

Alleged violation of UK sanctions by Australian-linked mining company in Myanmar

November 20, 2023: REDRESS, Justice For Myanmar and the Australian Centre for International Justice have submitted a dossier of evidence to the Governor of the British Virgin Islands and the UK's Office of Financial Sanctions Implementation, requesting that they open investigations into the formerly British Virgin Islands-incorporated entity Cornerstone Resources (Myanmar) Limited alleged violations of UK sanctions.

The dossier contains research and evidence from Justice For Myanmar into Cornerstone Resources (Myanmar) Limited's business, including leaked financial statements that show transactions with the military conglomerate, Myanmar Economic Corporation (MEC).

The transactions, which consist of the sale of zinc to MEC and the purchase of coal from MEC, total 1,971,236,483 Myanmar kyat (more than £770,000 or AU\$1.33m) between October 2021 and August 2022, and follow the [UK's sanctioning of MEC](#) on April 1, 2021, under the UK's Global Human Rights Sanctions Regulations 2020, which are in force in the British Virgin Islands.

The dossier urges that, should penalties be imposed through enforcement action, the funds are re-directed to victims as reparations for the abuses they suffered from the Myanmar military. Such financial compensation could serve to provide interim relief to victims, allowing them to rebuild their lives and gain access to healthcare and other social services.

Cornerstone Resources (Myanmar) Limited's main business is zinc mining and processing in Myanmar's Shan State. It began operating in Myanmar in 1999, under the previous military junta, and has a production sharing contract with Mining Enterprise No. 1 (ME 1), a state-owned enterprise that is illegally under junta control.

ME 1 has not been sanctioned by the UK or Australia, despite calls in [Australia](#) and the [UK](#) for sanctions.

The company's Myanmar business was owned by its British Virgin Islands' parent company until it was struck off its Register of Companies in November 2022. Due to restrictions on accessing information on this and Myanmar corporate registries, it has not been possible to confirm the identity of the current directors and shareholders of Cornerstone Resources (Myanmar). The company has had an Australian director, Australian shareholders and used an Australian address for its business.

Rupert Skilbeck, Director of REDRESS, said: "The UK's enforcement agencies can impose significant financial penalties for violations of UK sanctions, which could be used to provide reparations to victims of the crimes sanctions seek to prevent. Yet, to date, the UK has been extremely slow at enforcing sanctions and any fines imposed have been directed to the Treasury for other uses.

"It is crucial that the UK government rigorously enforces its sanctions, both in the UK and in its overseas territories, to ensure they effectively deter serious human rights violations, and are used to make funds available to victims."

Yadanar Maung, Justice for Myanmar's spokesperson, said: "Cornerstone Resources' substantial business with Myanmar Economic Corporation, in apparent breach of UK sanctions, supports a corrupt conglomerate that enriches a murderous military and its war criminal leadership. Cornerstone's ongoing business in Myanmar have been enabled by Australia's failure to sanction mining enterprises that are illegally controlled by the junta, and which help finance its ongoing atrocities against the people. Australia needs to stop making excuses and sanction the junta's sources of funds and arms, including state-owned enterprises.

"The UK should urgently sanction junta-controlled mining enterprises to prevent companies registered in the UK and its overseas territories from financing the junta's international crimes."

Melissa Chen, Senior Lawyer, Australian Centre for International Justice, said: "The imposition of sanctions against individuals and entities who support Myanmar's illegal military junta is only one step towards accountability.

"To have real impact, these sanctions must be effectively enforced in order to cut off the junta's financing and deter those responsible for the devastating human rights violations and atrocity crimes that continue to be perpetrated in Myanmar."

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