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GUATEMALA: Canadian Skye Resources mining company meeting community-based opposition.

As part of Rights Action's July 9-16 "Environment, Development and Human Rights Delegation-Seminar" in Guatemala, we visited two Mayan Kekchi communities in eastern Guatemala, now being negatively impacted by the exploration operations of Skye Resources (<http://www.skyeresources.com/>), a Canadian mining company.

Over the past few years, Rights Action has been funding and working with a number of communities in Guatemala and Honduras resisting the development, environment and human rights harms associated with the operations of global mining companies.

Below, you will find two recent news articles about Canada's Skye Resources. Rights Action will distribute more information about current and possible future problems and conflicts associated with Skye Resources (Contact info below).

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GUATEMALA CITY, June 10 (By Frank Jack Daniel, Reuters) - Drilling was stopped for several days at a Guatemalan nickel project this week when Mayan Indian locals brandishing machetes felled trees to block an access road, a project spokeswoman said on Friday. The stoppage, now over, was the latest outbreak of anti-mining feeling in Guatemala, which is keen to attract investment to exploit gold, silver and nickel reserves.

Canada's Skye Resources Inc. was forced to stop exploration and move its machinery to another part of the property after local farmers accused the

miners of drilling on the wrong side of a line dividing community-owned land from company property. "When they blocked the road they chopped down trees. There were about 40 people with machetes. We turned around and went back," plant manager Arnoldo Garcia told Reuters by telephone.

Company spokeswoman Regina Rivera said Skye agreed to change its exploration plan after negotiations with the Las Nubes community, which sits near the disputed boundary. "We listened and they told us the reasons they want us to leave -- because the territorial line is not clear," Rivera said. "We don't want problems with these people, we want to respect them totally, and if they don't like it we pull back."

Skye said drilling, which only started in May, had now resumed further away from the community. The company said it would not drill on the disputed land until government surveyors had ruled on who it belonged to. In the absence of definitive land ownership laws, land disputes in Guatemala frequently simmer for many years.

Resistance to mines was strong in Guatemala early this year when a villager was shot dead in clashes with security forces after peasants blocked a highway another miner was using to transport mine equipment.

Daniel Vogt, who represents local Mayan development group Aepdi, said he was pleased violence had been avoided at the Skye project but said the dispute showed why it was important to adhere to International Labor Organization (ILO) rules. "I am pleased the company is not using repression to force the community to accept a proposal allowing them to stick to their own timetable, but this is another case where if (ILO) 169 had been complied with, the situation would not have occurred," he said.

The ILO's Convention 169 is an agreement signed by Guatemala that

requires
community consultation before exploration of subsoil beneath
indigenous
communal lands.

(Reporting by Frank Jack Daniel in Guatemala; Mexico City newsroom
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By Frank Jack Daniel, GUATEMALA CITY, May 5 (Reuters)

Canada's Skye Resources Inc. has started drilling at a long dormant
Guatemalan nickel project and hopes to start production on time in
2008
despite delays and local opposition to the project. Skye <SKR.V> said
it
expected to complete a feasibility study at its Fenix project in
eastern
Guatemala within 12 months, despite a delay in getting drilling
equipment to
the site.

"Drilling started a week ago Friday with one drill, about a month
behind
what we'd have like to have been. The second drill has now started,"
Skye
Chief Operating Officer David Huggins told Reuters late on Wednesday.
Huggins said that subject to Skye receiving the right licenses, part
of the
mine should go online in 2008. "The optimistic schedule is that if we
are
able to get (the feasibility study) done in a year, we would like to
get the
first line on 24 months after that, and the second line, the doubling
of the
thing, after about 36 months," he said.

The Fenix project was previously known as Exmibal and was jointly-
owned by
Inco <N.T0> and the Guatemalan government. It was mothballed in 1980
amid
rising fuel prices and collapsed nickel prices. Exmibal used to
produce
11,000 tonnes of nickel a year. Skye aims to raise that to 20,000
tonnes a
year after an estimated \$540 million investment over the next 5 years.

Under the terms of a 2004 deal, Vancouver-based Skye got Inco's <N.T0>

70

percent-stake in Exmibal, a company formed to exploit the nickel project and processing plant in eastern Guatemala, if the miner can bring it up to active mine status. Skye would like to buy the remaining 30 percent still in government hands.

The miner faces a number of hurdles before it can begin production -- including high fuel prices, community opposition and an ambiguous government position on issuing new mineral exploitation licenses. Several outspoken critics of the Exmibal project were assassinated in the 1970s during military regimes and there is stiff opposition to the renewed project in Maya Indian villages that fringe the property.

Even as the company works hard to shake off the past, this year investing \$500,000 in a community development fund, the project has not shed its critics. "The communities have serious concerns and fears about this project, and at the same time, have a real small scale economy based on the sale of cardamom and other crops that would be jeopardized if not destroyed should the project go ahead," said Daniel Vogt of Aepdi, a local Mayan Indian development group. Skye has promised to compensate farmers for lost crops.

Anti-mining feeling ran high in Guatemala early this year when a villager was shot dead after peasants tried to blockade a highway another miner was using to transport mine equipment. Following the incident Guatemalan Vice-President Eduardo Stein said the government would not issue more mining licenses while it waited for a commission to look at ways of reforming the country's mining law.

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Rights Action is a development, enviro and human rights organization, with its main office in Guatemala.

Rights Action: channels your tax-deductible donations to over 50 community development, environment and human rights organizations in Guatemala, Chiapas, Honduras, Haiti; builds alliances for global equality and justice; provides accompaniment for 'at risk' community development leaders; carries out education & activist work with partner groups about global human rights, environment and development issues. www.rightsaction.org, info@rightsaction.org.