

## Recommendation

## INFORMATION FACT SHEET

## Target Price

## Risk

## Average Daily Volume

20-day: 21,000

## Quick Facts

Recent Price \$0.92  
 Symbol ACX:TSX  
 Shares O/S 33.9 million  
 52-Wk. Range \$1.70-\$0.90  
 Year-End December 31

## ASCENDANT COPPER CORPORATION



*Ascendant's principal business is the exploration for copper in Ecuador. It has a 100% interest in two mining concessions in northern Ecuador.*

## INFORMATION FACT SHEET

Ascendant Copper Corporation ("Ascendant" or the "Company") is a publicly listed exploration and development company with two copper porphyry properties in Ecuador. The Colorado-based company was incorporated in May 2004, and granted a listing on the Toronto Stock Exchange in November of 2005. The Company plans to use the equity raised to fund exploration on their prospects in Ecuador.

Ascendant currently has 33.9 million shares outstanding, giving it a market capitalization of approximately C\$31 million. Its trading symbol is ACX.

**Projects**

Ascendant has a 100% interest in two mining concessions in northern Ecuador.

**1) Chaucha**

The Chaucha project is a copper/molybdenum porphyry overlain by an extensive supergene blanket, presently classified as a geologic mineral property, with no reported resources

The Chaucha property, acquired in 2003, consists of a single mineral concession, covering 3000 hectares in southern Ecuador, in the province of Azuay, 70 km west of the town of Cuenca. The project area is located in an area of Micoene subduction-related magmatism, and, as such, is dominated by tonalite with quartz porphyry intrusions. Copper and molybdenum mineralization is found in alteration zoning, with gold related to the epi-mesothermal mineralization in the porphyry systems.

There is no NI 43-101 compliant mineral resource on the property. The property is currently classified as a geologic mineral property.

- Exploration in the project area as early as 1968 identified strong geochemical anomalies
- Mapping, regional geochemical and geophysical surveys by various groups since then have identified six principal zones of mineralization.

- Previous title-holders have completed 122 diamond drill holes totaling 12,666 m between the six zones.
- Pre-Colombian settlers of the Cañaris period exploited the oxide surface expression of the mineralization to a depth of 10 to 15 meters, removing some 100,000 tonnes of material.
- For 2006, Ascendant plans to spend US\$100,000 on re-logging and assaying existing core, and further soil and outcrop sampling.

## 2) Junin

The Junin project is a copper/molybdenum, gold/silver porphyry with inferred mineral resources of 982 million tonnes grading 0.89% Cu, 0.04% Mo and 1.9 g/t Ag; or 1.21% Cu equivalent at a cut-off grade of 0.4% CuEq.

The Junin property, acquired in 2004 consists of three contiguous mining concessions covering 9504 hectares in northwest Ecuador, in the province of Imbabura, 135 km north-northwest from the national capital Quito, and 60 km from the town of Cotacachi. The local geology of the Junin project area is dominated by the granitic Apuela-Nanegal Batholith of the Middle Miocene heavily intruded by quartz, and granodioritic and dioritic porphyries of the Late Miocene. Primary structural control of the location of porphyritic copper mineralization is the Andean fault system. Copper and molybdenum mineralisation is found in quartz veins and stockworks associated with zoned hydrothermal alterations. Gold and silver are present in quantities less than 0.1 ppm and 2 ppm respectively.

Junin currently has an inferred mineral resources of 982 million tonnes grading 0.89% Cu, 0.04% Mo and 1.9 g/t Ag; or 1.21% Cu equivalent at a cut-off grade of 0.4% CuEq.

- The property has a history of copper exploration dating back to the early 1980s
- 30 diamond drill holes totaling 9741m completed by previous concession holders between 1991 and 1997.
- Previous diamond drill holes on the property averaged 325 meters, and most were stopped within the mineralized zone, not providing full exposure of the mineralized zone.

For the 2006 exploration season, Ascendant has outlined a \$4.9M development plan as follows:

- Environmental Impact Study
- diamond drilling of 22 holes, 700m each, for total drilling of 15,500 m
- assays and sampling to provide evidence that copper grades demonstrate continuity, and increase at depth
- Pre-feasibility Study to determine whether further development at the property is viable.

Environmental concerns over development of mining operations in the Junin area stems from the project's proximity to the Cotacachi-Cayapas Ecological Reserve, which is a protected section of bio-diverse Ecuadorian Cloud Forest. The Reserve lies on the northern slope of a ridge in the Toisan Mountain Range, on the opposite side from the Junin exploration concessions. The identified Junin deposit is located 6 km from the nearest point of the Reserve, and down the southern side of the slope. A 1996 Environmental Report, prepared by Japan International Co-operation Agency (JICA) and Bishi Metals, the previous owners of the property, is at the heart of the environmental polemic. The 1996 report outlined the specific negative effects of Bishi Metals' proposed development plan, including the possible necessary relocation of 100 local families. The ensuing public imbroglio culminated in Bishi's exploration camp being burned to the ground.

Ascendant is sensitive to the concerns of the local population, and is currently engaged in a 30-day public consultation in support of their own forthcoming Environmental Impact Study.

## Commodities Outlook

As an exploration and development company with two prospective copper/molybdenum properties in a country with a liberal attitude toward mining law, Ascendant is positioned to benefit from global demand and high commodity prices. The copper market is set to remain buoyant over the next few years as copper inventories are low, production growth worldwide is limited by smelting capacity, and projected Asian demand for the metal is strong. Molybdenum inventory is also currently low, resulting in the increasingly higher prices of recent years. With base metal producers now scrambling to get molybdenum production online, the near-term outlook for molybdenum remains positive.

Figure 1: Ascendant Copper Corporation Property Locations Map



Source: Company

## KEY PERSONNEL

### Gerald E. (Gary) Davis, President & CEO and Director

Mr. Davis is a senior executive with significant experience in the natural resource sector. He spent 13 years with ARCO Coal Company, where he was responsible for worldwide acquisitions. Mr. Davis served as CFO for Archangel Diamond Corporation from 1997 to 2002. He held various senior executive positions with Atlas Minerals between 2001 and 2004, including President, CFO and CEO. Mr. Davis has been President, CEO and a director of Ascendant Barbados since 2005, and President of Ascendant Ecuador since 2005.

### William Jurika, Chairman and Director

Mr. Jurika is an investment professional with more than 35 years of experience. He was Vice President of Institutional Sales at E.F.Hutton, and later founded Jurika & Voyles Inc. (now New England Investment), serving as President & CEO from 1982 to 2000. Mr. Jurika is co-founder and Managing Partner of Jurika, Mills & Kiefer LLC. Before his appointment to President & CEO, Mr. Jurika served on the board of directors of Ascendant Holdings from May 2004 to February 2005, and he currently serves as a director of QComm International Inc., and of QuadraMed Corp.

### Lee Chapman, Chief Financial Officer

Mr. Chapman is a Certified Public Accountant with over 15 years experience in the natural resources sector. He served as President of the Board of Trustees of the Northwest Mining Assoc. from 2004 to 2005, and was a member of the Elko County Commission from 1992 to 1998, serving as Chairman from 1992 to 1995. Mr. Chapman has served previously as CFO for several companies: Barrick Goldstrike Mines Inc., from 1992 to 2000; Knight Piesold & Co., from 2001 to 2002; and Apollo Gold Corp., from 2002 to 2005.

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## **eResearch Recommendation System**

<b>Strong Buy:</b>	Expected total return within the next 12 months is at least 40%.
<b>Buy:</b>	Expected total return within the next 12 months is between 10% and 40%.
<b>Speculative Buy:</b>	Expected total return within the next 12 months is substantial, but Risk is High (see below).
<b>Hold:</b>	Expected total return within the next 12 months is between 0% and 10%.
<b>Sell:</b>	Expected total return within the next 12 months is negative.

## **eResearch Risk Rating System**

A company may have some, but not necessarily all, of the following characteristics of a specific risk rating to qualify for that rating:

<b>High Risk:</b>	Financial - Little or no revenue and earnings, limited financial history, weak balance sheet, negative free cash flows, poor working capital solvency, no dividends.  Operational - Weak competitive market position, early stage of development, unproven operating plan, high cost structure, industry consolidating, business model/technology unproven or out-of-date.
<b>Medium Risk:</b>	Financial - Several years of revenue and positive earnings, balance sheet in line with industry average, positive free cash flow, adequate working capital solvency, may or may not pay a dividend.  Operational - Competitive market position and cost structure, industry stable, business model/technology is well established and consistent with current state of industry
<b>Low Risk:</b>	Financial - Strong revenue growth and earnings over several years, stronger than average balance sheet, strong positive free cash flows, above average working capital solvency, company may pay (and stock may yield) substantial dividends or company may actively buy back stock.  Operational - Dominant player in its market, below average cost structure, company may be a consolidator, company may have a leading market/technology position.

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