

GUATEMALA: SKYE RESOURCES MINING COMPANY & ABUSES AGAINST LOCAL MAYAN COMMUNITIES

BELOW:

- An eyewitness report on violent and illegal evictions of Mayan-Q'eqchií families, in dispute caused by the Canadian Skye Resources mining company
- A Globe and Mail article about how BHP Billiton may buy out the very profitable Skye Resources ..., obviously despite repression and abuses against local populations
- What to do

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VIOLENT AND ILLEGAL EVICTIONS IN GUATEMALA RELATED TO SKYE RESOURCES NICKEL MINING COMPANY, El Estor, Izabal (Guatemala), November 13, 2006

[With small edits and additions, Rights Action presents this report of the Defensoría Q'eqchií, a leading development and indigenous rights organization in El Estor, Izabal. The Defensoría's report is based on the testimony of individuals who witnessed the events described below.]

A FIRST VIOLENT AND ILLEGAL EVICTION

On Saturday, November 11 at 2 o'clock in the morning a group of 60 Mayan-Q'eqchií families entered Chupon, a property allegedly owned by the Compañía Guatemalteca de Níquel (CGN), the wholly owned subsidiary of the Canadian mining company Skye Resource Inc., which in turn is controlled by the Canadian INCO mining company. The property is located in front of the CGN community relations office.

On the same day, at approximately 3 o'clock in the morning, the National Civilian Police (PNC) entered the property in order to evict the occupiers.

Two people were injured in the eviction: Oscar Chub Tiul y Santiago Ical.

Both were taken to the local health centre for treatment.

Later that morning, the Secretary of Agrarian Affairs arrived to meet with the occupying group and to gather information about the land dispute taking place in the municipality. The meeting between the leaders took place in the substation of the PNC. We still do not have a report about the agreements and compromises reached.

On Sunday, November 12 at 9 o'clock in the morning, Rafael Andrade

Escobar, a district attorney from the municipality of La Tinta, Alta Verapaz, arrived at the site with the intent to evict those occupying the property allegedly owned by the mining company CGN.

The attorney was asked to produce a duly signed court order for the eviction. He failed to do so, arguing that an order was not necessary because the individuals occupying the land were flagrantly committing a crime. In the course of carrying out the eviction, he was asked what day it was that the court order stated for the eviction which seems to clearly be illegal.

The impunity and abuse of authority of the district attorney was apparent in the eviction, which violated guarantees of due process of those facing eviction. The Defensoría Q'eqchií intervened to prevent authorities, especially the PNC, from committing abuses against members of the families.

Negotiating with the group, the Defensoría Q'eqchií was able to convince the families to voluntarily abandon the property.

Sometime later, the families reorganized themselves and began to protest, declaring that they were not in agreement with how the eviction was carried out arguing that the authorities were in violation of the law. This led to a confrontation between members of the PNC and those occupying the site.

Another group that had earlier occupied lands joined those that were being evicted. As a result of the ensuing confrontation, two individuals were detained by the PNC: Martín Che y Gilberto Hun Pop. They are currently imprisoned in the Río Dulce substation of the PNC. Two members of the PNC were wounded in the altercation.

In addition, two other people, José Chocooj Pan y Carlos Caal Tiul, disappeared during the altercation – their whereabouts were unknown. On the afternoon of Monday, November 13, José Chocooj Pan was found unconscious and severely beaten on the side of the road in an area owned by the mining company CGN.

A SECOND VIOLENT AND ILLEGAL EVICTION

Later in the day, at seven o'clock in the evening, elements of the PNC headed to the place known as barrio Revolución in the community of Chichipate, where they proceeded to evict 200 families that had been occupying these lands since September. The PNC committed a number of abuses against the individuals occupying the site, illegally entering the barrio, with no warning, at a time of day outside of that permitted by law, and without a court order.

This eviction, like those carried out earlier, is riddled with inconsistencies and illegalities. The confrontation resulted in injuries.

One of the injured was a pregnant woman who was taken to the health

centre for an examination after she was overcome by tear gas fired by elements of the PNC. Shots were fired from distinct types of guns during the confrontation, and officers of the PNC robbed community members of money and other goods.

In reaction to the abuses of the PNC and the district attorney, the population organized itself in protest. During the night of Sunday, November 12, the group took action against the Skye Resources mining company [CGN], burning part of the buildings that house the company's community relations office.

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[NORTH AMERICAN INVESTORS MAKING LOTS OF MONEY OFF YET ANOTHER HARMFUL AND CONFLICTIVE MINING ENDEAVOUR ...]

SKYE BOARD SET FOR FINANCING DECISION
PRODUCTION COSTS AT GUATEMALAN MINE MAY LEAD TO DEAL WITH BHP BILLITON
By ANDY HOFFMAN, MINING REPORTER: With files from Jacquie McNish
<http://www.theglobeandmail.com/servlet/story/LAC.20061113.RSKYE13/TPStory/Business>
POSTED ON 13/11/06

The board of Skye Resources Inc. is expected to decide this week how the company will finance its massive nickel project in Central America, a verdict that could set the stage for a possible deal with the company's biggest shareholder, BHP Billiton Ltd. The world's largest mining company already owns a 16.5-per-cent stake in Skye, which is developing the Fenix nickel project in Guatemala. Vancouver-based Skye says Fenix could eventually produce more than 48 million pounds of nickel a year.

Capital and operating costs to get the mine into production, however, are expected to reach \$1-billion, nearly double Skye's market capitalization of \$506-million. Earlier this year, the company retained Cutfield Freeman & Co. Ltd., a boutique firm from London specializing in mining, to attract financing partners.

As well, Skye hired TD Securities Inc. in August, to review the company's strategic options, which could include the possible sale or merger of the company. Interested parties have been asked to submit bids and the company's board is now considering how to proceed. "The board is moving towards a point where it's going to make a decision," said Skye's president and chief executive officer Ian Austin. The former Placer Dome Inc. and Inco Ltd. executive declined to comment on whether the company had received a takeover bid.

Skye, which owns a 92-per-cent interest in Fenix, could also strike a

deal with a joint venture partner to help finance or operate the mine in exchange for a stake in the project. London-based BHP purchased its stake in Skye last June saying it bought the shares for "investment purposes" and to further its "ongoing interest in mining opportunities in Guatemala." BHP has its own operations located close to the Fenix project. BHP spokesman Illtud Harri declined to comment on the company's possible interest in Skye.

Speculation of other possible suitors has included Brazil's Companhia Vale do Rio Doce, which inherited a 12-per-cent interest in Skye with its recent \$19.4-billion takeover of Inco Ltd. However, it is believed that CVRD is currently not interested in bidding for Skye, according to sources familiar with the iron ore giant's plans. A CVRD spokeswoman declined to comment.

Skye purchased the Fenix project from Inco in 2004, paying the Canadian nickel major with shares in the development company. Inco began mining and processing metal from what was then called the Exmibal project in 1977. Just three years later it decided to shut down the facility amid weak nickel prices and high oil costs that made extracting and processing nickel and cobalt from the area financially unfeasible.

The plant has remained mothballed for more than 25 years, but with nickel prices near \$15 (U.S.) a pound, Skye believes its plan to convert the power source from oil to other methods will make the project financially viable. Skye's shares have soared 640 per cent over the past year on takeover speculation.

In September, several Mayan families occupied land surrounding the mine site in Guatemala to protest the project, which is currently slated to begin production in 2009. Mr. Austin said Skye is pursuing legal channels to order the native protesters to leave.

Skye shares gained 23 cents (Canadian) to \$17.40 in trading Friday on the Toronto Stock Exchange.

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WHAT TO DO:

Upon request, we can forward extensive information on the harms and human rights violations associated with nickel mining in the El Estor region over the past 40 years, or so. The 1999 United Nations Truth Commission implicated INCO in a series of human rights violations, including killings.

* The #1 line of work in favour of global justice, equality and the environment is to fund and support local organizations leading their

own struggles in defense and promotion of development, the environment and human rights. In Guatemala, Rights Action channels your financial donations to grassroots human rights organizations that are taking a lead role in pushing this case forward;

- * Get involved in education and activism work in your home community concerning the negative impacts of North American investors and mining policies on community-controlled development, the environment and the human rights of local populations in Guatemala, Honduras, Haiti, Chiapas, El Salvador;

- * Consider coming to these countries on an educational-activist delegation and invite us to give educational presentations in your home community;

- * Get on our e-mail and snail-mail lists.

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