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Ascendant Copper Corporation

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Ascendant Community Relations and Environmental Management Department: [Top](#)

The Department is comprised of the following Ecuadorian professionals:

General, César Villacís, Civil Engineer, MBA, Department Director
Dr. Carlos Sánchez, Ph.D., Community and Agricultural Development
Patricio Polanco, B.Sc., Community Project Development
Ing. Antonio Castells, Chemical Engineer, Environmental Management
Dr. Javier Ladino, Lawyer, Legal and Negotiation Support

Mission statement:

The Community Relations and Environmental Management Department shall socialize and obtain the acceptance for the development of Ascendant's mining projects, from their defined start to their cumulative completion under sound social and environmental standards, in the communities of influence where the projects are located.

Corporate Policies and Objectives [Top](#)

No mining project exists without environmental concerns. It is the responsibility of Ascendant in particular as well as the local and national government to oversee responsible mining practices. These are practices that are in accordance with international environmental standards, in the interest of the local inhabitants, and to protect

the environment to the highest possible degree.

The majority of mining projects in Ecuador are located in remote areas, where the local, provincial and central government rarely provide the sufficient resources or infrastructure for adequate development of the inhabitants. Ascendant gives high priority to sustainable development management of the communities where it carries out its projects. To meet this goal Ascendant's management and personnel place strong compliance on sound ethical conduct, transparency and the support of regulatory processes based on sound scientific evidence. It also considers highly relevant the dialogue with the internal and external participants, aiming at building mutual trust and cooperating in achieving common welfare on the basis of equity.

The commitment of Ascendant with sustainable development and social responsibility is an integral part of its business project, since it fosters increased competitiveness and facilitates achieving the benefits that the company seeks in the medium and long-term.

Ascendant has always held the social and environmental issues in high regard and is nationally recognized for the positive work that has been undertaken in the past between communities on other projects.

The social and environmental issues of the Junin area. [Top](#)

The Junin Copper Project is located in the Province of Imbabura, in a remote sub tropical area of the Cotacachi County, in the Parish of Garcia Moreno in an uninhabited area, 5kms from north of the town of Junin where 30 families reside.

[Click to photo of the area mentioned.](#)

The overall social and economic conditions of the county and parish are actually recognized by the Ecuadorian National Census Bureau as the worst in of the country; the statistics index holds the social condition of the inhabitants of the area in an extreme poverty level. The locals barely survive from their local agricultural and livestock production; the highly irregular topography of the area does not offer, to the majority, any commercial expectations to better their life conditions.

There are no indiginous tribes in the area. The region was settled by Colonos (Mestizo slash & burn farmers and loggers) in the 1950s and their presence has continued to expand ever since. As the largest county in the entire country The Garcia Mareno Parish is still sparsely populated with approx 5000 inhabitants.

The only available resource for the locals to exploit for personal benefit has been and continues to be the surrounding forest, which every day the locals exploit. The exotic and highly economic species have practically disappeared and the region in general has been totally devastated by logging.

<p>General view of the Junin and Chalguayacu River Basin:</p> <p>The area has already suffered heavy deforestation. There is no forest reserve on the JUNIN concession site.</p>	
<p>The forest has been the only resource available to the locals to be readily exchanged for money, in case of a medical emergency or just to buy textbooks for their children; this is their only savings account, a tree. An everyday photo taken in Chontal Bajo.</p>	

Junin was first discovered in 1977 and work on the project never created any type of conflict between communities until the 1990s with the arrival of NGOs to the area. The Company recognized the poor relationship that Bishi Metals had with the communities and the mistrust that developed between the local population. The Company has worked hard to build trust and relationships between Ascendant and the local population. This has been very successful to date, but there remains a small minority who will find it in their interest to oppose a mining operation.

Due to this fact, the area has been influenced by a number of local non government organizations (NGOs), which have viciously attacked Ascendant in the media and maintain an extremist opposition to mining. Organized by foreigners, they have exploited the open niche available, and in various ways they have tried to fulfil the need of the local inhabitants. But the high cost of development, accompanied by the remoteness of the area, have caused the majority of the projects to fall far short of the needed economic growth for the whole

sector.

The possible development of the JUNIN copper project has brought new airs of change to the whole area. It offers the possibilities for new job opportunities, new roads and better market access for their produce, goods and services. This has been clearly identified as a priority by locals and is the cause for the strong support given to the Junin Project.

The vast majority of communities in the Garcia Mareno Parish have given the company permission to continue with the work programs on July 17 2004. 27 Presidents of 33 total communities in the Parish have signed or are in favor of giving access to company, (Click to Original Document: [Page1](#), [Page2](#), [Page3](#).) More recently the Parish of Garcia Moreno and its elected representatives issued a Public Declaration (Click to Original Documnet: [Page1](#), [Pag2](#), [Pag3](#), [Page4](#), [Page5](#).) to all higher authorities in Ecuador and the international community.

Current Work in the Influence Zones [Top](#)

Ascendant's presence in the area of Junin:

The day to day wok of Ascendant in the area has been to achieve the confidence of the local people, through the credibility of Ascendant's proposal of not only developing the Junin Project, on solid and sound scientific, technical, and environmental standards, but also to implement a viable short, medium and long term strategic development plan for the area, something that has not even been proposed by any local, district / national government or NGO for the sector.

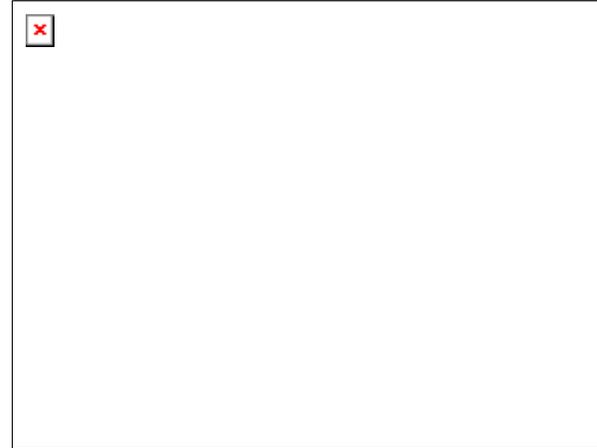
The credibility of Ascendant's social and environmental work plan and team is the best guarantee to the development of the area. The people of the area have understood that their development depends on their organization and planning, and that only through their leadership, they will have the opportunity to identify their resources and capacities to work on and eventually, step by step, obtain their goals. The Junin Project is just one of the many resources available in the area to support their development.

The credibility necessary to be listened to or believed carries a responsibility to show good faith towards the communities. For this reason, once the company has obtained a written commitment agreement from the local communities, to support Ascendant's work proposal in the area, Ascendant has compromised to carry and support the planning and structuring of the Local Development Corporation - CODEGAM. This organization, under legal constitution and recognition, is integrated by the local community leadership, and assessed indirectly by Ascendant's community relations team.

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View of the García Moreno Local Development Corporation Board Members.

**Ronald Andrade, President.
 José Yanouch, Jorge Pasquel, Ausimaro Chala, Leonardo Ayala, and Tarquino Vallejos, acting Vice-Presidents.**



CODEGAM is an independent community based development council that incorporates the participation of all townships and authorities in the area. Since the companies first visits to the Parish of Garcia Moreno, the majority of the community leaders and citizens have been present in SWOT (Strength, Weakness, Opportunities and Threats) seminars, held and directed by Ascendant’s independent consultants. Through these seminars, the local parish citizens understood how they could plan their development and participated in the structuring of a short, medium and long term strategic development plan that is real to their conditions and practicable in its execution. One of the missions of the strategic development plan was the consolidation of their organization. This meant the conformation of a legal recognized structure, they decided for the legal constitution of a Corporation, the CODEGAM (Corporación para el Desarrollo de las Comunidades de García Moreno), which has been legally approved, with its own by laws, by the Ecuadorian Ministry of Social Welfare. They expect to channel all their due diligence with the local, national, international, private or state, organizations to obtain the necessary assistance and resources for their overall development.

The CODEGAM has structured seven commissions, each directed by a Vice President, to divide the work and responsibilities among the whole parish community.

These commissions are the following:

	Commissions	Vice-President
1.-	Community Strengthening, Communication and Security	Leonardo Ayala
2.-	Education, Culture and Art	Stalin Jácome
3.-	Health, Environment and Monitoring	Guadalupe Garzón
4.-	Infrastructure	José Yanouch

5.-	Sports and Tourism	Jorge Pasquel
6.-	Production and Commercialization	Tarquinio Vallejos
7.-	Family and Women's Rights	Olivia Ruiz

Ascendant has further complemented its responsibility and seriousness with the immediate support and execution of some of the most urgent works needed by the community. From these objectives and loyal to the strategic socialization plan, which complies with Ascendant's available resources and time schedule, the following task priorities are being executed in the García Moreno Parish community sectors with the support of Ascendant:

The construction of the García Moreno – Magnolia – Loma Negra road.

Maintainence of the Loma Negra – Chauayacu-Junin road.

With the road machinery available three soccer fields are being constructed which include access roads.

The assistance in bridge building: Río Chalguyacu, Río Chontal and Rio Magdalena.

The purchase and establishment of the “La Florida” Integrated and Demonstrative Farm, located in the Chalguyacu Bajo Community, which is now ready to implement productive and reforestation programs in the influence zone of the Junín Project.

Other projects include;

- Repair of the Garcia Mareno Church roof.
- Conversion of the dirt entrance of Garcia Mareno to concrete
- Assistance with potable water infrastructure.
- Assistance with the Chontal School playground
- Assistance with government applications for funding of;
- Electrical grid expansion
- Communal buildings
- Road Maintenance
- General infrastructure projects

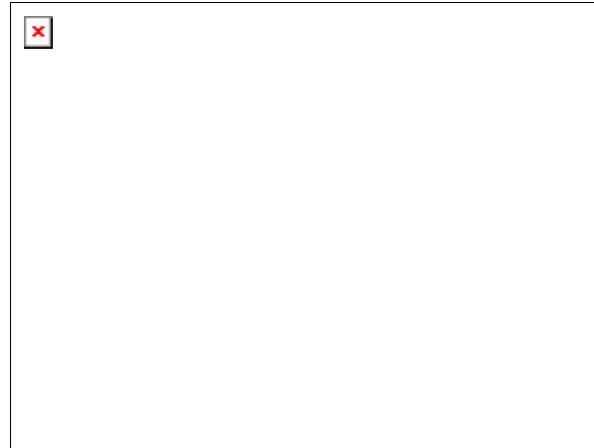
Informative seminars and local participation in the consolidation of the Local Development Plan.

A general view of one the SWOT seminars held in Garcia Moreno with community directives and members.



Construction of the García Moreno – Magnolia - Loma Negra Road

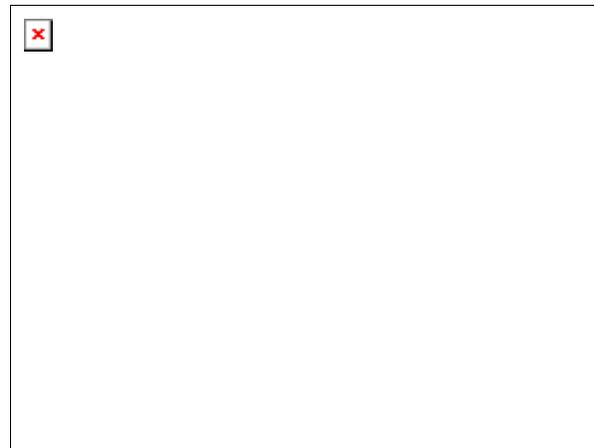
One of the cement water passageways being built, in order to maintain year around transit for the area.



With the road machinery available two soccer fields are being built.

The Santa Rosa's community youth now has a soccer stadium, thanks to Ascendant's contribution to the Garcia Moreno Local Development Plan. As observed the photo captures the construction works on the Santa Rosa Stadium.

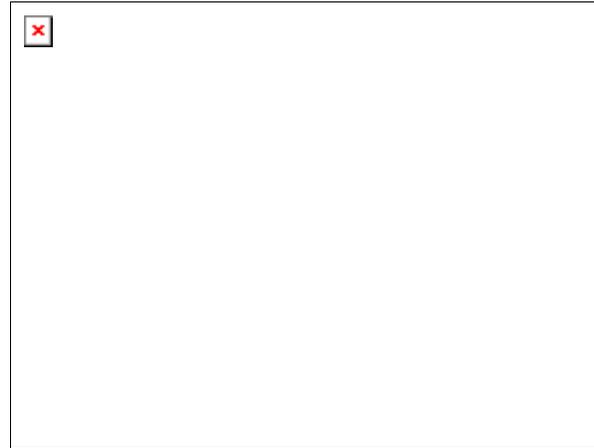
“The Ascendant Stadium”, thus named by the acknowledgement and appreciation of the “Santa Rosa” community members, will be a major center of recreation to all of the Intag area.



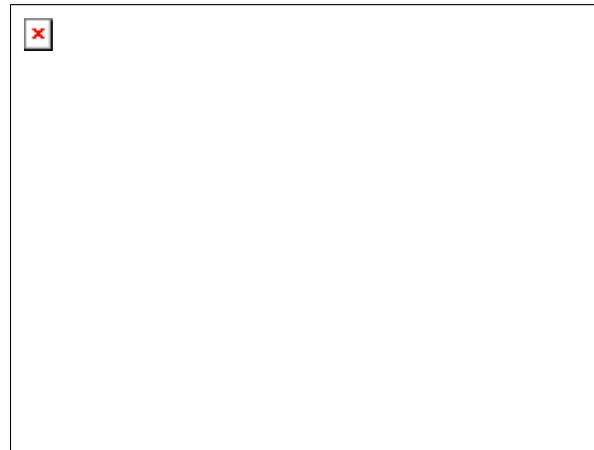
The assistance in bridge building: Río Chaguayacu, Río Chontal and Río Magdalena.

Before:

The Chaguayacu river crossing was an adventure in itself for the Ascendant team. But for the community members it was an everyday nightmare.

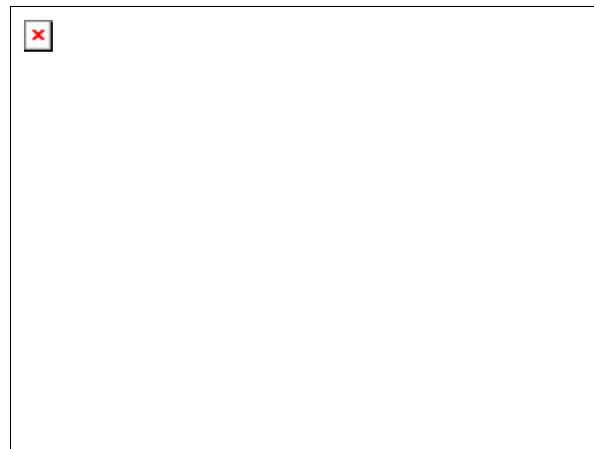


This bridge has been built by the collaboration of DRI (Desarrollo Rural Integral – an international collaboration organization of Spain) plus community members and Ascendant.



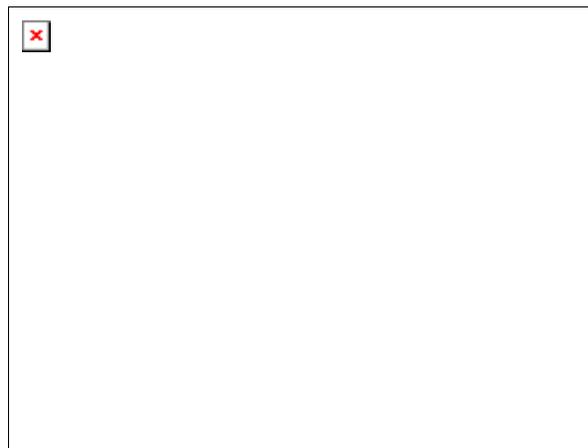
At the present time:

A permanent bridge is finished with the valuable contribution of Ascendant. The community members no longer have to put their life at risk when crossing the Chaguayacu River in their way with produce to the outside markets. Photo taken on Nov 13th 2004.

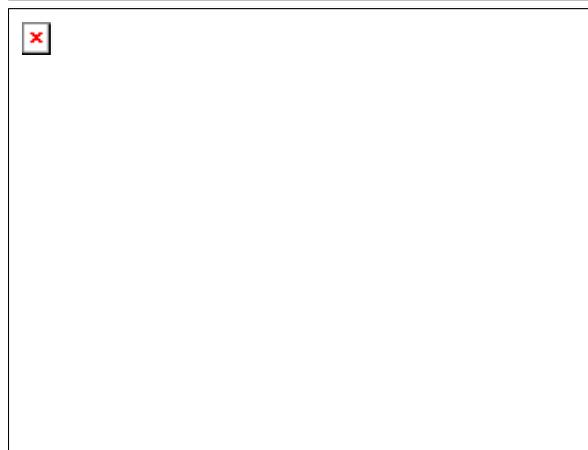


The establishment of the “La Florida” Demonstrative Farm, located in the Chalguayacu Bajo Community, which is now ready to implement productive and reforestation programs in the influence zone of the Junín Project.

A view from Magnolia of “La Florida” demonstrative farm, which is comprised of 60 hectares of typical terrain surface characteristic of the Junin Project concession influence area.



A south west view of the Chalguayacu Bajo Community. The area will be reforested with commercial and native woods.



The company has also worked successfully with the Imbabura Provincial Government, Rural Integral Development (DRI-Cotacachi), and others in major infrastructure projects in the region. One of the major benefits of the Junin project is financial resource generation that will enable the financing of many legitimate infrastructure, health, social, educational and conservation efforts on a scale that has not been witnessed before in Ecuador. The Junin project is perhaps the only viable solution in saving the cloud forests and preserving what remains of the biodiversity.

Possible economic contribution of the JUNIN project. [Top](#)

Potential Investment:

Based on preliminary estimates the mine would require a capital investment of \$975 million dollars including a

100 MW Hydro electric plant.

Local and National Benefits

- a) New Roads
- b) Schools
- c) Regional Hospital
- d) Housing
- e) New and enhanced Utilities
- f) Long-Term Local & Regional development assistance
- g) The generation of employment for well over 30 years
- h) More than 2,000 high paying direct jobs
- i) More than 6,000 indirect jobs
- j) Annual usage of millions of dollars in Ecuadorian goods and services
- k) Annual Corporate income Tax (25%) greater than \$100,000,000
- l) Mine life span: 30+ years

Company Contributions

The company will donate a portion of production to a jointly held company/provincial government trust to finance regional conservation and reforestation programs, basic infrastructure projects, waste treatment facilities, support numerous non-profit organizations efforts with the primary goal of creating real solutions for sustainable development and environmental protection.

The company will also create a rehabilitation fund for the mine. The company would make regular payments to the fund over the life of the mine enabling not only basic rehabilitation but a major sustained development project incorporating the old mine site.

Required work prior to Mining

The company plans to continue, where the Japanese work left off, with a full year of activities. First completing a preliminary environmental impact study by an independent consultant followed by geophysics, mapping, surface sampling, drilling, preliminary mine engineering studies/designs and a to determine if the deposit is economically viable.

If the preliminary studies are favourable the company will continue with two years of final drilling, engineering and environmental studies. After three years of investigation, planning, designing and millions of dollars of investment, the company will take a production decision.

Under favourable production scenario the construction phase alone would require more than 2 years, employ more than 2500 people and require millions of dollars in Ecuadorian goods and services.

