

Protected A – privileged communications with a Cdn company and the Guatemalan government.

Meeting with Skye Resources (CGN, El Estor)

Present were

[REDACTED] VP Operations  
[REDACTED] Vice President Environment, Health, Safety and community affairs  
[REDACTED] “Monkey Forest” (firm specializing in community relations)  
[REDACTED] local employee of Skye responsible for Community relations

From the Embassy

Kenneth Cook, HOM  
Maryse Guilbeault, PERPA  
Carlos Rojas-Arbulú unable to attend due to other commitments

**Summary:** Following the events of the weekend and Monday November 13, the Company asked for a meeting to discuss the events [REDACTED]

The land occupations by four groups had been ongoing for months and Skye resources had initiated a legal procedure for the eviction of the squatters. [REDACTED]

The confrontation (2 persons injured) and destruction of company property (community relations office and health clinic for local populations) [REDACTED]

**Report:**

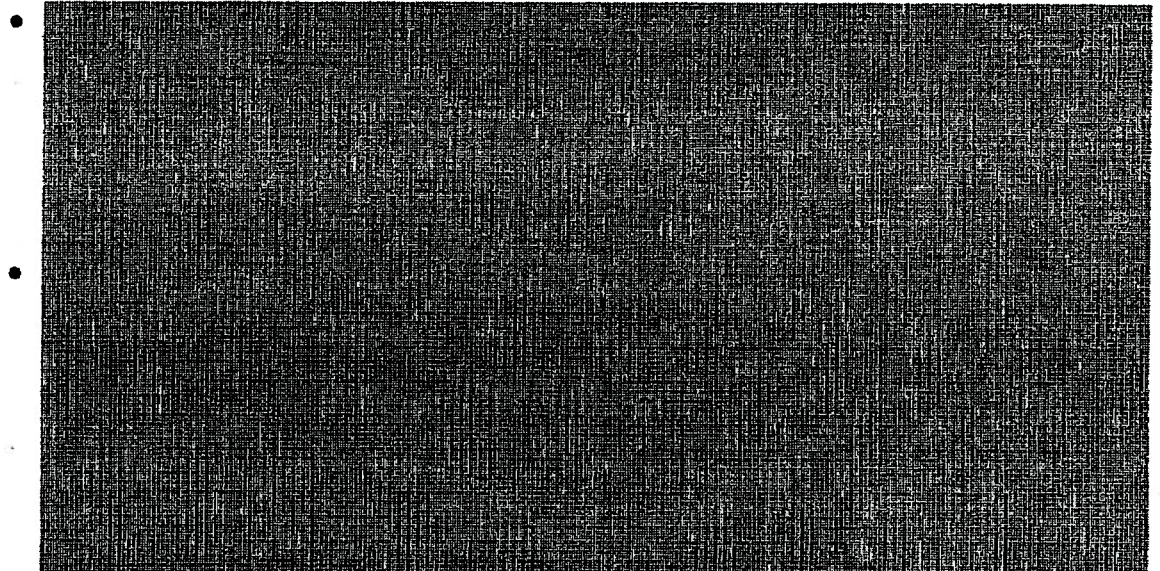
**Key points:**

- The reports that there would be no friendly takeover of Skye resources by a larger company and the reports of the problems experienced in El Estor over the weekend [REDACTED]
- The company affirms it has held consultations with all imaginable stakeholders over an extensive geographic area that there is a good deal of support. The town has suffered from the closing of the INCO mine. About

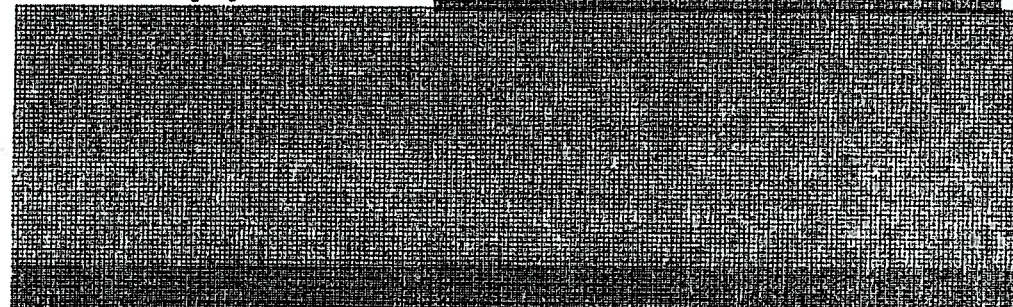
1,200 jobs will be created and over a billion dollars invested. [REDACTED]

- The company expects to be mining the area for 20 years and therefore wants good community relations and public confidence on issues like the environmental impact.
- The squatters had been there for a couple of months and the company had initiated the slow process of obtaining a court order for eviction. It is expected soon but they still don't have it.
- (As reported by the company) The events of the weekend were not an exercise in forced eviction. The public prosecutor started by explaining that an order would be issued soon and that was therefore in the squatters and new invaders interests not to be there when the order is issued as they could face charges. The group of recent "invasores" - at the time - were without the leaders of the group and accepted to leave. Upon learning what has happened the leaders returned and set a trap for the police (who were backed up by members of the armed forces) by announcing that a dead body had been found near the boundary of the Mine's property. On arrival they were greeted with a shower of rocks and some gunfire into the air. The security forces were very restrained and did not counterattack or use inappropriate force. Their action was purely defensive. One policeman and one protestor were hit on the heads with a rock. Neither seriously wounded.
- The protesters withdrew. The next day a group [REDACTED] to attack company property - notably the community relations office [REDACTED] and more seriously burning a recently built and equipped health centre that was attending the local population. They also burned down a country house belonging to the Mayor and marched on the local police commissariat but were unsuccessful.
- Following the acts of destruction they left and the situation has been calm. Two other groups of squatters have also left [REDACTED] perhaps concerned that the local communities would blame them for the destruction of the health centre. [REDACTED]

- On the property issue, the company has arranged to have the area - going well beyond their borders, surveyed and title searches done. [REDACTED]



- The discussion included much explanation on their part on extensive consultations and demonstrations of the limited impact that their surface mining operation would have. (One site is repaired before moving on to another). In the absence however of an agreed framework for consultations there will always be groups who claim to be stakeholders who have been overlooked.
- They affirmed that they had the support of [redacted] large numbers of people who are looking forward to the jobs and spin-of benefits of a billion dollar investment. They remained confident that if they are patient enough they will succeed.
- In a separate discussion between Commercial Counsellor and Bill Enrico and Regina Rivera, they affirmed that the company continues to support reforestation projects in the area. [redacted]



**Conclusions and proposed actions:**

We need to agree on the extent to which the Embassy should be pro-active. (Canada's investment in Guatemala is estimated at close to US\$ 500 million). Companies are anxious for our moral support and advice but are not seeking open lobbying or the appearance of lobbying for them. In the highly politicized atmosphere GTMLA is experiencing at the moment, we would agree absolutely. This does not preclude meeting with senior government officials including the VP to gain a better understanding of the

position of the government [REDACTED] and any plans they may have especially in light of forthcoming elections on the one hand and concern about the negative image that disturbances provide of the risk of doing business, notably in indigenous areas -- those that most need investment. The Guatemala-Canada Chamber of Commerce has formed a mining committee and there is talk about [REDACTED]

[REDACTED] concerns about the impact on investment that the anti-mining campaign is having.

[REDACTED] This is an initiative worth supporting as hiring North American experts would be as well received. I also believe that we should hear for ourselves from the local stakeholders in El Estor. [REDACTED]

[REDACTED] It has been said before but it is worth saying again that if the socio-political issues can be dealt with and clear rules of engagement achieved, Canada would become the largest Greenfield investor in Guatemala. The Marlin mine is already the 4<sup>th</sup> largest payer of income tax. Imagine a 1+ billion investment -- assuming always that the price of nickel remains above 5 dollars (currently 15).