

ALERT

Reactivation of Mining Exploration in Eastern Guatemala

Guatemala, June 2021

For almost two decades, mining companies have been holding on to mining concessions in eastern Guatemala, manipulating administrative and legal processes in their favor. In the context of rising prices for precious metals in 2021, one project is activating mining activities without meeting legal requirements or obtaining clear approval from the Ministry of Energy and Mines or the Ministry of the Environment and Natural Resources.

Minerales Sierra Pacífico, a local subsidiary of Radius Gold (former owner of the El Tambor mining project), in association with Volcanic Gold Mines is carrying out mining exploration in eastern Guatemala, putting local populations, the environment on which they depend, and their community self-determination at risk. Radius and Volcanic's mining concessions cover more than eighteen municipalities in the departments of Chiquimula, Jalapa, Jutiapa, Zacapa, and El Progreso, and consist of 32 mining applications. For the past ten years, the permitting processes to apply, obtain and maintain these mining concessions have failed to meet legal requirements (see the attached background document for more details).



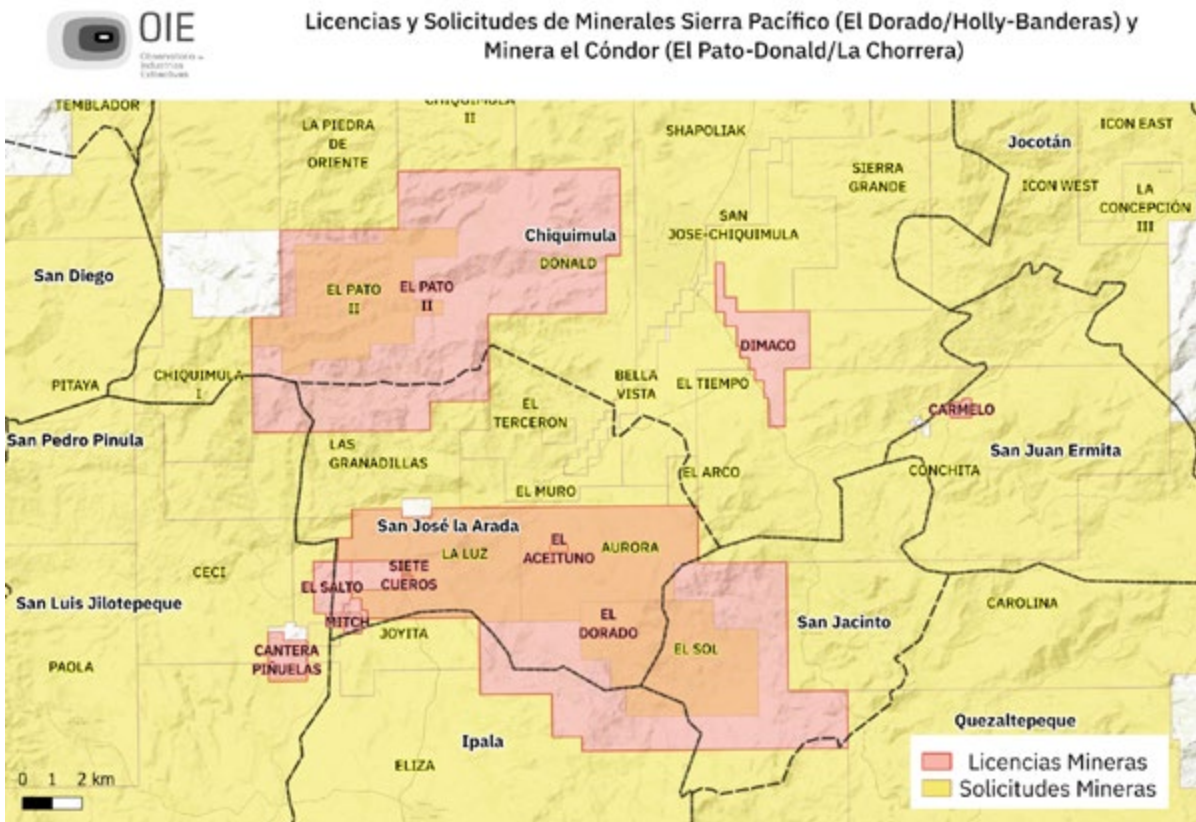
On its website, Volcanic Gold presents a regional plan for exploration and exploitation of gold and silver (image on the left). In the map on the right, the area in red corresponds to the applications for mining licenses held by Minerales Sierra Pacífico (Radius Gold).

The first area that Volcanic and Radius seek to exploit is in the area of the mining concession “El Dorado”. In their public communications, the companies refer to the deposit as “Holly Banderas.” The applications are in various stages of approval and include:

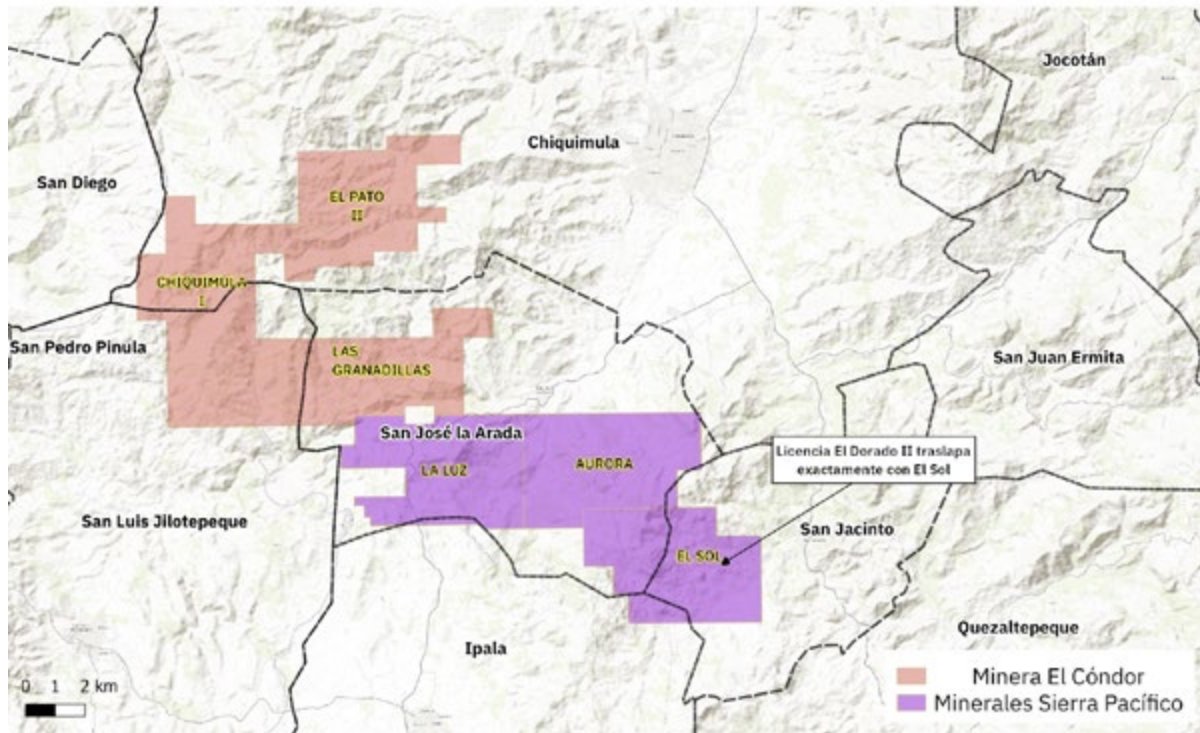
1. LEXR-813 El Dorado - the exploration license for this concession was requested in 2003. It was later divided into three projects with three mining applications:

- SEXT-012-11 LA LUZ (Exploitation)
- SEXT-013-11 EL DORADO II (Exploitation)
- SEXT-014-11 AURORA (Exploitation)

2. SEXR-039-14 EL SOL (Application overlaps with El Dorado II, should be rejected due to overlap)



The El Pato and El Dorado (Holly/Banderas) projects are approximately 10 km apart. Guatemalan authorities are currently investigating the El Pato concession for mining without an extraction license (activities taking place with only an exploration license).



The mining concessions for the Holly/Banderas project (El Dorado II, Aurora, La Luz) are adjacent to mining concessions titled to Minera El Cóndor, subsidiary of Canadian company Goldex Resources.

Radius Gold, the parent company of Minerales Sierra Pacifico, has a joint venture agreement with Volcanic Gold Mines for the Holly Banderas project. Volcanic announced on **March 18, 2021**¹ that it received final approval from the Ministry of the Environment and Natural Resources (MARN) to start drilling at the “Holly” project within the “La Luz” application. However, according to information provided by the MARN (UIP-0678-2021) on April 22, the Environmental Impact Assessment (EIA) for the “Holly” project was still under review and had not been approved.

On **April 28, 2021**² Volcanic announced that they started drilling at the “Holly” project and located the points where they started.

On **May 26, 2021**³ Volcanic announced results from their first drill holes, indicating that they had already completed four holes and were preparing to drill more holes at other targets. In addition, they indicated their plans to be drilling at “Banderas”, known as “El Dorado II” in Guatemala, by June 2021.

1 <https://volgold.com/site/assets/files/1270/03-18.pdf>

2 <https://volgold.com/site/assets/files/1276/04-28.pdf>

3 <https://volgold.com/site/assets/files/1282/2021-05-26-vg-nr.pdf>

The corporate interests behind the Canadian company, Volcanic, have a long history of prospecting and exploration of mining projects in Guatemala. Volcanic is part of the Gold Group, a set of Canadian mining companies controlled by Simon Ridgway who has been active in Guatemala for over twenty years. Ridgway is a director of Volcanic Gold and is the founder and CEO of Vancouver-based Radius Gold. Radius, which initiated work on the El Tambor project in 2000, is also part of the Gold Group. Radius sold El Tambor to Kappes, Cassidy & Associates (KCA) just as the crackdown on the La Puya Peaceful Resistance was beginning in 2012. Simon Ridgway founded or was previously part of the leadership of several companies and subsidiaries operating in Guatemala, including EXMINGUA, Mar-West Resources, Glamis Gold, and Entre Mares. As a result, he was instrumental in the initial work on the Escobal and Cerro Blanco mining projects prior to their acquisition by Goldcorp and then Tahoe Resources, in the case of Escobal, and Goldcorp and then Bluestone Resources, in the case of Cerro Blanco.

Some of the companies that Ridgway has led have a history of environmental damage and violence at projects in other Latin American countries, including Entre Mares in Honduras, and Fortuna Silver Mines in Mexico. Ridgway was Entre Mares' representative in Honduras when, in 2000, the Special Prosecutor's Office for the Environment filed criminal charges against the company for several crimes: water usurpation, aggravated damages, forestry crime, and willful disobedience. The Prosecutor's Office requested an arrest warrant for Ridgway, which was accepted by the judge, although it was never executed⁴. Ridgway is currently a director of Fortuna Silver, which is also part of the Gold Group. Following a spill from "dry" stacked or leached tailings in 2018, local communities have been speaking out about water contamination and related health problems in connection with Fortuna Silver's San José mine operated by its subsidiary Minera Cuzcatlan in Oaxaca, México⁵. Earlier, tension over the same mine led to violence. In 2012, activists Bernardo Vásquez Sánchez and Bernardo Méndez Vásquez were murdered and others injured for their resistance to the project⁶.

In the case of Volcanic Gold's operations in Guatemala, not only is the law not being upheld and legal requirements not being observed in terms of project permitting, but fragile ecosystems in eastern Guatemala are under threat. An extractive project of this nature in this region poses serious risks to water supplies, forests, and the interrelationship of Ch'orti', Poqomam y Mestizo communities with their territory. The imposition of these mining projects in a context of serious threats to communities, organizations, and representatives of the church working in the area, exacerbate these risks. Tensions due to other mining projects in the area surrounding Holly and Banderas have resulted in a series of threats, criminalization and attacks against those who oppose the projects, which have been denounced by local organizations since the start of 2021.

For this reason, the communities that make up the Territorial Coordinating Committee for the protection of Tajurán and Central de Organizaciones Indígenas Campesinas Ch'orti', Nuevo Día (New Day Ch'orti' Campesino Central Coordinator - CCCND) reject any extractive project in the region.

4 Cuffe, Sandra, Rights Action, "A Backwards, Upside-Down Kind of Development", February 2005.

5 Navarro F., Santiago & Bessi, Renata, Connectas, "Minera Cuzcatlán: Con Licencia para Contaminar," marzo del 2021; <https://www.connectas.org/especiales/minera-cuzcatlan-con-licencia-para-contaminar/>

6 Brent Patterson, Council of Canadians, "News: Fortuna Silver Blamed for the Killing of Bernardo Vasquez Sanchez," marzo del 2012; <https://canadians.org/analysis/news-fortuna-silver-blamed-killing-bernardo-vasquez-sanchez>