

## Ascendant Copper Holding Steady on Ecuadorian Nest Egg: Part 2

By Andrew K. Burger

Mining companies with stakes in Ecuador have been urgently meeting with government officials in an effort to demonstrate their good corporate citizenship, environmental and social responsibility to preserve their interests in the face of a new constitution and mining legislation to be drafted by 136 newly elected members of a National Constituent Assembly. What transpires will shape the face of mining, foreign investment and development in Ecuador, and very possibly elsewhere in South America, for years to come.

Ascendant Copper (TSX:ACX) is one junior miner intimately involved in the process. The company has been working to explore and develop Junin, a world-class copper porphyry deposit, as well as Chaucha, a second similar deposit the Andes' western flank in northern Ecuador.

Ascendant is sitting on Junin, a world-class copper-molybdenum-silver-gold porphyry prospect, as well as two others, the Chaucha and Telimbela prospects. "We are sitting on the second if not the largest copper/molybdenum property in the world," commented John Haigh, Ascendant's Investor Relations manager. "Our Junin property consists of 23,475 acres of property containing billions of pounds of economic resource; in fact we are looking at a potential in excess of a billion pounds of molybdenum and in excess of 20 billion pounds of copper."

While management remains optimistic in the longer-term, recent elections and upcoming debates and controversy associated with drafting a new constitution, as well as new mining laws and regulations, is prompting management to shift their focus elsewhere in the shorter term.

### Mining & the Environment

Mining is inherently damaging to the environment yet practically every society in the world today could not function or support itself, nor would they have grown or developed to the extent they have were it not for a steady supply of key metals and minerals. Copper is one.

In keeping with the times and technology, Ascendant has made substantial efforts to demonstrate good corporate citizenship. These are encapsulated in the U.N. Global Compact, a program and internationally recognized set of standards regarding human and labor rights, environmental sustainability and anti-corruption to which Ascendant ascribes and has been formally accepted.

More specifically with regard to Junin and its other prospects in Ecuador, Ascendant has during the past two years established social and environmental programs within nearby Junin communities.

These include providing much needed medical and dental facilities and personnel, working to improve the educational system-- including teacher training and scholarships-- providing training on farming techniques, vaccinating cattle, supporting soccer camps, providing trash collection and disposal, maintaining and building roads, and developing nurseries with more than 40,000 plants to support reforestation of areas deforested by slash-and-burn agricultural methods, according to company information.

Moreover, it should be noted that all the above is in addition to potentially substantial government revenues and foreign exchange earnings the Ecuadorian government stands to garner should Ascendant's development plans move forward.

### An Easy Target for Protestors

The area around the Junin property has been a hotbed of legal and illegal protest. Ascendant's demonstration farm in the Intag area was illegally seized and the company has been unable to conduct independent drilling to confirm and expand on historical exploration and assay results.

That looked set to change after March 20 when the company concluded agreements with the government and Decoin aimed at restoring law and order to the region, reducing tensions and respecting the rights of all parties.

One of the conditions was the return of the Intag demonstration farm, which had been seized the previous week. Based on Decoin's demands, Ascendant also reluctantly agreed to reduce its work force substantially, from 159 to 48 people—most of whom were involved in community development efforts—as well as its current activities, which include the provision of medical and dental services in the area.

Ironically and somewhat quizzically, the ecological group was able to push through the shutdown of social services, claiming that such activities influenced the local community to look favorably on the Junin project and Ascendant.

The Ecuadorian government as part of the March agreement stated that it would organize a commission of community leaders, government officials

and representatives for Ascendant to ensure the compliance of all parties.

A group of government officials visiting the Junin property and area in early August found that Ascendant was operating a medical center and a school bus for Intag's children. They asked the company to stop these social programs and Ascendant was compelled to agree based on the three-party agreement signed earlier in the year.

"We did it regardless of the fact the country has no legal authority to control our social programs. The opposition was annoyed because our projects increase the community's support for mining," Francisco Veintimilla, the company's Ecuador general manager, stated in a media release.

#### The Government, Ascendant and Mining Going Forward

Mining experts from Canada, Chile, Peru and Spain were among some 350-plus participants on hand in Quito Sept. 18 when Ecuador's recently appointed Minister of Mines and Petroleum, Galo Chiriboga, led a forum that brought together government, mining and community representatives to present and debate the central issues regarding the future of mining in the country.

Chiriboga stated his support for environmentally and socially responsible large-scale mining in a recent interview. He also announced that the Ministry of Mines and Petroleum would be restructured so that it could devise and enact improved national mining policies in both the short and long-term that would involve drawing input from all stakeholders.

Representatives from Cornerstone Capital Resources, another Canadian junior mining company with projects in Ecuador, were "favorably impressed and encouraged by this and other very positive signals," the company's manager of corporate communications, Roseanne Williams, wrote in a recent update.

All parties stand to gain if the Correa government can successfully negotiate a mutually acceptable agreement regarding Ascendant's Junin property. Doing so might also be a significant step forward for the Ministry of Mines and Petroleum's efforts to forge an equitable and practical set of mining policies and regulations going forward. If and when this scenario pans out, expect Ascendant's shares to make a strong surge to the upside.

Ascendant's management "estimates that a lasting, mutually agreeable arrangement with the Ecuadorian government can be reached in 30 months," Investor Relations manager John Haigh told ResourceX. "We believe that it will be at least one more year before the Ecuadorian mining law will be rewritten and will include a royalty to the government of at least 3%, that they currently don't have. That's fine with us."

In the interim, Ascendant has launched efforts to acquire three near-term copper producing properties in the western US. Negotiations are well under way for two of the three, with an announcement expected on the third in about three months, according to Haigh.

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