



Republic of Ecuador

Overview

Area	283,560 km ²
Capital	Quito
Borders	Peru, Colombia and the Pacific Ocean
Climate	Tropical along coast and in the Amazon, cooler inland at elevation
Government	Republic, civil law legal system
Independence	May 24, 1822 from Spain
Constitution	August 10, 1998 (Proposed constitution expected in 2008.)
Population	14 million (2007 est.)
Official Language	Spanish
Currency	US dollar
Major Industries	Petroleum, bananas, flowers, coffee, shrimp, fish and timber

Country Snapshot

Prior to the Spanish conquistadores invading South America in the 1500s, Ecuador was part of the northern Inca Empire. Spanish rule continued for approximately 300 years until 1822, when Ecuador declared its independence. Civil conflicts and clashes with neighboring countries continued through the 1990s.

Following an economic crisis in 1999, Ecuador obtained financial assistance from the World Bank and the International Monetary Fund (IMF) in 2000. Also in 2000, the World Bank recommended Ecuador develop its mining industry to help bolster the economy. Ecuador adopted the US dollar as its official currency in 2001 to encourage foreign investment in the country.

Mining Potential

Much of Ecuador boasts attractive geology for gold, silver and copper, similar to prolific South American mining countries Peru and Chile, and artisanal mining occurs in the country. Exports of non-fuel minerals currently remain an insignificant amount of the country's total exports (0.2% of Ecuador's total value of exports in 2004).

Mining Law

Ecuador enacted a new mining law in 1991 (subsequently amended in 2000), which provides that all subsurface natural resources are administered by the Ministry of Mines and Petroleum. In part, the 2000 revision encouraged international investment in exploration for copper, gold and silver by eliminating government royalties and reducing fees for concessions.

On April 18, 2008, the National Constituent Assembly in Ecuador approved a new Mining Mandate, which temporarily suspended exploration activities pending the issuance of a revised mining law. The government has indicated that the yet-to-be-finalized revised mining law would implement a new royalty and that environmentally and socially responsible large-scale mining would be part of the economic advancement of Ecuador.

IMZ is analyzing the impact of the mandate on its Rio Blanco project (currently in the permitting process) and the Gaby project (currently in the preliminary feasibility stage of development). Technical studies, however, are continuing at both Rio Blanco and Gaby. As far as IMZ is aware, all of its concessions remain in good standing, however, the effects of the mining mandate have not yet been clarified. (Please refer to news releases dated April 22, 2008 and April 25, 2008 and any more recent SEDAR filings for more information.)



Useful Links

<http://www.infomine.com/countries/ecuador.asp>

<http://www.economist.com/countries/Ecuador>

<https://www.cia.gov/library/publications/the-world-factbook/geos/ec.html>

