



One of the mining operations at Troy Resources (Photo: News Room/November 25, 2020)

BUSINESS

Gov't terminates Troy Resources' mining license but billions in royalty, fees still outstanding

By Editor

On Oct 17, 2023

The Guyana Government on Tuesday announced that the agreement with Australian-headquartered mining company, Troy Resources Guyana Inc., has been canceled and its license to mine in Guyana has been terminated.

In a statement, the Ministry of Natural Resources said this decision was taken in light of Troy Resources' failure to remedy its default concerning several matters, including payment of outstanding royalties, rental fees, non-compliance with the work programme, and matters relating to environmental management.

It was revealed back in August that Troy Resources would be closing its operations in Guyana but management did not provide any exit plans to the State although it had announced the sale (liquidation) of its assets in the media.

The government has since secured the Karouni Mining Site where Troy Resources operated.

“The Government of Guyana is committed to safeguarding the nation’s interests and ensuring that the potential benefits of the Karouni Mining Site continue to contribute to the economic growth and development of Guyana. The Karouni Mineral Agreement issued to Troy Resources Guyana Inc., Troy Resources Limited and Pharsalus Gold Inc., and the Mining Licence are now both cancelled and terminated,” a statement from the government noted.

Troy Resources encountered major difficulties in October 2019 after a Geologist died when a mining cave collapsed. The mine was closed to allow for an investigation and hundreds of workers were laid off.

In November 2022, Troy Resources announced plans to return to gold mining and production by the fourth quarter of 2023. But this will not materialize.

The government sought to highlight what it said were the “key facts about the cancellation of TRGI’s license and agreement”:

- On October 16, 2014, the GoG entered into a Mineral Agreement with TRGI and other stakeholders, which centred on the development and operation of a mining project at the Karouni Property.
- TRGI commenced operations with the first gold poured in November 2015.
- After a few years of mining operations TRGI reportedly encountered “operational issues and required organisational restructuring.”
- The company went into “care and maintenance” in early 2021 and despite commitments to resume its operations, TRGI failed to do so and even approached the government with proposals to liquidate its assets. This was rejected for several reasons including the fact that the payment of outstanding sums was not being addressed promptly under the proposal. However, the GoG remained engaged with a view to have mining restarted and outstanding debts settled.
- TRGI owes the government above \$2.6 billion for unpaid royalties. This substantial financial liability, coupled with other concerns, has led to the cancellation of the license. The Office of the Attorney General has taken the necessary steps to have these sums paid.
- It is important to note that despite the Guyana Gold Board’s (GGB) disapproval and the suspension of TRGI’s exports due to outstanding royalties owed, the Ministry of Finance in 2019, under the former APNU+AFC administration took the decision to override the GGB export restrictions and thus TRGI was allowed to resume exports, hence the royalties owed to the GOG.
- Furthermore, the GoG learnt that Troy Resources had reportedly entered into receivership and initiated the process of liquidating its assets and holdings.
- The lack of management and abandonment of the site by TRGI led to the raiding of the mining lands, larceny of items, destruction of key assets, and a series of other illegal activities.
- A significant number of companies and sub-contractors are reported to be owed millions of dollars for goods and services provided and were awaiting payment from TRGI. We have seen reports of workers who were not paid for extended periods, these matters are engaging the Ministry of Labour.
- Cognisant of the above-mentioned information the Government of Guyana has cancelled and terminated the Mineral Agreement and Mining License. Further, the Government has taken possession of the mining site and all remaining materials.

To date, the government has taken proactive measures to ensure the Karouni mining site remains viable and does not fall into ruin. The GGMC, Corp of Wardens, Guyana Revenue Authority (GRA) and the Guyana Police Force (GPF) are all involved in the monitoring and enforcement patrols at the Karouni site.

1 COMMENT

Habeeb Says  1 month ago

The GoG should start, by law, required deposits of at least 500 Million \$ from companies wanting to do any business, held in escrow and to be used when they just disappeared, to pay off debts of all kinds.

That underground mining report was just a sham of major gold deposits. Whilst diverting interests in this they were secretly ? closing down operations, disappearing without paying their debts, obligations. That's the new colonialism rearing its head once again.

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