OceanaGold, “the gold mining company of choice”? Not in El Salvador or the Philippines

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(Ottawa/Washington, D.C./Melbourne) Reviewing OceanaGold reports issued in the lead up to its June 23 annual general shareholders meeting in Toronto, it is difficult to tell that the company was at the centre of international controversy over two of its mine projects in 2016 and early 2017. Ignoring significant problems in El Salvador and the Philippines, however, will not address the reputational risk that the company continues to face.

In October 2016, a World Bank tribunal found against OceanaGold in a seven-year, multimillion-dollar suit against El Salvador. The ruling found that the company had not met legal requirements to obtain a mine permit and ordered it to pay the Central American country US$8 million in legal costs. When the company had still not paid up by late March, the tribunal ordered the company to pay interest on its debt. Nonetheless, the debt remains outstanding.

Days later in March, emboldened by the tribunal’s decision, the Salvadoran legislature made history and passed a ban on all metallic mining nationwide, bringing to fruition a twelve-year-long demand of mining-affected communities and civil society concerned about their precious water supplies. Still, despite having cleared El Salvador from its resource inventory and put this project largely out-of-sight of investors, OceanaGold has not abandoned its conflict-ridden project site in the northern part of the country.

“OceanaGold recorded over US$130 million in profits from its global operations in 2016 and has all the means with which to quickly settle its debt and truly clear the unwanted El Dorado project from its slate, but – mystifyingly – it hangs on. Company investors and analysts should be taking the opportunity at the meeting today to ask why it holds on to its reputation as a corporate bully,” remarked Jen Moore for MiningWatch Canada.

Further, in early 2017, OceanaGold’s Didipio gold mine in the province of Nueva Vizcaya on the northern island of Luzon in the Philippines was ordered suspended. The company appealed the decision and continued to operate the mine.

“If they rely on the company’s corporate presentations, investors would never realize the breadth of discontent among local government authorities and residents who have been publicly denouncing the destruction of their agricultural land, water supplies, and homes,” stated Dr. Robin Broad from American University.

In late March, Broad accompanied the Governor of the Philippine province Nueva Vizcaya, Carlos Padilla, for a visit to El Salvador on the eve of the vote on the mining ban. The Governor and his chief engineer presented documentary evidence to Salvadoran legislators and media demonstrating how OceanaGold has flaunted rules and regulations in the Philippines -- from environmental regulations to labour laws. On the topic of water, Padilla observed that OceanaGold's Didipio mine has put a critical watershed at risk, and exhausted wells and rice irrigation reservoirs, harming surrounding communities.

The Environmental Secretary who ordered the suspension of the Didipio mine was not confirmed under heavy pressure from the mining lobby in the Philippines in May, but the underlying conflicts have not gone away.

"Ignoring or papering over the problems the company has in El Salvador and the Philippines is not going to make them disappear. Investors should definitely be questioning the choice that they have made with this firm that has become known for its negative impacts on affected communities and ignoring its international obligations to pay El Salvador," concluded Pedro Cabezas with the Association for Development in El Salvador (CRIPDES) in San Salvador.

In February, 280 organizations from El Salvador, the Philippines and around the world wrote to OceanaGold CEO Mike Wilkes calling on the company to pay up and pack up from El Salvador.

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