintiffs say further that the farmers among them who used the water from river Aprepre to water their tomato, pepper and garden egg nurseries, had their nurseries completely destroyed.
20. Plaintiffs aver further that due to their long absence from their farms as result of their illness, animals destroyed most of their farm crops.
21. Plaintiffs say that for the period that they were rendered ill or had to take care of those who were ill, they were unable to carry on with their usual income generating activities and other work and had lost substantial income as a result.
22. Plaintiffs aver further that the defendant's negligence in polluting the rivers aforesaid, amount to a violation of their fundamental human rights to live in a clean and healthy environment under the Constitution and under international law.
23. Plaintiffs say that they have suffered, physically, psychologically, emotionally, and financially as a result of the negligence of the Defendant Company.
24. WHEREFORE the plaintiffs claims against the Defendant:
- (a) A declaration that the defendant is negligent in spilling cyanide solution into river Aprepre and the adjoining rivers;

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- (b) A declaration that the spillage of Cyanide solution into river Aprepre and the adjoining rivers is a violation of the rights of the Plaintiffs to clean and healthy environment under the Constitution and under International law;
- (c) An order enjoining the Defendant to clean up river Aprepre and the adjoining rivers;
- (d) An injunction restraining the defendant from polluting the aforesaid rivers in future;
- (e) Special damages;
- (f) General damages;
- (g) Costs.

DATED AT THE CENTER FOR PUBLIC INTEREST LAW THIS 19TH DAY OF
JULY 2005



THE REGISTRAR
HIGH COURT
TARKWA.

AND TO THE ABOVE NAMED DEFENDANT.

Appendix 6.1

11/11/09
c/o 0246-495502

THE GENERAL MANAGER
GOLDEN STAR RESOURCES, PRESTEA/BOGOSO MINE LTD
BOGOSO

Dear Sir,

REQUEST FOR COMPENSATION









With reference to a report on an investigation into the causes of destruction of food crops along A Prepre stream, of which your company commissioned, we the undersigned farmers wish to request for compensation.

As per the report, it was explicitly clear that as a result of your operations our farm crops were destroyed, we are therefore asking compensation for the destroyed crops.

We are also asking to be compensated for the four year that we would not farm as recommended by the investigative committee.

Please treat as urgent.

Yours truly,

| <u>NAME</u> | <u>SIGNATURE</u> |
|---------------------|---|
| 1. Kweku Bosompem |  |
| 2. Seth Yeboah |  |
| 3. Aku Foreman |  |
| 4. Anane Elizabeth |  |
| 5. Georgina Nkrumah |  |
| 6. Ama Donkor |  |
| 7. Asare Elizabeth |  |
| 8. Quaicoe Samuel |  |

Appendix 6.2

9. Botha Comfort

10. Kwesi Adu

11. Kofi

12. Kwabena Ghchi

13. Turkson Emmanuel

14. Turkson John

15. Kofi Abu

16. Nana Kofi Gyimah

17. Robert Asante

18. Mr. Owusu Daniel Kwame

19. Robert Bimpong

20. Christiana Asare

Cc. DCE, Prestea Huni Valley District Assembly

District Commander, Ghana Police Service, Prestea.

District commander, BNI

MP, Prestea Huni Valley Constituency

Executive Director, Wacam.

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