

# Ecuador Rising: Dawn of a New Gold Rush

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TORONTO, Aug. 20, 2014 (GLOBE NEWSWIRE) -- The Ecuadorian government has announced plans to abolish the windfall tax which torpedoed Kinross Gold's *Fruta del Norte* gold project.

Ecuadorian President, Rafael Correa, recently stated on national radio that changes would be made to the country's mining laws, which he acknowledged, "have been a failure on the part of the government." Mr. Correa has a PhD in Economics from the University of Illinois.

The new taxation regime is expected to benefit companies like [Ecuador Gold and Copper Corp.](#) (TSX-V:EGX), which controls five deposits within the Condor Gold Project in southeast Ecuador including two development stage projects: Santa Barbara and Chinapintza – a joint venture with the Chinese Guangshou Group.

"The Ecuadorian government is working on a package of rule amendments to the mining code," stated Ecuador Gold CEO, Glenn Laing, in an exclusive interview with [Financial Press](#). "Sources within the ministry inform us that these new regulations are expected to be drafted sometime in Q4, 2014."

The new mining laws are expected to change the investment risk profile of the country, creating interest from larger mining companies looking for big assets.

"Ecuador Gold has a big asset in its flagship Santa Barbara Project," stated Laing, "and we expect to benefit from this renewed interest in Ecuador. We are currently talking to potential joint venture partners, and deep pocketed financiers to finance the development of Santa Barbara."

Ecuador Gold has had a very successful exploration program, completing a 22,500 meter drill program in the Spring and subsequently announced an expanded resource estimate for the Santa Barbara South and North Zones. In total, the company's indicated and inferred gold resources in Ecuador increased 26% to 8 million gold ounces indicated; with 2.6 million gold inferred ounces at a cost of discovery of \$2 per ounce. This type of resource puts it in the world's top 10% of low discovery cost gold resources.

"Regarding the Santa Barbara Project, we are moving the Preliminary Economic Assessment forward," stated Laing. "We have shipped a half tonne of metallurgical samples to mineral research laboratories in Denver and we are looking for ways to increase the metal recovery rates particularly out of the concentrates. You only get paid for the metal that you extract, so we are very focused on maximizing that."

The economics of the Santa Barbara deposit will look ever better in this new taxation world. With a current valuation of less than \$2 per indicated ounce-in-the ground, the stock has a lot of room to run.

"We anticipate that the PEA will be completed by November, 2014," stated Laing.

On the exploration side, the EGX geological team is also working on several exploration prospects in and around the Santa Barbara and the El Hito copper project.

"We have identified and are developing a number of good prospects on our property," stated Laing, "Some of these are grass roots projects - potential new discoveries - and others are brownfields projects that would potentially feed material into the Santa Barbara project."

"The remainder of EGX's Condor Gold Project is largely unexplored and there is the potential for a number of

large projects still to be discovered," states Laing.

Ecuador is one of the last largely unexplored mining frontiers. With Colombia to the north, Peru to the south, the Andes Mountains gold zone straddles all three countries.

"There is no doubt that Ecuador is losing its stigma as a pariah state," stated Laing. "President Correa is laying out a welcome mat for the international investment community. The early investors have first mover advantage, and they are likely to do very well."

The exploration scene is not quiet in Ecuador and there are several new entrants onto the playing field. Ecuador is "elephant territory" when it comes to potential mineral deposits.

Mining legend Ross Beaty, who founded Pan American Silver and the Lumina Copper franchise, recently invested \$5 million into Odin Mining's Ecuadorian exploration project, not far from the EGX properties. Odin is about to begin a \$3 million, 15,000 meter drill program.

Cornerstone has a portfolio of six mineral properties in Ecuador covering 455 square kilometers. Exploration programs on two of the projects are being fully funded by joint venture partners. In northern Ecuador, SolGold Plc, lead by renowned mine-finder Nic Mathers, has earned an 85% interest in the Cascabel project.

EGX has a joint venture with the Chinese Guangshou Group on its Chinapintza deposit. EGX retains a 30% interest in the 300 tonne-per-day gold project while Guangshou funds the construction of the narrow vein, high grade deposit.

"The Guangshou Group is advancing the Chinapintza project along into mine production," stated Laing, "and they are actively constructing and developing the operation. I expect extraction to begin in Q2, 2015."

[Ecuador Gold and Copper Corp.](#) is currently trading at \$0.06 per share with a market cap of \$14.7 million.

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