

Mr. Darcy Krohman
British Columbia Securities Commission
Vancouver, Canada

Zona de Intag, 8 September, 2005

*SUBJECT: DECOIN'S RESPONSE AND INPUT TO ASCENDANT COPPER CORPORATION'S AUGUST 2005 MODIFIED PROSPECTUS
(Includes two separate Annexes)*

In General, DECOIN is pleased to see Ascendant is admitting as true some of the allegations we've made in the past, and to many of the risk factors pointed out in previous communications. However, and as in previous cases, we feel Ascendant is omitting crucial information and distorting others.

For example:

In the section addressing risk factors, the company lists the following risks:

- *local communities in the Junin area may attempt to bring further challenges as to title to the concessions of the Junin property*
- *Ascendant has no history of profitable operations*
- *Environmentalists and other non-governmental organizations, primarily DECOIN; have opposed exploration, development and mining of the Junin property in the past and continue to oppose Ascendant's proposed operations. Their oppositional activities could lead to delays in exploring and developing the Junin property. (See "Description of Business - Environmental and Community Response to the Junin Project)*
- *regulatory concerns regarding delays in receipt of or failure to obtain permits or changes to environmental policies or regulations could negatively affect Ascendant's operations*
- *potential legal disputes over ownership of mining or surface rights to Ascendant's properties could be costly*

The section correctly identifies some of the risks involved in the project, but avoids mention of, or insufficiently addresses other significant risks, such as:

- a) The determined and historical opposition by the Cotacachi Canton government since 1997, which includes several legal challenges to the legality of the concessions.
- b) The prohibitions contained in Cotacachi Canton Ecological Ordinance to mining activities within the county (including the prohibition to undertake mining in native forests)
- c) The pending lawsuit against the Ministry of Energy and Mines presented by the Municipality of Cotacachi to the Administrative Court on May of 2005 challenging the legality of Ascendant's mining concessions.
- d) Implications of the certainty of the existence of pre-In can archeological sites within the mining area.

e) The fact that opposition to mining is much more widespread than reported by Ascendant. ACC gives the false impression that DECOIN is practically the only organization opposing the mining project, which is extremely misleading.

Recently, DECOIN forwarded letters to the BC Securities Commission from three different organizations representing hundreds of members living and working in over 40 communities in the Intag region, expressing their very clear and strong opposition to the JUNIN mining project, and rejecting CODEGAM's false representation of communities potentially affected by the project (just one of the organization, AACRI represents 250 Intag residents). DECOIN hopes that with these documents it'll become clearer that the opposition is not centered just in DECOIN, but it is much more widespread.

In addition to the serious risks outlined above, in June of 2005 the Congressional Civic Anti-Corruption Commission, which is part of Ecuador's Congress, took the decision to undertake a full investigation of mining activities in the Intag area. The Commission is investigating any measures taken by Ecuadorian public or private officials that could be constituted as illegal, or corrupt. If the Commission identifies any corrupt practices related to the granting of the mining concessions or any other permits, it is extremely likely the concessions will be annulled.

In the section titled: - 'Letter to The Toronto Stock Exchange', Ascendant makes the following claim:

The TSX Letter referred to specific Ecuadorian laws which the Mayor of Cotacachi Canton believed that Ascendant had breached. Although certain of the laws and obligations referred to in the TSX Letter may apply to Ascendant at a future date, they do not apply to Ascendant now at its current stage of operations. Certain arguments in the TSX Letter failed to differentiate between the ownership of mining concessions, and the performance of actual mining activities and related legal obligations that arise at that time. Other arguments presented in the TSX Letter referred to requirements of a company to obtain certain authorizations prior to performing mining activities. Upon review of these requirements by Ascendants Ecuadorian legal counsel, it was determined that these authorizations were only required when the anticipated mining activity occurs inside a city or town. The city closest to Ascendants concessions is Cotacachi, which is over 60 km from the Junin concessions

DECOIN feels this is a clear attempt to deceive the Commission. On the topic of the requirement of special permits (article 11 of the Mining Law), the law literally states the following:

Article 11 Reports. To carry on mining activities mentioned in this Law in the places determined below, it will be necessary to have reports issued by the following authorities and institutions respectively:

- a) From the Mayor, within a city or populated center.**
- b) From the Ministry of Public Works....
- c) From the National Council of Water Resources, on lakes, ponds and dams or in , sites devoted to collecting water for ((cities)) and within 200 meters measured horizontally from them.

Source: Mining Law; Published May 31st modified August 18th 2000; Ministry of Energy and Mines and PRODEMINCA. **[This is the current mining law]**

Article 18 of the Mining Law considers exploration a mining activity; therefore the laws apply at this time - not in the future. Section 'a' of Art.11 of the same law does not limit itself to cities; as Ascendant falsely affirms, consequently the report alluded to in numeral "a" is definitely required from Mayor Tituaña if mining activities threatens to impact any populated centers within Cotacachi County. In Ecuador, as in the rest of the world, towns and villages are considered to be populated center.

On the latest version of its prospectus Ascendant doesn't dispute the fact that one of the impacts identified in the 1996 Environmental Impact Statement (EIA) was the relocation of four communities. DECOIN is well aware that the environmental assessment was not for exploration, but for exploitation. This impact, by the way, was based on the extraction and processing of only 76 million tons of ore; less than 10% of the total ore inferred by Ascendant.

The 1996 EIA was done by extremely "professional agencies. The Japan International Cooperation Agency (JICA), in particular, has a worldwide reputation of the highest caliber (as Ascendant itself affirms in the prospectus). It is there suspicious, to say the least, that the study would now be Unacceptable to Ministry of Energy and Mining authorities when, at the time of its release, it was heralded by that same institution as comprehensive. Certainly, there is no proof whatsoever that the Ministry rejected the study in 1996 or at any time during the last nine years. Furthermore, Ascendant argues that the 1996 study was rejected by, current Ministry of Energy and Mines officials because Bishi Metals never submitted it to the "proper governmental agencies". Yet, it was never the responsibility of Bishi Metals to submit it to Ecuadorian authorities, Bishi Metals was merely a contractor in the multi-million dollar development project. The responsibility of turning over the results of the study to the proper authorities belonged only to JICA; a responsibility they fully complied with.

Controversies Over the Impact to the Fauna:

On the issue of potential impacts to the fauna, the company asserts the following:

- *The 1996 Environmental Report suggests that the general area in which the concessions are located is rich in fauna; however, big mammals are scarce and disappearing due to continuing farming and hunting activities. Similarly, there are few fish in the area due to existing poor water quality influenced by natural oxidation of existing mineralization. The 1996 Environmental Report also suggests that fauna in the area will be further impacted due to massive deforestation and noise resulting from mining operations. Ascendant questions the validity of this conclusion in relation to its particular plans in the Junin area as no known mineralization within the Junin concessions is nearer than 6 kilometres to the Cotacachi-Cayapas Reserve, and the northernmost concession boundary has been reconfigured so that it maintains separation of at least one kilometre at all points.*

It should be obvious from the above statement that Ascendant is again trying to deceive the Commission by proposing the idea that, since the project is not situated within the Cotacachi-Cayapas Ecological Reserve, it won't impact threatened species of mammals. Threatened species exist wherever there is sufficient habitat, and are certainly not restricted to protected areas. In the case of Junín, the forests of the southern slopes of the Toisan Range are not, ecologically, different than those found on the protected northern slopes. Therefore, any threatened species in the one will be found in the other. There is also no guarantee that with further exploration more ore won't be found nearer to the Ecological Reserve. Additionally, Ascendant's remarks differ substantially from those of the authors of the 1996 Environmental Impact Assessment (page 130), who state that the project will impact the Cotacachi-Cayapas Ecological Reserve.

In August 2005, DECOIN contracted the prominent scientific organization, Jatun Sacha-CDC, to undertake, in conjunction with biologist Galo Tipaz, a rapid ecological assessment study; of the Junin community reserve. The project specifically called for a study of the 1,200 hectares, which the Japanese highlighted in their 1998 *Final Report of The Junin-Cuellaje Mining Project*, as the area harboring the bulk of the minerals. The six scientist taking part of the investigation spent a total of 22 man-days in the aforementioned area to gather information for their work.

In summary, the report reveals the following:

TYPES OF VEGETATION	Percentage of total	LAND AREA (hectares)
Primary forests:	60.33%	3,444.297
Lightly intervened primary forest:	16.18	924.252
Secondary forests:	6.85	390.887
Native chaparral and pastures:	4.28	244.168
Annual crops	2.04	116.47
Pastures and annual crops	9.88	564.377
Unprotected soil	0.44	24.037
Total	100	5,709.488

As can be seen, nearly 84% of the total land area is comprised of native forests. Nearly two-thirds of the reserve contains **primary** forests, and over 15% is covered by selectively logged primary forests (usually where one or two valuable tree species have been logged). It's worth noting that the area where the mine would be located is distant from farms and villages, and thus much less likely to be impacted by man.

The results of this study contrasts sharply with Ascendant's claim made in the past that the area has been "severely deforested". Taken together, a total of only 12.36% of the community reserve where the mineralized area is situated is under some kind of annual cropping or pasture, or has unprotected soils.

The study also revealed that a significant percentage of the land is unusually steep (over 70%), and recommends only scientific tourism be undertaken. According to Ecuadorian law (National Agricultural Development Institute), land this steep should be used only for forestry purposes. ((DECOIN will be happy to submit copies of this scientific study to the Commission))

In addition to the above study, DECOIN solicited the assistance of biologist and author of the Red List of Ecuadorian Mammals¹, Mr. Diego Tirira. Mr. Tirira supplied DECOIN with a list of threatened mammal species known to inhabit the forests of the nearby Los Cedros Biological Reserve (see annex A); which harbors identical habitat found in the Junin area- and specially- in the mining site. This list contains such threatened species as jaguars, spectacled bears, pumas, and the critically endangered brown-headed spider monkey. These are just four of the more than 11 species of mammals on the red list; a list that does not include an additional eight species under the category of Nearly Threatened. Needless to say, there are many more animals besides mammals that make their home in these forests, including over .300 species of birds, several of which are likewise facing extinction.

The above information should prove once and for all that the mining site is very rich in primary forests and still harbors an impressive number of endangered species of mammals. This information should be considered in light of the statements made by Ascendant that they will not mine in primary forests.

¹ Reserva Biológica Los Cedros. Mamíferos en Peligro de Extinción; 2004 (Unpublished). Data taken from: Libro Rojo de Mamíferos del Ecuador. Tirira 2001 (Ecuador Red Mammal Book)

DECOIN likewise hopes the result of the scientific study will put an end to Ascendant's ridiculous allegations that the area has been severely deforested. It is a well-known fact that the forests of northwestern Ecuador are considered to be among the most biodiverse, and threatened, in the world. Any mining activity in these forests will, therefore, provoke massive and widespread international opposition.

Possible illegal purchases of property.

In the section 'Concession Requirements', Ascendant makes the following claims:

The Mining Law of Ecuador confers to the holder of a mining concession the universal and exclusive right to prospect, explore, exploit, benefit, smelt, refine and trade all the mineral substances which exist and can be obtained within the area. Ascendant has commenced a program of acquiring surface s from local landowners and has now purchased over 980 hectares, with an additional 1000 hectares under contract, in areas we anticipate could be impacted. With the sale of their surface rights to Ascendant, it is expected that many of the inhabitants have departed or are expected to decide to depart the area of their own volition. It is important to note that Ascendant has elected to establish a surface purchasing program, paying fair market value for both titled and untitled land, even though the Mining Law confers to the holder of a mining concession the universal and exclusive right to prospect, explore, exploit, benefit, smelt, refine and trade all the mineral substances which exist and can be obtained within the concession area

The acquisition of unclaimed land through the purchase of "concession" rights by Ascendant to which this paragraph refers to is illegal, according to the law regulating the adjudication of untitled land in Ecuador. Untitled land, by law, can only be used for agricultural purposes. Farmers and farmers' cooperatives always have priority in such adjudications of state land, since the whole purpose of adjudicating such land is to promote agricultural production – they cannot legally be turned over to mining companies.

On the other hand; legal processes to annul the status of many which were purchased by Ascendant and which were until recently untitled land – have begun, and are expected to result in the annulment of legal status of some of the titles.

The British Columbia Securities Commission should also be aware that the community of Junin, in July 2005, officially asked the government of Cotacachi to start legal proceedings to declare some of the land purchased by Ascendant in the Junin area as public interests with the goal of turning it over for communal use. Other communities have expressed interest in following suit. DECOIN would be happy to submit proof to the Commission of this new initiative.

Furthermore, according to current Forestry and Wildlife Law, unclaimed land unsuitable for agriculture, which includes significant portions of the land affected by Golden 1 and-2 where the bulk of the mineral body lies, cannot be adjudicated for agricultural purposes but can only be used for forestry or conservation purposes. Thus, many of the properties Ascendant has purchased, or are in the process of purchasing, could likely be affected by future lawsuits.

Regarding the statements made by Ascendant about the presence of Archaeological sites, Ascendant affirms that:

- *The 1996 Environmental Report noted that several archaeological ruins have been discovered along the Intag River with these ruins identified as associated with the Imbara Civilization which existed between 1500 B.C. and 500A.D. The Intag River lays outside the boundaries of the Junin concessions with the nearest point being over one kilometre from the southeastern-most point of Ascendant's southern concession (Magdalena 1) and over nine kilometres from the known mineralization on the Junin concessions. If similar archaeological ruins or remains are identified within the concession areas, Ascendant's development plans would have to be altered as mining in archaeological sites is prohibited by the federal government of Ecuador.*

This is a deplorable attempt by Ascendant to distort the truth. In fact, page 133 of the 1996 states the following:

“Ruins and clay pots relating to the Imbaya Civilization were found throughout the Intag River, and on the eastern and southern parts of the area of investigation. Additionally, several clay pots fragments, which is assumed belong to this civilization were found during the field investigation. Therefore, there is the possibility that the ruins of this civilization extend within the central part of the area of investigation...”

And, page 114 of the study reports that:

Ruins and archaeological findings.

Various archaeological findings were discovered along the Intag River in the area of investigation, as indicated in Annex 34. These archaeological artefacts were identified as being from the Imbaya Civilization, which flourished from 1,500 BC to 500 AD (Larrea C.M., 1983). Human remains, grinding stones, kitchen remains, ashes, ceramics, etc., were found in the area.

During the field soil investigations, various ceramic objects were found at Cerro negro, **Junin** and Garcia Moreno. Therefore, there's the possibility that the (region's) cultural patrimony extends into the southern part of the area. (emphasis added).

This should leave no doubt of the presence of archaeological sites within the mining area. In light of the fact that mining is one of the activities prohibited in these areas, DECOIN feels that Ascendant is misleading investors and the Commission as to the real risks in continuing with the Junin mining project.

Geological Risks.

Another aspect Ascendant has not reported on and which could affect the feasibility of the mining project, is the area's seismic risks. The Toisan Range is a product of, primarily, tectonic activity. It is also situated approximately 25 kilometers from Cotacachi Volcano. Seismic studies could easily reveal hazardous faults in the mining area, making the mining project impossible to develop.

MISCELLANEOUS MISLEADING INFORMATION

The newest version of the prospectus contains many other errors, too numerous to detail all of them here.

On the *History* section, for example; the company makes several erroneous assertions, including:

That Mr. Bustamante was sued by "local communities" and that he, after losing at the District Court, won at the lower national court, and then went on to win 5-2 at the higher court. This is grossly inaccurate.

First of all, it was not "local communities" who challenged the legality of the mining concessions. The Constitutional Injunction was filed by the government of Cotacachi against the Ministry of Energy and Mines and Mr. Bustamante (Mr. Bustamante is a lawyer, not a medical doctor). The lawsuit was based on the government's violation of a fundamental Constitutional right for communities to be previously consulted before any governmental action that could impact their environment takes place. Bustamante lost both legal cases, at the District court as well as the appeal at the lower national court. The full Tribunal, composed of nine judges ruled 5-4 (not 5-2) to reject the injunction on procedural grounds. The Constitutional aspect of the lawsuit has never been settled (Subsection 2002-2003)

In the section titled: LEGAL PROCEEDINGS, Ascendant states that *"There are no actual or pending legal proceedings to which the Company is or is likely to be a party or of which any of its assets are likely to be subject"* Lawyers from Quito-based human and social rights legal group, CDES, in July 2005 submitted to the BC Stock Exchange Commission a letter pointing out the different legal cases that were pending in Ecuadorian courts, and which could affect Ascendant's assets. The CDES lawyers also pointed out that a case is being prepared to present to the International Human Rights Commission. Based on the government's violation of Constitutional guarantee which protects the communities' rights to be consulted in a positive decision by this international tribunal, or the national court could force the Ecuadorian government to annul Ascendant's mining concessions in Junin.

Regarding Ascendant's attempt to divorce itself from CODEGAM.

On the modified Prospectus, Ascendant makes a strenuous effort to distance itself from CODEGAM, the organization it created to drum up false support for its mining project. It should be remembered that the Municipality of Cotacachi accused CODEGAM for being directly responsible for the very violent incidents that took place inside the Municipal building earlier this year, when CODEGAM contracted four buses to bring supporters to a Municipality-Ascendant meeting. According to statements made by CODEGAM's Vice President. in a national newspaper on August of 2005 (El Comercio - See Annex B), the company has been CODEGAM's sole financial supporter; implying that the violence at the Municipality was financed by Ascendant Copper Corporation money. Cotacachi's Mayor also feels Ascendant is directly responsible for this particular incident.

DECOIN hopes that the information provided in this report will be sufficient to prove that Ascendant Copper Corporation, though making substantial progress in admitting to some of the risks and problems associated with their JUNIN mining project not report in earlier, is still a long ways from reporting all the information that needs to be submitted to the Commission.

This report includes the following Annexes:

Annex A: Reserva Biológica Los Cedros. Mamíferos en Peligro de Extinción; 2004 (Unpublished). Data taken from: Libro Rojo de Mamíferos del Ecuador. Tirira 2001 (Ecuador Red Mammal Book)

Annex B: Jpg image of El Comercio Article

For more information please contact DECOIN

Carlos Zorrilla

Executive Director DECOIN

Defensa y Conservación Ecológica de Intag

PO BOX 144

Otavalo, Imbabura Ecuador

Tel-Fax: 5936 264 8593

intagcz@imbanet.net / decoin@hoy.ent