

Fondo Santa Barbara (FSB) concept: Mining-based Community Enterprise Business Model in Nicaragua



Artisanal miners at primitive mine workings near Bonanza, Nicaragua. Local miners are loading a truck for transport to a nearby 100-tpd gold mill operated by a medium-sized formal mining company.

Concept: 100 tonne-per-day (tpd) portable mills will provide an economic basis to sustain communities of 10,000 people. Interestingly, in Nicaragua the miners are drawn from both sides of the generation-long civil war that ended 20 years ago.

Accordingly, this concept provides a win-win-win-win-win-win-win

- Important gold production,
- Realization (creation) of tangible value from previously unused natural resources,
- An economic foundation for poor, marginalized communities,
- Functional, positive relationships between mining and communities (a true Social License),
- Meaningful and sustainable employment for former combatants (this is virtually a 'missing link' globally),
- Formalizing artisanal mining activity currently working outside the formal economy with unacceptable social, environmental and safety practices, including eliminating use of mercury,
- Attractive financial returns for investors with good upside and scalability as well as important social, environmental and economic contributions to society.

Concept demonstrated by two 100 tpd plants currently operated in Nicaragua by the largest Colombian mining company. Accordingly, the technical, economic, political and social model is established and ready to be adapted and employed in other districts.

Short development timeline leads to modest but important production of 7,000 to 8,000 ounces per year. Investment \$3 to \$5 million for each portable mill operation. Gross cash flow +\$10 million/yr

essentially in perpetuity. Return on Investment to a funding group 10% to 15% with minimal risk, substantial upside, scalability and a significant social/environmental contribution to society.

Project fully managed by Fondo Santa Barbara, a Non-Profit Organization (NGO) founded by Leigh Freeman and Rob Johansing, mining professionals with extensive experience in Latin America including direct involvement with the two mills currently operating in Nicaragua. Supported by a world-class board of directors and advisory group including the Mary Poulton, Director of the Lowell Institute of the University of Arizona; Chris Anderson, former executive involved in community and indigenous people with Rio Tinto and Newmont; Peter van Der Veen, former head of minerals and energy for the World Bank and the International Monetary Fund (IMF); and Paul Zink, former mining analyst and investment banker with Morgan Stanley.

Current status... earlier this year FSB entered into a three Letters of Understanding (LOIs):

- HEMCO, the Colombian company currently operating a medium-sized mill and the two 100 tpd mills in Nicaragua to fully understand their operating model with artisanal miners,
- The Nicaraguan government to work with communities in mining districts to be designated,
- The Lowell Institute of the University of Arizona to support sustainability and scalability of this business/social model within Nicaragua and elsewhere in the world. In conjunction with FSB the Lowell Institute is currently developing a study program for HEMCO's work with artisanal miners in Bonanza, Nicaragua.

The ask: Fondo Santa Barbara is creating a Capital Pool to fund its mining-focused Community Social Enterprise businesses. Community engagement models are being adapted from successful mini- and micro-financing programs supported by Fondo Santa Barbara's experienced mining and community professionals. Our initial financing goal is \$3 to \$5 million. Field and community work started modestly late last year. Due diligence programs are underway but are limit by financing. The next phase of funding will support formal project due diligence, expanded community engagement programs and creation of revenue-generating, natural resource-based social enterprises.



Young workers near Bonanza, Nicaragua mining gold ore for shipment to a nearby mill.