

Sprott Report Highlights Gold Opportunity in Ecuador

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TORONTO, Nov. 6, 2014 (GLOBE NEWSWIRE) -- A recent Sprott Global Resource Report, written by Senior Investment Executive Steve Todoruk, highlights the unique wealth-creation opportunity in Ecuador.

"The tiny country of Ecuador sits surrounded by Peru, Columbia, Chile, Brazil and Argentina, which have large mineral deposits," stated the report. "It seems like Ecuador's president has once again changed his tune, announcing a new overhaul of the country's mining laws and taxes, this time to attract miners and exploration companies back into the country."

"Our mining laws have been a total disaster," admitted Ecuadorian President Rafael Correa on national radio this summer. "It has been a failure on the part of the government."

The Ecuadorian government is planning to abolish the windfall tax which torpedoed Kinross Gold's *Fruta del Norte* gold project. Correa has a PhD in Economics from the University of Illinois.

The new taxation regime will benefit companies like Ecuador Gold and Copper (TSX-V:EGX) that controls five deposits within the Condor Complex in southeast Ecuador including Santa Barbara and Chinapintza – a joint venture with the Chinese Guangshou Group.

"The Sprott report confirms many of the points that we've been making," stated Glenn Laing in an exclusive interview with Financial Press. "The rocks are very good in Ecuador and this mining belt is one of the last prospective frontiers left for large mineral deposits. It is the political risk that has left the country virtually unexplored."

"Ecuador has come a long way since the moratorium on exploration and mining in 2008," continues Laing. "Fast forward six years, they've figured it out, as we predicted they would. And because we've been there since 2010, we've got first mover advantage with a huge gold and copper discovery at our Santa Barbara deposit with over 8 million ounces."

"If Correa is serious, it could favorably impact the prospects of miners and exploration companies with projects in Ecuador and attract new players to the area," stated the Sprott report. "Legendary mining investor Ross Beaty, founder of [Pan American Silver Corp.](#), is already acting on the assumption that Correa will favorably reform the country's mining laws."

Beaty recently acquired a controlling interest in Odin Mining which owns a gold property in Ecuador. Lucas Lundin also announced that one of his companies, Fortress Minerals has made a deal with Kinross to buy the massive Fruta del Norte deposit for \$240 million.

"Lundin and Beaty are expecting that Ecuador is about to become more mining-friendly," stated the Sprott report. "If they're right, we should keep an eye out for the 'next Fruta del Norte' as exploration dollars get deployed in one of the world's most prospective – and underexplored – regions."

When you have two influential mining investors like Ross Beaty and Lucas Lundin moving into Ecuador, it is important because they have created significant wealth for early investors over the years.

"Gold has been pummelled, there's no denying it," confirms Laing. "Is it going to come back? Of course it is. The question is: what is the best entry point? The Sprott report illuminates the fact that the 'smart money'

thinks that time is now, and the place to be is Ecuador."

"EGX has been working in Ecuador for four years, and we've proved up over 10 million ounces of gold," stated Laing. "It is a geologically proven monster deposit. International investors are starting to understand that the extraction industries in Ecuador are undergoing a wholesale change and the country is now open for business."

Earlier this year, EGX completed a 22,500 meter drill program and announced an expanded resource estimate for the Santa Barbara South and North Zones. The company's indicated and inferred gold resources in Ecuador increased 26% to 8 million gold ounces indicated; 2.6 million gold ounces inferred with a miniscule cost of discovery at just over \$2 per ounce.

EGX is currently completing a Preliminary Economic Assessment on the Santa Barbara Project which is expected to be finished by the end of 2014. At the same time, the company is moving forward with grass roots exploration looking for another monster deposit.

In addition EGX is moving towards production through a joint venture with the Chinese Guangshou Group on its Chinapintza deposit. EGX retains a 30% interest in the planned 300 tonne-per-day gold operation while Guangshou funds the construction of the narrow vein, high grade deposit.

"We have the precious metals in the ground, we have an improving political environment and now we have big players moving into the area," stated Laing. "It's good for EGX and it's good for Ecuador and it's been a long time coming."

EGX's 8 million indicated ounces of gold are worth about \$9.3 billion at today's gold price.

EGX is currently trading at .04 with a market cap of \$11.1 million.

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