

October 4, 2006

GUATEMALA: open letter to Skye Resources mining company

Rights Action re-distributes this letter, written by Victoria Henderson.

For years, Rights Action has been working to address and remedy the harms and violations cause by Skye and its predecessor INCO in the Mayan-Q'eqchi' communities of Guatemala.

In Canada, please forward copies of this letter to your member of parliament, engaging them in discussion about the negative harms and human rights violations caused by the operations of many North American mining companies in many countries.

FOR MORE INFORMATION: see below. To get on-off this elist: info@rightsaction.org

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Ian Austin, President and CEO
Skye Resources
Suite 1203-700 West Pender Street
Vancouver, BC, Canada, V6C 1G8

September 28, 2006

Dear Mr. Austin,

Recently, I had the opportunity to tour the Skye Resources/CGN Fenix Project site in the municipality of El Estor, Guatemala, as well as to speak with members of the local indigenous community in both private interviews and public meetings.

I am writing to you because I am deeply concerned about what I see as serious inconsistencies between how Skye/CGN represents itself to investors and shareholders and how the company is viewed by members of the local indigenous population.

I have outlined these inconsistencies below, grouped into four key areas:
community relations, property rights, social services, and environmental protection. I would ask Skye to respond to these issues in a manner consistent with the company's promise to provide "open and transparent communication on all issues and concerns related to the Fenix Project" (Skye Resources website, 2006).

COMMUNITY RELATIONS:

Despite the insistence of the CGN Community Relations Team that all

efforts are being made to engage local indigenous populations in positive dialogue, there is reason to suggest that Skye/CGN is, in fact, pursuing a very confrontational and culturally insensitive community relations policy. The Maya elders with whom I spoke, including a number from Chichipate, expressed dismay that no one from Skye/CGN was willing to sit down and dialogue with them in their own community. Why should it be the case that "community" information sessions are held on Skye/CGN property? This issue is highly

problematic: not only because it is extremely difficult for members of remote communities to secure transportation to El Estor, but also because it lends itself to the notion of a turf war in which home-court advantage goes to Skye/CGN by default.

The sincerity of Skye/CGN's community relations policy is made even more questionable in light of the company's marketing campaign, which features full color posters of smiling Maya children and a tagline that reads: "Our highest priority, our future." Skye/CGN's appropriation of indigenous cultural identity to promote a project to which many Maya are opposed is both tactless and indefensible. Such strategic cultural appropriation is further exemplified by the company's decision to construct a traditional Maya dwelling known as a "ranchon" for on-site "community" meetings. I was told by the CGN Community Relations Team that the ranchon was intended to make local Maya more "comfortable" on mine property. This attitude shows a flagrant disregard for the extent to which local communities have been impacted by Skye/CGN's land-use policies. Why should Skye/CGN expect the token ranchon to make Maya more "comfortable" when your company now prohibits local people from entering traditional lands in order to collect the wood needed to build these shelters for themselves?

In its 2006 Progress Report on Community Engagement, Skye stresses that it has "repeatedly reviewed and revised its approach to building relationships with key communities." What exactly is meant by "key communities" is left unsaid. I can assure you, Mr. Austin, that the distinction between key and non-key communities has not gone unnoticed in Guatemala. One Maya leader from Chichipate, a community with profound concerns about the Fenix Project, told me: "To them (Skye/CGN), we are garbage... they walk all over us."

Not only does it appear as though Skye/CGN is turning a deaf ear to opposition in places like Chichipate, but also – and far more seriously – it would seem as though the company aims to isolate such communities further still by courting labourers from outside the municipality. Locals have told me that Skye/CGN is actively recruiting workers from as far away as Coban – workers who have no territorial or familial links to the municipality and who, therefore, are less likely to oppose the Fenix Project.

Speculation also exists that Skye/CGN is engaged in widespread

clientelism, gifting certain influential members of the indigenous population with "office jobs" in order to win them over and thereby compromise the solidarity of those opposed to the mine. Whether this is accurate or not, it is important for Skye/CGN to understand that this is the perception among many members of the local community. If Skye/CGN is as concerned about community relations as it says it is, it should step forward to openly address these concerns.

PROPERTY RIGHTS:

I was told in no uncertain terms by the CGN Community Relations Team that Skye/CGN – in a gesture of good faith and charity – "donated" a portion of its lands to the Chichipate community. Notwithstanding the fact that there are legal and ethical implications surrounding whether land originally stolen from the Maya may be rightfully re-gifted at a later date, there is an issue of contemporary property title.

The elders in Chichipate contend that they have held legal and individual title to lands in the community for thirty years. A thirty-year window would coincide with the presence of INCO/EXMIBAL at the mine site. This leads me to believe that if the land was indeed re-gifted to the Maya it was done not by Skye/CGN but rather by INCO/EXMIBAL. If this is the case, why is Skye/CGN claiming credit for the "gift"? Certainly on all other fronts, especially with respect to questions concerning the environment, Skye/CGN is working hard to distance itself from its site predecessor, to position itself as a different, better, and more responsible mining company, not one which simply picked up where INCO/EXMIBAL left off.

SOCIAL SERVICES:

In addition to the question of property rights, there is considerable discrepancy between Skye/CGN and indigenous leaders on the question of social services. While both the CGN Community Relations Team and the Skye Resources website uphold the company's Raxche social project as an unmitigated success, there is concern among local people that Raxche is more of a marketing vehicle for the mining company than it is a catalyst for sustainable community development.

The CGN Community Relations Team was quick to point out that El Estor's Sequenel school was refurbished with monies from Raxche, thereby providing local children with a "free" education. But individuals from both El Estor and Chichipate told me that students must, in fact, pay handsomely to attend Sequenel. Moreover, in questioning Chichipate elders about the types of social services provided to their community under the rubric of Raxche, I was told that the only thing the company has done is to supply paint for the local basketball court – on the proviso that the backboards display the CGN logo.

This type of confrontational, self-aggrandizing social works strategy on the part of Skye/CGN can hardly be construed as showing sensitivity to local concerns. At least one member of the municipality expressed the view that Raxche is nothing more than a means to divide the indigenous population, with those supporting the Fenix Project being the only ones to significantly benefit from Skye/CGN's social services.

ENVIRONMENTAL PROTECTION:

During my meeting with the CGN Community Relations Team I was assured that land exploited by the Fenix Project will eventually be returned to its "natural" condition. This matter-of-fact assessment, defended as it is by complex statistical projections, shows no consideration for the fact that the entire extraction process may well seem very "unnatural" to the Maya.

Despite Skye's repeated promises to respect indigenous cosmivision, I am forced to ask if the company understands what respecting Maya cosmivision might actually entail. As one community elder told me, referring to Skye/CGN's earth-recovery strategy: "For us, it is just not acceptable that the company scrapes away the earth, removes the nickel, and then puts the earth back in place again as if nothing had happened."

Moreover, there remain serious questions among local residents about the extent to which mining may damage their crops and pollute their water sources. Given the precedent set by INCO/EXMIBAL, it would seem to me that the communities have legitimate cause for concern. I would remind Skye/CGN of its responsibility to allay what it considers unfounded fears through direct and meaningful dialogue with local people. "In the absence of communication, rumor and innuendo fill the gap... and become reality" reads a quote on the website of Monkey Forest, the company commissioned to prepare Skye's 2006 Progress Report on Community Engagement. It seems a highly appropriate warning.

In closing, I would ask that you address the issues raised above. At a minimum, Skye/CGN should revamp its community relations policy, refrain from inventing or exaggerating its role in providing local communities with property and social services, and reconsider what it will take to come clean on the promise to respect Maya cosmivision.

I look forward to your response.

Sincerely,

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WHAT TO DO:

For more information about Skye Resources and other North American mining companies in Central America, contact Rights Action directly. Feel free to write Victoria at the e-ddress above and please consider writing your own letter to Skye Resources.

* The #1 line of work in favour of global justice and equality is to fund and support local organizations so that they can lead their own struggles in defense and promotion of development, the environment and human rights.

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