

March 11, 2003. Press release. PR-011-2003

Industrias Infinito filed an appeal on the grounds of unconstitutionality against the SETENA

SETENA'S resolution does not surprise mining company

- Arguments will be revised meticulously to assess the seriousness of the decision
- Political pressure characterized the whole revision process

After a one-year wait, the Industrias Infinito SA (IISA) company, proprietor of a gold mining project in Crucitas, received a resolution from the Secretaría Técnica Nacional Ambiental (SETENA) that momentarily stops their activities which would be located in an isolated area of the canton of Cutris, to the North of San Carlos.

To IISA's general manager, Jesus Carvajal, a review of the circumstances that surrounded SETENA's analysis makes the company, subsidiary of the Canadian company Vanessa Ventures, doubt the technical and scientific objectivity applied by some of the officials.

“ Throughout this process, we have noted that President of the Republic, Abel Pacheco, and his minister of environment and energy, Carlos Manuel Rodriguez, have publicly expressed their opposition to the Crucitas Project and to opencast gold mining. Those messages could have had a direct or indirect influence on the technical opinion of SETENA's officials, who, in the end, are subordinates of the President and his Minister”, Carvajal pointed out.

To this opinions expressed by the Government during the revision of the Environmental impact study, concrete actions against the mining activity in general and “against our project in particular” are added, Carvajal pointed out.

1. The terms the Law established to the SETENA in order to take a decision on the environmental feasibility of the Crucitas Project, expired in June, 2002 because the Environmental impact study was presented on March 12 of last year.
2. The President of the Republic and the Minister of Environment and Energy signed executive decree number 30477-MINAE on June 5, 2002, declaring a moratorium for an indefinite time for opencast gold mining.
3. On February 14, 2002, the President, who was a presidential candidate at that time, filed an appeal to have the final judgment declared null and void based on the grounds that it was pronounced without complying the requirements of time, place and form prescribed by law, against the resolution granting the Crucitas Project the concession for mining exploitation.

In spite of the last item mentioned, a resolution from the Constitutional Court in October, 2002, ratified all of IISA's rights on the Concession for Mining Exploitation # 2594. Thus, everything seems to indicate that "the SETENA based itself on the last instrument to obstruct a project that, since its beginnings, more than 10 years ago, has always, in a very strict way, gone by the requirements established by the Costa Rican legislation to set up this type of industries", IISA's General Manager said.

Meticulous Revision

The company will devote itself to the meticulous study of SETENA's resolution to determine if its nature responds to technical and scientific criteria.

"otherwise, we would take the respective legal actions without ruling out the possibility of invoking the Agreement between the Government of the Republic of Costa Rica and the Government of Canada, for the reciprocal promotion and protection of investments", Carvajal explained and he also detailed that such agreement was signed by both countries on March 18, 1998 and ratified by the Legislative Assembly on May 25, 1999, through Law # 7870.

Appeal on the grounds of unconstitutionality

As a first measure, an appeal on the grounds of unconstitutionality against the Plenary Committee of the SETENA, its general secretary, Eduardo Madrigal and the coordinator of the environmental study, Eng. Sonia Espinoza was filed yesterday (Monday March 10).

On this appeal, the Constitutional Court is requested to order the SETENA to rectify all irregular procedures carried out during the review of the Environmental Impact Study of the Crucitas Project.

"The company considers that the basic criteria of the adequate process were not respected in this case. Information was concealed from us, reports we never knew about were lost in the way, neither were we allowed, as law indicates, to participate in the election of third parties and institutions that gave an opinion on our study", Carvajal pointed out.

Costa Rica loses

\$34 millions have been invested in the Crucitas Project so far. The whole exploration phase to determine the gold potential of the deposit, the Feasibility Study and the Environmental Impact Study, apart from the farm's maintenance and the assistance directly transferred to the communities as a part of our commitment towards the social development of the area, are included in this amount.

The construction of the mining project will imply an additional investment of \$30 millions and it is estimated that it will generate direct economic benefits for Costa Rica of

around \$90 millions during the mine's life without taking into account other indirect benefits.

Moreover, the Crucitas Project includes alternative development projects such as organic livestock farming and agriculture and the implementation of a forest industry for export that will guarantee the persistence of a profitable and stable economic activity in the mine's area.

“This decision taken by SETENA does not surprise us. We will do everything possible based on justice. Our process does not end here, it has just started. There is no doubt that Crucitas will be a real eco-mine with a high technology, environmentally and socially sustainable.”, Carvajal concluded.