

May 16, 2005

Mr. Vernon MacKay
Canada's National Contact Point for the
OECD Guidelines for Multinational Enterprises
125 Sussex Drive, Room C6-273
Ottawa, Ontario, K1A 0G2

Dear Mr. McKay:

Ecuador-based Defensa y Conservacion Ecologica de Intag (DECOIN) and Canada-based Friends of the Earth / Les Amie(s) de la Terre and MiningWatch Canada (the "Complainants") request that the Canadian National Contact Point ascertain whether Ascendant Copper Corporation is adhering to the following sections in the OECD's *Guidelines for Multinational Enterprises* with respect to the company's "Junín" project located in the Junín area of Cotacachi County, Imbabura Province, Ecuador.

- Chp III, §4e, §4f, and §5c for failing to disclose or disclosing misleading information to the public and potential shareholders regarding 1) material foreseeable risk factors, 2) issues regarding stakeholders, and 3) relationships with stakeholders.
- Chp III, §1 for possibly disclosing unreliable exploration data regarding mineral reserves.
- Chp I, §7, Chp II, §5, and Chp II §10 for allegedly engaging in improper political activities in order to seek an exemption to Cotacachi's Ecological ordinance, thereby disregarding the county government's right to prescribe the conditions under which companies operate within their jurisdictions.
- Chp I, §7 for failing to secure permission from the relevant elected officials to pursue mining activities in accordance with the national Mining Law.
- Chp II, §2 for allegedly failing to address allegations of human rights abuses levelled by a prominent Ecuadorian human rights organization.
- Chp V, §2a and 2b for failing to inform the public and potential shareholders of the significant environmental impacts of its proposed mining activities.

I. Applicability of the Guidelines

In July 2004, Ascendant Holdings Ltd. announced that it had been granted the "Golden 1" and "Golden 2" mining concessions in the Junín area of Intag, Cotacachi County, Imbabura Province, Ecuador. Ascendant Holdings Ltd. is listed on the Bermuda Stock Exchange (AHH.BH) and is registered in Bermuda (See www.ascendantholdings.com or www.ascendantexploration.com).

Ascendant Holdings Ltd is a world-class and rapidly growing junior exploration mining company. The company is focused on the development of large-scale industrialized metals mining in the country of Ecuador. Ascendant controls vast mineral resources within an extensive and diversified portfolio of high quality mining projects. Ascendant Exploration S.A.

is a wholly owned Ecuadorian subsidiary of Holdings from which operations are conducted within the country.¹

In October 2004, Ascendant Holdings announced that it was transferring ownership of the Junín and Chaucha concessions to a newly formed company, Ascendant Copper Corporation. A 4 October 2004 press release states (Appendix A):

Ascendant Holdings, Ltd.'s plan is to place its two most advanced copper projects, Junin and Chaucha, into a newly formed company, Ascendant Copper Corporation (Canadian B.C.) and prepare the company for an IPO on a major international exchange. Both Junín and Chaucha have Canadian NI 43-101 reports completed and the Junin Property satisfies the Toronto Stock Exchange's requirement to have property of merit. Under the plan, Ascendant Holdings, Ltd. will be issued stock in Ascendant Copper Corporation as consideration for the two copper projects. Ascendant Holdings, Ltd. intends to dividend approximately 90% of the shares received to its shareholders of record on October 28, 2004. Ascendant Holdings, Ltd will retain the balance of the shares.

Ascendant Copper Corporation incorporated in British Columbia in May 2004. The company's office is located at 999 West Hastings Street, Suite 1040, Vancouver, BC V6C 2W2. The company's website is www.ascendantcopper.com. Ascendant Copper's Director and CEO is Gary Davis. According to the company's website, Mr. Davis can be reached at:

10920 W. Alameda Avenue, Suite 205
Lakewood, Colorado, 80226
United States
Phone: (303) 292-1299
Fax: (303) 297-0538
Email: info@ascendantcopper.com

Ascendant Holdings, Ascendant Exploration and Ascendant Copper have the same business address in Ecuador:

N34-183 Republica Del Salvador Avenue, Suite 301
Quito, Ecuador
Phone: 593-22-447-363 or 593-22-452-900

It is our understanding that Ascendant Copper intends to conduct an Initial Public Offering on the Toronto Stock Exchange in 2005. By virtue of the fact the company is incorporated in Canada and intends to go public on the Toronto Stock Exchange, Ascendant Copper Corporation is subject to the principles and standards in the *OECD Guidelines for Multinational Enterprises*.

II. Background Information

The Junín project is located in the Toisan Range of Ecuador. The Toisan Range is the natural limit to the 204,000-hectare Cotacachi-Cayapas Ecological Reserve, which is one of the world's most biodiverse protected areas. The officially protected area is equivalent to protected areas in Canada and has similar protected status under Ecuadorian law.

¹ <http://www.ascendantexploration.com/overview.html>

In the Toisan Range, the flora and fauna of the Central American, Amazonian, and Andean regions overlap, creating one of the most biologically diverse areas on earth. The Toisan Range boasts dozens of mammals and birds threatened by extinction, more hummingbirds species than in all of North America combined, numerous orchids and thousands of unique plant species. Due to its exceptional – yet threatened – biodiversity, this area is part of two of the world's 34 Biodiversity Hotspots: the Chocó-Darien-Western Ecuadorian and the Tropical Andes.²

In 1996, a preliminary environmental impact assessment (EIA) entitled “Final Report on Mining Exploration in Junín and Cuellaje” was carried out by the Japan International Cooperation Agency (JICA) and the Metal Mining Agency of Japan (MMAJ), the latter being a subsidiary of the Mitsubishi Corporation (Mitsubishi's subsidiary, Bishi-Metals, later became Mitsubishi Materials). This assessment estimated 100 families and four communities would need to be relocated. The assessment also outlined a number of serious direct and indirect social and environmental impacts, some of which are quoted below:

- “One can assume that massive deforestation will dry out the area causing desertification, change the local climate, and alter the vegetation around the limit of the clear cut area” (Appendix B, Section 2-7-4: Flora and Fauna Prognosis, Pg 130).
- “If it is possible to access the most interior parts of the region, the mining development will have a huge influence on the rainforest, the mountains and the highest parts of the rainforest” (Appendix C, Section 2-7-4, Page 131).
- “Ruins and related pots or vessels of the ‘Imbara Civilization’ were discovered along the Intag River, in the east parts and south of the area of investigation. Moreover, fragments of vessels that one assumes are related to this civilization, were found during the field investigation. In this way it is possible that the ruins of this civilization extend inside the central part of this investigation. If it is the case that the ruins and cultural property do clearly exist, this is very important and one must change the development plan based on these conditions” (Appendix D, Section 2-7-6 Social Conditions, Page 133).
- “There is a great wealth of fauna in the area of investigation, large mammals and fish abound. The large mammals are decreasing rapidly because of farming and hunting...Accompanied with mineral development, the vital area for fauna will be influenced, especially the large mammals because of the massive deforestation and noise of the blasting” (Appendix B, Section 2-7-4: Flora and Fauna Prognosis, Pg 130).
- “Based on the studies to predict and evaluate the effects of mining development, one can deduce the following effects: Water: change in flow of the Junín river and its underground water table...bad quality from contamination” (Appendix E, Summary, Section 2: Environmental studies in the Junín area, unnumbered pages, located before Page 1).

(See also Appendix F, English translation of the above EIA pages.)

Directly following the assessment, the government of Cotacachi declared the county and all of Intag an “Ecological County” (Ecological Cantón). Due to strong local resistance to the project, the Japanese company, Bishi-Metals, left.

² See Conservation International: http://www.biodiversityhotspots.org/xp/Hotspots/tumbes_choco/ and <http://www.biodiversityhotspots.org/xp/Hotspots/andes/>

III. Breaches to the Guidelines

A. Chp III, §4e, §4f, and §5c

As stated in Section I, Ascendant intends to conduct an Initial Public Offering on the Toronto Stock Exchange during 2005. Ascendant has not disclosed to the public and potential shareholders on its website that: 1) there are pending legal actions challenging the legality of the Junín concession; and 2) there is a potential land ownership dispute concerning the concession area. In addition, there is significant local opposition to the company's planned mining activities, including by the four communities that will be most impacted, which contradicts claims made by the company on its website.

1. Pending legal actions challenging the Ecuadorian Government's unconstitutional granting of concessions to Ascendant.

Ascendant's mining concessions were granted while a lawsuit involving a constitutional injunction issued by the Municipality of Cotacachi was in progress. This legal process (Amparo Constitucional) was presented before the Constitutional Tribunal to demonstrate the illegality of the Ecuadorian government's actions and those of the mining companies involved (Appendix H).

Lawyers representing the Municipality of Cotacachi have alleged that the mining concessions obtained by Ascendant Holdings/Exploration (and now Ascendant Copper) are illegal because the national government failed to consult with the communities potentially affected by the mining project, as required by Article 88 of the Constitution of the Republic of Ecuador. The Junín mining concession can allegedly be legally nullified, according to criteria established in Article 28 of the Law of Environmental Management, which states that every activity that affects the environment and does not include prior consultation required by the aforementioned Article 88 of the Ecuadorian Constitution, cannot be executed, and its nullification can thus be demanded (Appendix G, letter from the Auki Tituaña Males, Mayor of Cotacachi County, to the Toronto Stock Exchange, 8 March 2005).

The Constitutional Tribunal has not yet ruled on a petition for clarification of the ruling on the case, thus not finalizing the injunction that seeks to declare the government's granting of the concessions unconstitutional.

2. Land ownership dispute

Ascendant states on its website that "There is no forest reserve on the JUNIN concession site" (Appendix I, Ascendant Copper's "Community" webpage). The national government has not designated the Junín concession site a reserve area but much of the surface area has been designated by the citizens of Junín as a protected community reserve. The reserve is managed by a local group known as the Junín Community Tourism Group, which oversees the community's ecological tourism project.

It is our understanding that the Government of Ecuador may be considering declaring the Junín project a "Project of National Importance". It is important to note that current mining law in Ecuador authorizes the use of armed forces and police if companies are obstructed from carrying out their activities. We are deeply concerned that there is a potential for conflict emerging from the competing land claims associated with the Junín concession.

From 1997 to 1999, Defensa y Conservacion Ecologica de Intag (DECOIN) helped the Junín community buy possession rights from squatters. If the national government were to declare the project one of national importance, this could potentially lead to clashes between the citizens of Junín, who have acquired collective ownership rights to the land, and any armed intervention sent in by the national government.

3. Intense local opposition to Ascendant's proposed mining activities, including by the four communities that will be most impacted

Ascendant states on its website that opposition to its proposed activities is limited to a "small minority" with sinister intentions:

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...(Appendix I).

There is indeed significant local opposition to Ascendant's proposed mining activities, including by the four communities³ that will need to be relocated according to the 1996 preliminary environmental impact assessment carried out by JICA/MMAJ (see Section II for more information). This assessment estimated that 100 families from the communities of Junín, Cerro Pelado, Barcelona, and El Triunfo⁴ would need to be relocated.

We believe Ascendant has posted misleading information on its website with regard to community relations and support for its activities (Appendix I). We refer you to Ascendant's interactive map⁵ on its website, which denotes the towns of Barcelona, Cerro Pelado, Junín, and La Libertad⁶ as communities where "agreement is in process" (Appendix J). The Presidents of these communities have stated that they are "categorically opposed to the mining project" and, by extension, relocation.

[W]e, the legitimate representatives of the legally constituted leadership of the communities most affected by the "Junín" mining project, wish to express to the Executives of the mining

³ The 1996 preliminary EIA stated approximately 100 families and four communities would need to be relocated.

⁴ It is important to note that La Libertad is a part of the community of El Triunfo. In Ecuador, La Libertad is referred to as a "sector". The authors of the JICA/MMAJ assessment incorrectly identified La Libertad as the community in the preliminary EIA, when in fact it was the community of El Triunfo. (Also, see Footnote No. 6 below.)

⁵ http://www.ascendantcopper.com/Com_AreaMap/AreaMap.htm (Appendix J)

⁶ See Footnote No. 4 above. The topography on Ascendant Copper's map incorrectly identifies the community of El Triunfo as La Libertad. We suspect that Ascendant has used JICA/MMAJ's outdated topographical map.

companies Ascendant Exploration and Ascendant Holdings, as we have already done several times, that our communities are categorically opposed to the mining project that their companies want to develop in our communities (Appendix K).

We also refer you to a 7 March 2005 letter from the presidents of Barcelona, Cerro Pelado, Chalguayaco Bajo, Chontal Bajo, El Rosal, Junín, La Armenia, and Magdalena Bajo that states:

The legitimate representatives of the communities that are potentially affected by the mining project denominated “JUNÍN”, Manifest the following: 1. Our categorical opposition to the mining project denominated “JUNÍN” and to the presence of the mining company Ascendant Exploration and all their employees and collaborators (Appendix L).

	Designation on Ascendant Copper’s Interactive Map	The elected town Presidents for the following communities have stated their opposition
Community of Barcelona	Agreement in progress	Appendix K and L
Community of Cerro Pelado	Agreement in progress	Appendix K and L
Community of Chalguayaco Bajo	Community in agreement	Appendix L
Community of Chontal Bajo	Community in agreement	Appendix L
Community of El Rosal	Community in agreement	Appendix L
Community of El Triunfo (La Libertad)	Agreement in progress	Appendix K
Community of Junín	Agreement in progress	Appendix K and L
Community of La Armenia	Community in agreement	Appendix L
Community of Magdalena Bajo	Community in agreement	Appendix L

We also want to draw your attention to a petition signed by over 900 citizens – the majority of whom are from Intag – opposing Ascendant’s proposed mining activities (Appendix M).

We request that the Canadian NCP ascertain Ascendant’s adherence to Chp III, §4e, §4f, and §5c instructing multinational enterprises of the following:

- Enterprises should also disclose material information on material foreseeable risk factors.
- Enterprises should also disclose material information on material issues regarding employees and other stakeholders.
- Enterprises are encouraged to communicate additional information that could include information on relationships with employees and other stakeholders.

B. Chp III, §1

Ascendant describes the Junín concession as “one of the largest undeveloped copper-molybdenum deposits in the world” (Appendix N). However, there seems to be an inconsistency in the exploration data available for the Junín concession. In late 2003, Ascendant conducted an in-house re-evaluation of the 1997 exploration data collected by JICA/MMAJ. Ascendant’s in-house re-estimates were significantly higher than JICA/MMAJ’s exploration-based estimates. We refer you to an 11 March 2005 letter from Earthworks to the Toronto Stock Exchange, which states:

[A]t a 0.4 cut-off grade, Ascendant calculated an inferred resource of 984 million tons, compared with Mitsubishi's evaluation of 318 million tons – more than 3 times the original estimate... Although re-evaluations of resources based on market conditions can result in revised estimates of economically recoverable ore, this does not seem to explain the wide margin between Mitsubishi's exploration results and Ascendant's estimates, which were based solely on an in-house re-evaluation (Appendix O).

We request that the Canadian NCP ascertain Ascendant's adherence to Chp III, §1 instructing enterprises to ensure timely, regular, reliable and relevant information is disclosed regarding their activities, structure, financial situation and performance.

- Enterprises should ensure that timely, regular, reliable and relevant information is disclosed regarding their activities, structure, financial situation and performance. This information should be disclosed for the enterprise as a whole and, where appropriate, along business lines or geographic areas. Disclosure policies of enterprises should be tailored to the nature, size and location of the enterprise, with due regard taken of costs, business confidentiality and other competitive concerns.

C. Chp I, §7, Chp II, §5, and Chp II §10

In the 8 March 2005 letter from the Mayor of Cotacachi County to the Toronto Stock Exchange, Auki Tituaña Males states that “mining interests are attempting to create divisions in the territory of the Cantón Cotacachi. This process is based on crude criteria that are have not been approved by Ecuadorian legislation, and whose goal is to divide our Cantón...” (Appendix G). Specifically, “mining interests” are advocating the creation of an entirely new county, presumably to circumvent the “Ecological County” (Ecological Cantón) ordinance (law) that includes the County of Cotacachi and all of Intag. The “mining interests” that Mayor Males is referring to is a development corporation known as the Council for Parish Development of García Moreno, or “CODEGAM” (Corporación para el Desarrollo de las Comunidades de García Moreno)⁷.

As mentioned above, in September 1997 the Countywide Assembly of Cotacachi approved an “Ecological County” ordinance which became law in April 2001. The ordinance prohibits or severely restricts commercial activities with significant environmental impacts, including mining, industrial logging and industrial agriculture (see Section II for additional information).

Ascendant Exploration, the subsidiary to Ascendant Holdings⁸ (see Section I for more information) entered into an agreement entitled, “Working Agreement between Ascendant Exploration and the García Moreno Parish Communities” with the former Parish President of García Moreno, Guido Cousin, and seven community presidents⁹ on 17 July 2004. We note this agreement was the basis for forming

⁷ CODEGAM has a website at <http://www.codegam.org>

⁸ The use of multiple corporate personalities by Asendant (Ascendant Copper Corporation, Ascendant Holdings, and Ascendant Exploration) seems to the source of significant confusion among the local population and could be misleading to the public and potential shareholders.

⁹ Note regarding community of Chalguyacu Bajo: In July 2004, the “Working Agreement between Ascendant Exploration and the Garcia Moreno Parish Communities” was signed by then-president Wilson Andrade. It is our understanding that Mr. Andrade later resigned to accept a job outside the García Moreno Parish. His successor was then-Vice President Polivio Perez. Approximately six weeks ago, Polivio Perez's brother, Fabian Perez, was elected as Chalguyacu Bajo's new president. Fabian Perez is a signatory to the letter from eight presidents cited

CODEGAM, a not-for-profit corporation devoted to the development of Garcia Moreno Parish (Appendix P):

COMMUNITY COMPROMISES: 6. The Parish and its communities compromise themselves to assist to the meetings and seminars called on by their directors, to establish the Garcia Moreno Local Development Council CODEGAM for the parish development.

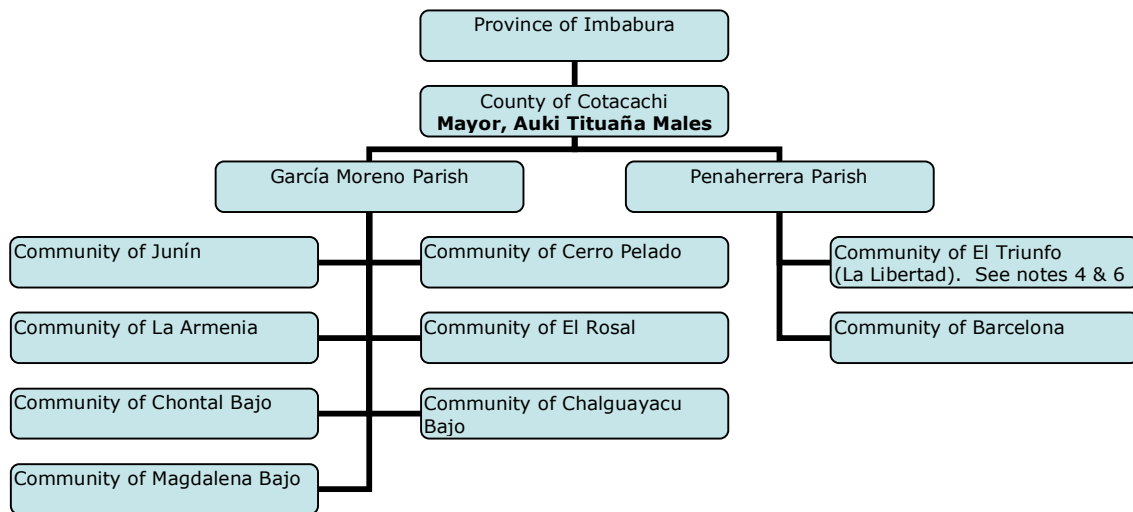
COMMON COMPROMISES: 2. The parts in common accord agree to structure the Garcia Moreno Local Development Council (CODEGAM), for it to follow up and implement the present accord.

Ascendant Copper describes its partnership with CODEGAM and its role in organizing community participation in development planning, financed principally by Ascendant (Appendix I):

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 (emphasis added)* 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...

Despite Ascendant Copper Corporation's assertions that CODEGAM is independent, CODEGAM's website states that it "was formed to carry out the strategic development plan of the Garcia Moreno Parish community in conjunction with Ascendant Copper's exploration work in the zone." Ascendant claims on its website that CODEGAM, a not-for-profit corporation, "...incorporates the participation of all townships and authorities in the area", which is wholly inaccurate. To illustrate, Auki Tituaña Males, Mayor of Cotacachi County and the following communities oppose Ascendant's proposed mining activities and have made it clear that CODEGAM does not represent their interests (Appendices G, I, K & L):

in this specific instance and has not signed any agreement with Ascendant Copper Corporation (Appendix L). Ascendant Copper denotes the community of Chalguyacu Bajo as a "community in agreement (See Section III.A.3 above).



It seems that, in an effort to manufacture the appearance of consent, Ascendant has supported the creation of a not-for-profit corporation which is, in turn, devoted to promoting Ascendant's interests at the Junín site. This is particularly disturbing, given Mayor Auki Tituaña Males' assertion that "mining interests" are attempting to sever the county, implying that CODEGAM and Ascendant are involved in improper political activities. We refer you to the 23 April 2005 CODEGAM resolution that was signed by the President of CODEGAM, Ronald Andrade, and the president of the García Moreno Parish, Shisela Morales stating (Appendix U):

14. Declare to the new authorities of the country and communication media, that the Intag zone, its parishes and communities, will continue with the process to be declared a new municipality...

Moreover, we find it extraordinarily inappropriate that CODEGAM – a self-described not-for-profit corporation – has called on Ascendant to stop negotiations with democratically-elected officials of Cotacachi County and has declared itself in this resolution the "legitimate representative of the Intag zone". (We note that the presidents from communities nearest to the mining concession have not signed the 23 April resolution.)

2. Petition Ascendant to stop any negotiation dialogue with the Cotacachi Municipality. Since the legitimate representatives of the Intag zone are the communities and the CODEGAM, it is only with them that any negotiations and accords should be maintained...

4. The parish communities herein represented ignores the authority of the Cotacachi Mayor and solicits him in a cordial manner to stop any negative hindrance to the development of our project in the Intag zone. (Appendix U)

We find it astonishing that CODEGAM – a corporate entity created with Ascendant's support to promote the company's interest – is effectively calling on Ascendant to ignore Article 11 of Ecuador's Mining Law, which requires mining companies to obtain the permission of the relevant authorities where activities will take place prior to executing mining (see Section III.D for more information).

We request that the Canadian NCP ascertain Ascendant's adherence to Chp I, §7, Chp II, §5, and Chp II, §10 instructing enterprises of the following:

- Governments have the right to prescribe the conditions under which multinational enterprises operate within their jurisdictions, subject to international law. The entities of a multinational enterprise located in various countries are subject to the laws applicable in these countries...;

- Enterprises should refrain from seeking or accepting exemptions not contemplated in the statutory or regulatory framework related to environmental, health, safety, labour, taxation, financial incentives, or other issues; and
- Enterprises should abstain from any improper involvement in local political activities;

D. Chp I, §7

It is alleged that Ascendant has failed to secure legal authorization from the mayor of the Municipality of Cotacachi to carry out mining activities (Appendix Q, letter from Cotacachi County Assembly, April 2005). According to Article 11 of Ecuador's Mining Law, mining companies are required to obtain the permission from the relevant authorities of the town or city where activities will take place prior to executing mining.

We again refer you to a letter from Cotacachi County Mayor, Auki Tituaña Males to the Toronto Stock Exchange, sent 8 March 2005 that states:

Ascendant Exploration, despite having been present for about a year in the territory of Cantón Cotacachi – and particularly in Zona Intag, has not presented information about its business plans and projects, either to the municipal authorities or to the civil society organizations, as required by the current national law (Appendix G).

We request that the Canadian NCP ascertain Ascendant's adherence to Chp I, §7 instructing enterprises of the following:

- Governments have the right to prescribe the conditions under which multinational enterprises operate within their jurisdictions, subject to international law. The entities of a multinational enterprise located in various countries are subject to the laws applicable in these countries...;

E. Chp II, §2

Accusations of human rights abuses have been levelled against the company. To the best of our knowledge, these allegations have not been addressed (Appendix R, letter from CEDHU, 5 October 2004, Appendix S, letter from UK law firm Leigh, Day & Co, 17 November 2004, Appendix T, letter from US law firm HellerErhman LLP, 13 April 2005.).

We request that the Canadian NCP ascertain Ascendant's adherence to Chp II, §2 instructing enterprises to:

- Respect the human rights of those affected by their activities consistent with the host government's international obligations and commitments.

(The Complainants can facilitate contact with CEDHU and community members that have allegedly been victims of human rights abuses for more information.)

F. Chp V, §2a and b

As noted in Section II, the JICA/MMAJ preliminary EIA, which was based only approximately 25% of the total copper discovered by Bishi-Metals (and 5% of what Ascendant is claiming) concluded that mining the Junín concession would result in severe impacts to the environment and fauna, including

massive deforestation, local climatic change leading to “desertification”, contamination of rivers, and negative impacts on a dozen endangered mammal and bird species (see Appendix F for more details).

Ascendant Copper cites JICA/MMAJ’s earlier studies on reserves, but the company does not at any point inform the public or potential shareholders of the severe environmental impacts that will occur to this extraordinarily important area of high biodiversity. Annex A-224 of the preliminary EIA lists dozens of mammals and reptiles that will be impacted by mining in the Junín area, including more than a dozen species of mammals and birds threatened with extinction. These include jaguars, ocelots, pumas, two species of monkeys, tapirs, spectacled bears, sloths, boa constrictors, as well as several bird species (Appendix V). The impacts to this extremely biodiverse habitat, which harbours these and other species facing extinction, has led several national and international organizations to oppose mining in the Junín area (Appendices X, Y and Z). Furthermore, Annex 313 of the same EIA, entitled “Prognostico de la calidad del agua (5)”, foresees contamination with several toxic substances of rivers and streams, including lead, arsenic, chrome, and cadmium. Instead, the “Social and Environmental Issues of the Junin area” section on the company’s “Community” webpage is made up of the following four paragraphs that grossly misrepresent the area’s biodiversity and ecological importance and fail to mention one concrete environmental impact.

The 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 where 30 families reside.

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 indigenous 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 (Appendix W).

(Note: This section concludes with two paragraphs that state opposition to its proposed activities is limited to a “small minority” with sinister intentions. These paragraphs are quoted above in Section III.A.3.)

We request that the Canadian NCP ascertain Ascendant’s adherence to Chp V, §2a and 2b that state:

- Taking into account concerns about cost, business confidentiality, and the protection of intellectual property rights:

2a. Provide the public and employees with adequate and timely information on the potential environment, health and safety impacts of the activities of the enterprise, which could include reporting on progress in improving environmental performance; and

2b. Engage in adequate and timely communication and consultation with the communities directly affected by the environmental, health and safety policies of the enterprise and by their implementation.

IV. Conclusion

As a signatory to the Guidelines, the Canadian government has committed itself to encouraging multinational enterprises operating within its territory to observe the Guidelines wherever they operate. Given that Ascendant Copper Corporation intends to conduct an Initial Public Offering on the Toronto Stock Exchange during 2005, we ask that this specific instance receive immediate attention by the Canadian National Contact Point.

It is important to note that there are two forthcoming legal challenges to Ascendant's proposed mining activities. A new legal injunction is currently being prepared by the Municipality of Cotacachi to revoke the mining concession and halt further concessions from being issued. In addition, it is our understanding that Junín community members are preparing to present a case to the Organization of American States' Inter-American Commission on Human Rights calling for the revocation of the mining concessions and to compel the national government to respect the community's rights to be previously consulted regarding mining projects in accordance with the law.

We are deeply disturbed by the 23 April resolution noted in Section III.C because it also assails so-called "foreigners" including a staff member of DECOIN, Carlos Zorrilla, and declares that two other individuals are "unwelcome persons in the Intag zone" (See Appendix U).

10. This assembly declares Polibio Perez and German Flores, in a unanimous and total form, as unwelcome persons in the Intag zone, for being a dissociation factor and for serving the interests of the foreigners.

11. Solicit the President of the Republic, Minister of Foreign Relations, Minister of Government, and other authorities the expulsion of the foreigners: Carlos Zorrilla, Dennis Laporta, Jose de Coux and Mary Ellen Fieweger and others that are intervening in the internal politics of the Country, specially impeding the development of the Intag zone.

It is our understanding that the Canadian National Contact Point's proactive intervention on a specific instance involving a Canadian mining firm that had threatened to forcefully evict tenant communities in Zambia was very effective. We hope that the Canadian National Contact point can also play an effective role in the resolution of the issues raised in this specific instance.

Given the seriousness of Ascendant Copper's alleged breaches to the OECD Guidelines, we request that the Canadian National Contact Point ensure that any listing applications made by Ascendant Copper Corporation will not proceed until the alleged breaches to the Guidelines have been assessed and, if necessary, remedied. The public and shareholders should have the full faith and confidence that companies traded on the Toronto Stock Exchange are adhering to governmentally-agreed principles and standards for responsible corporate behaviour.

Procedural Guidance on Implementation in Specific Instances requires National Contact Points to make an initial assessment of whether the issues raised merit further examination and respond to the party or parties raising them in an efficient and timely manner. We, therefore, request a response indicating how the Canadian National Contact Point intends to proceed on an expedited basis.

The preferred method of communication is via email with hard copy documentation sent via mail or facsimile, when necessary. The primary contacts for this submission are the below signatories.

Sincerely,

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List of Appendices

- A Ascendant Holdings press release announcing creation of Ascendant Copper Corporation, 13 October 2004
- B JICA/MMAJ 1996 Preliminary EIA: Section 2-7-4: Flora and Fauna Prognosis, Pg 130 (*Photo of original in Spanish*)
- C JICA/MMAJ 1996 Preliminary EIA: Section 2-7-4, Page 131 (*Photo of original in Spanish*)
- D JICA/MMAJ 1996 Preliminary EIA: Section 2-7-6 Social Conditions, Page 133 (*Photo of original in Spanish*)
- E JICA/MMAJ 1996 Preliminary EIA: Summary, Section 2: Environmental studies in the Junín area, unnumbered pages, located before Page 1 (*Photo of original in Spanish*)
- F English translation of EIA pages (Appendices B-E)
- F1 Appendices B-F in PDF format
- G Letter from Auki Tituaña Males, Mayor of Cotacachi County, to the Toronto Stock Exchange, 8 March 2005
- G1 Letter from Auki Tituaña Males, Mayor of Cotacachi County, to the Toronto Stock Exchange, 8 March 2005 (*Photo of original letter in Spanish*)
- H Petition for Clarification (*Spanish only*)
- I Ascendant Copper's "Community" webpage for the Junín project, saved 21 April 2005
- J Ascendant Copper's map of the Junín concession, saved 19 April 2005
- K Letter from four (4) Presidents, 6 March 2005
- K1 Letter from four (4) Presidents, 6 March 2005 (*Photo of original in Spanish*)
- L Letter from eight (8) Presidents, 7 March 2005
- L1 Letter from eight (8) Presidents, 7 March 2005 (*Photo of original in Spanish*)
- M "In a Single Voice" petition (*Spanish*)
- M1 "In a Single Voice" petition (*Petition text only in English*)
- N "Ascendant acquires Junin property", *Business News Americas*, 1 July 2004.
- O Letter from Earthworks to the Toronto Stock Exchange, 11 March 2005
- P Working Agreement between Ascendant Exploration and the Garcia Moreno Parish Communities, saved 21 April 2005 (*Internet version in English*)

- P1..... Working Agreement between Ascendant Exploration and the Garcia Moreno Parish Communities, saved 22 April 2005 (*Scanned original in Spanish*)
- QLetter from Cotacachi County Assembly, April 2005 (*Spanish only*)Ap
- RLetter from CEDHU, 5 October 2004
- R1Letter from CEDHU, 5 October 2004 (*Photo of original in Spanish*)
- S.....Letter from Leigh, Day & Co, 17 November 2005
- TLetter from HellerErhman LLP, 13 April 2005
- U.....CODEGAM General Assembly Resolutions taken on 23 April 2005, webpage saved 29 April 2005 (http://www.ascendantcopper.com/Com_AreaMap/Codegam230405.htm)
- U1.....CODEGAM General Assembly Resolutions taken on 23 April 2005 (*Scanned original in Spanish*)
- U2.....CODEGAM Resolutions - 5th & 23rd April 05 - English
- V.....JICA/MMAJ 1996 Preliminary EIA: Annex A-224 (*Photo of original in Spanish*)
- W.....Ascendant's "Community" webpage, "Social and Environmental Issues of the Junín area" section, saved 29 April 05
- X.....Letter from CEDENMA, 22 Jan 99
- YLetter from Ecociencia, 14 Jan 98
- ZLetter from Edward Wilson, Pelligrino University, Professor Emeritus and Honorary Curator, Museum of Comparative Zoology, 10 Oct 97