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## Cascadero Copper Corporation (TSX-V: CCD)

### Exceptional Groundwork and Superior Location A Foundation For Success

**Reason for Report:** Initiation of Coverage

**Recent Price:** \$ 0.25

#### Market Data

Market Capitalization (mln)	\$8.1
Enterprise Value (mln)	\$5.0
Basic Shrs Outstnd (000s)	32,509
Fully Diluted Shrs Outstnd (000s)	40,513
Ave. Volume (3 month)	4,500
Institutional Ownership	15.62%
Insider Ownership	n.m.
Exchange	TSX-V

#### Balance Sheet Data

Shareholders' Equity (mln)	\$9.39
Price / Book Value	0.86x
Cash (000s)	\$3,114
Working Capital (000s)	\$2,718
Long-term Debt (000s)	Nil
Total Debt to Capital	n.m.

Cascadero Copper Corporation is a minerals exploration company based in Vancouver, Canada. The Company controls 328 km<sup>2</sup> of highly prospective geology in the Toodoggone mineral belt in central British Columbia. It has also entered into an option agreement to earn up to a 70% interest in the Archibarcacat prospect in northwestern Argentina.

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### Summary and Investment Thesis

#### • Top-Tier Grassroots Research Boosts Chances of a Successful Drill Program

Through extensive fieldwork and preparation, we believe Cascadero Copper has maximized the probability of success for its upcoming 11,900-meter 2005 drill program at its Toodoggone Properties in British Columbia. Stealth Minerals, which owns 74% of the Company, has spent over 6 years and C\$10 million dollars on exploration in the region. As a result, Company geologists have extraordinarily detailed knowledge of the property's geology. This preparation should allow the Company to select drill targets with the highest likelihood of success at the properties.

#### • Similarities Between Toodoggone and Kemess Property Are Encouraging

We are encouraged by the apparent geologic similarities between Cascadero's Toodoggone Properties and the porphyries at the nearby Kemess Mine, located 12 km to the south, and the Kemess North deposit directly adjacent to the properties. The Kemess Mine is Canada's second-largest mine in ore throughput. It produced roughly 300,000 ounces of gold and 75 million pounds of copper in 2004. The copper-gold porphyry deposits at Kemess Mine and Kemess North tend to occur in clusters in areas with similar geological conditions—a clearly positive sign for Cascadero properties, in our view. Finally, the view that the Toodoggone region is too inaccessible for exploration has been made obsolete by the infrastructure and access provided by the Kemess mine.

#### • Capable Team, Fully Funded Drill Program Round Out Cascadero Story

Dave Kuran, Ken Dawson, and Tom Richards—three highly regarded exploration geologists with excellent track records—lead the geologic team. With C\$3.1 million in cash on the balance sheet from its recent IPO, Cascadero has ample funds to cover the summer exploration program, the cost of which is estimated at C\$2.5 million.

Prospect	Target Size	Mineralization	Drilling Plan	Access
Pine	800m x 2,000m	Cu-Au porphyry	10 hole, 4,000 m	Road
Tree	800 m x 1,000m	Cu-Au-Mo porphyry	2 holes, 800 m	Road
Mex	600 m x 1,500m	Cu-Au porphyry	6 holes, 2,400 m	Helicopter
Pine North	1,000m x 1,900m	Cu-Au-Mo porphyry	2 holes, 800 m	Helicopter
Ryan Creek	1,000 m x 1,900 m	Cu-Au porphyry	2 holes, 800 m	Helicopter
10K	1,000 m x 1,500 m	Cu-Au porphyry	5 holes, 1,500m	Road
Wrich Hill	400 m x 1,000 m	Cu-Au porphyry	3 holes, 1,200 m	Road
McAburn Creek	400 m x 1,000 m	Cu-Au porphyry	2 holes, 800 m	Road

## Cascadero Copper Corp. – Company Analysis

### Corporate Overview

Cascadero Copper Corp. (“Cascadero” or the “Company”) is a minerals exploration company based in Vancouver, British Columbia. It is listed on the TSX Venture Exchange under the symbol CCD. The Company completed an initial public offering in December 2004 and is 73.82% owned by Stealth Minerals Limited (TSX-V: SML) of Toronto, Ontario. Cascadero operates one early stage exploration project, the Cascadero Properties (“Cascadero Properties” or “Toodoggone Properties”) in British Columbia, and is completing due diligence at the Archibarcacat property in northwestern Argentina. The Toodoggone Properties consist of a large continuous claim group covering roughly 328 km<sup>2</sup>, located approximately 12 km north of Northgate Mineral’s (TSX: NGX) Kemess Mine copper and gold deposits in the Toodoggone mineral belt. The Company is preparing eight prospects for drilling at Toodoggone as part of its 2005 exploration program. The newly optioned Archibarcacat property features a volcanic-hosted, poly-metallic hydrothermal system that the Company believes contains molybdenum, copper, lead, zinc, vanadium, and cobalt. The Company is currently completing due diligence at Archibarcacat. Should the Company move ahead with plans there, they will seek the permits for a planned 10-core-hole, 3,000-meter diamond drill program.

### Corporate Strategy and Investment Summary

Cascadero’s strategy is to use the exceptional preparation and on-the-ground fieldwork it has completed to date at the Toodoggone Properties to dramatically improve the chances of a successful drill program there. Compared to many other exploration companies, Cascadero and Stealth have done a remarkable amount of preparatory work. The Company has demonstrated an impressive level of knowledge of the Toodoggone region and has used the data it has collected to produce a remarkably complete picture of the complex regional geology. We believe this assiduous research gives Cascadero a greater chance of success in this year’s exploration program. In Argentina, they have been similarly diligent. Cascadero has a strong team in place examining a large number of rock samples. While this project is new to the Company, we think they will approach it with the same rigor that they have at the Toodoggone Properties. While Cascadero is still an early-stage exploration firm and thus a high-risk venture, we believe the following factors make it a compelling addition to a portfolio of exploration equities.

1. We believe that though extensive field work and preparation Cascadero has maximized the chances of success for its upcoming 11,900 meter summer drill program at its Toodoggone Properties in British Columbia. The Company’s 74% owner, Stealth Minerals, has spent over 6 years and C\$10 million dollars on exploration at the region (C\$6.3 million of which was on the Cascadero Properties).
2. We are encouraged by the apparent geologic similarities between Cascadero’s Toodoggone Properties and the porphyries at the nearby Kemess Mine, located 12 km to the south, and the Kemess North deposit directly adjacent to the properties. The Kemess Mine is Canada’s second-largest mine in ore throughput. It produced roughly 300,000 ounces of gold and 75 million pounds of copper in 2004. The copper-gold porphyry deposits at Kemess Mine and Kemess North tend to occur in clusters in areas with similar geological conditions – a clearly positive sign for Cascadero Properties. Finally, the view that the Toodoggone region is too inaccessible for exploration has been made obsolete by the infrastructure and access provided by the Kemess mine.
3. At the Archibarcacat property in Argentina, the team has completed an extensive due diligence process and is reviewing the results. If it decides to go ahead, it expects to initiate a proposed 10-core-hole, 3,000-meter drill program. More information regarding this project will be forthcoming over the next several months.
4. Dave Kuran, Ken Dawson, and Ton Richards, three highly regarded exploration geologists with excellent track records, lead the geology team. With C\$3.1 million (US\$3.3 million) in cash on the balance sheet from its December 2004 IPO, Cascadero has ample funds to cover the estimated C\$2.5 million (US\$2.0 million) 2005 exploration program.

In our view, Cascadero is a compelling exploration play. Compared with other exploration companies, the risk-reward profile is positively skewed by the strong team and exceptional due diligence completed prior to drilling. Should the 2005 exploration program produce encouraging results, Cascadero shares will likely appreciate. The program in British Columbia is fully funded, so the risk of near-term dilution appears limited. While it must be stressed that early stage exploration is by definition a risky endeavor, we are impressed by what the Cascadero team has accomplished to date.

## Major Company Projects

### Cascadero Properties, Toodoggone Mineral Belt, British Columbia

#### Project Overview

The Cascadero Properties are exciting because they lie close to defined resources and a producing mine, they have been prepared extensively for the 2005 drilling program by both Stealth Minerals and Cascadero, and they are being explored by a first-rate team. The upcoming 2005 exploration will provide a critical juncture for the Company. The drilling program will test how effectively the extensive work the Company has done on the properties has pinpointed prospective drill targets. Of the eight prospects that contain drill targets, we are most optimistic about the Pine, Pine North, and Tree prospects, as they build upon significant prior work and offer the most clearly defined drilling targets.

#### Property Description

Cascadero holds a 100% interest in its properties in the Toodoggone region, subject to a 3% net smelter royalty payable to Electrum Resource Corporation. The project consists of 109 mineral claims (made up of 1,315 units) that form one contiguous claim group, with the exception of five claims near the northwest corner of the property. These claims cover approximately 32,875 hectares (328 km<sup>2</sup>) 465 km north of Prince George, B.C., and 270 km northeast of Stewart, B.C. The base camp, located at Fin Lake, is accessible from Vancouver by road.

The claim group is located approximately 12 km north of Northgate Mineral's Kemess Mine (described in more detail later in the report). Development of the Kemess Mine has dramatically improved infrastructure in the area. The mine has an all-weather airstrip, power, and an operating mill with a capacity of approximately 50,000 tons per day. Cascadero has road access to the Kemess Mine and uses the airstrip and other facilities there. The presence of the Kemess Mine suggests to us that the Cascadero Properties no longer represent the "frontier" for British Columbia gold mining, as the Toodoggone region has often been described. While some claims still require helicopter access, the ever-increasing amount of mining-related infrastructure makes Cascadero's Properties seem more and more appealing. Infrastructure can only improve as Northgate Minerals continues to develop the Kemess North project. More importantly, we believe that Northgate could be a natural buyer for the Cascadero claims, should the Company locate a substantial, economically-viable mineral deposit.

The Toodoggone geology is complex; several of the claims exhibit different styles of mineralization, which the Company believes are related through a regional alteration continuum. Broadly speaking, the Cascadero Properties appear to exhibit mineralization, alteration assemblages, and a structural setting similar to that found at Kemess South and Kemess North ore bodies. The dominant mineralization appears to be volcanic-hosted copper-gold porphyry systems, with the additional possibility of epithermal-style gold and silver mineralization. The complexity of the regional geology explains in part the extensive work the Company has had to do to understand the claims group and determine which prospects will be part of the 2005 exploration program.

Cascadero believes that there are twenty-two mineral prospects on the Property, fourteen of which display bulk-tonnage open-pit opportunities. Of these fourteen prospects, the Company is preparing to drill the eight most promising ones. These prospects will be the focus of this report and are summarized in the table below:

Cascadero acquired the claims from Stealth Minerals in May 2004 in exchange for 21,000,000 common shares, representing Stealth Minerals' 74% ownership interest in the Company.



**Prior Exploration and Field Work**

Several major and junior companies have explored the Toadogone region since the 1960s. While no historical production is known to have taken place on Cascadero's claim group, the broader region has hosted four past-producing epithermal gold prospects and several porphyry prospects. In our view, Cascadero's greatest strength lies in the extensive amount of fieldwork and grassroots exploration that the Company has completed in preparation for the 2005 exploration program. To date, Stealth and Cascadero have spent approximately C\$6.3 million on exploration on the properties and have identified 14 porphyry-style copper-gold mineral prospects, eight of which are part of the upcoming drill program.

Over the past six years, Stealth Minerals has spent over C\$10.0 million exploring the Toadogone region, roughly 60% of it on the Cascadero Properties. Exploration work to date includes district-wide prospecting, the development of a massive sampling database, airborne geophysics, and limited drilling. Cascadero has full access to all data collected through Stealth's exploration and drilling programs, in addition to the all work Stealth has done to compile and assess the results of earlier work done by other companies. As a result, Cascadero has a very detailed understanding of the regional geology.

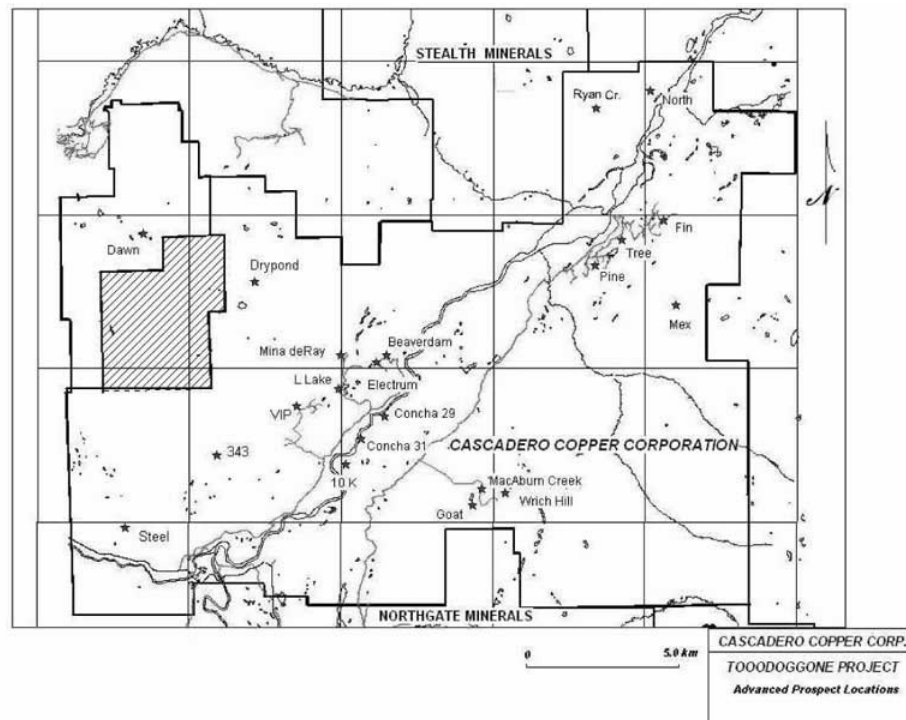
Extensive ground geophysical surveys exist for the prospects near the Finlay River, including the Pine, Fin, Tree, Mex, Wrich Hill and McAburn Creek prospects south of the river, and the Ryan Creek and Pine North prospects north of the river. Widely spaced induced polarization surveys over the Pine, Tree, Fin, Ryan Creek, and Pine North prospects revealed several anomalous zones—some potentially as large as 6 km by 1-2 km—of moderate to strong chargeability. These zones appear to be cut by unmineralized dykes and offset across northwest trending faults, complicating the geology of the area somewhat. Three zones of greater than 0.1% copper and from 0.1 to 0.7 g/t gold make up the core anomalies over the Pine, Tree, and Fin zones. Airborne magnetic surveys revealed a strong magnetic anomaly, about 1.8 km long and 0.7 to 1.0 km wide, over the Pine zone, a magnetic anomaly 1.2 km long and 0.7 to 0.9 km in the Tree zone, and anomalies over the Pine North and Ryan Creek zones. A large magnetic anomaly coincident with the IP anomaly also exists on the Mex prospect. This work complemented geochemical studies over most of the Cascadero Properties. Stealth noted statistically significant values for gold, silver, and base metals for all prospects.

Nine of the prospects have previously been drilled: Wrich Hill, VIP, Pine, Tree, Fin, Electrum, Beaverdam, Mina de Ray, and Dawn. Stealth Minerals conducted drill programs on the Electrum, Pine, VIP, and Wrich Hill prospects. Other companies conducted earlier drilling on the Tree, Fin, Beaverdam, Electrum, Mina de Ray, and Dawn prospects. Of the nine that have been drilled, eight returned significant mineralization in the drill core, backing up the geochemical surveys. Importantly, the other prospects that returned positive geochemical results have never been drilled, suggesting that there may be further promising drill targets on the properties.

**The result of all of this work is that Stealth and Cascadero now have a detailed picture of the regional geology and the geology of specific claims. We believe the Company can use this knowledge to select drill targets that have the highest likelihood of intercepting significant mineralization.** We discuss the prior exploration work done at individual prospects in the section below.

**2005 Exploration and Drill Program**

As Cascadero lines up its 2005 exploration program, we think it has maximized its chances of success by selecting its most prospective claims and carefully selecting drill targets within each claim. The summer exploration program will include drilling on eight prospects, further exploration on seven others, and regional prospecting and mapping. The Company plans to spend C\$300,000 of its C\$2.5 million exploration budget to find more possible drill sites outside of the eight prospects to be drilled. This section will briefly outline the eight prospects to be drilled this summer with an eye towards showcasing their discovery potential.



### ***Pine***

Pine is one of the Company's highest-priority targets. A great deal of work has already been done on the prospect, both prior to and after its acquisition by Stealth, including diamond and percussion drilling. The exploration done to date suggests that a mineralized zone measuring approximately 600 m by 1,700 m exists on the prospect. Most drilling to date has been quite shallow, to a depth of around 160 meters. Interestingly, while the main mineralization is copper-gold porphyry-style mineralization, one drill hole showed an epithermal-style mineralization with very high gold values. This summer's drill program will test whether the prospect hosts a large volume of copper-gold mineralization and will look for evidence of continued high-grade, epithermal-style gold and copper mineralization. Looking to the nearby Kemess North as a model, mineralization will likely occur near the surface and then increase in grade with depth, suggesting the need for deeper drilling.

Cascadero plans to carry out an initial drill program of ten diamond-drill holes to a depth of at least 400 meters each. The Company expects that approximately half of the drill holes will be in areas of previous drilling; the remainder will be in new areas of potential mineralization.

### ***Mex***

Before Mex was acquired by Cascadero, Cominco Ltd (Now Teck Cominco, TSX: TEK-MVA) carried out regional geological mapping, and collected rock and soil samples from the prospect. Stealth Minerals subsequently conducted a reconnaissance ground magnetometer, induced polarization, and resistivity survey in 2002. It has never been drilled, but the exploration done by Stealth and other companies suggests that the Mex prospect may contain a gold-copper porphyry system similar to that of Pine.

The upcoming drill program at Mex will consist of six 400-meter drill holes, for a total of 2,400 meters. Geophysical surveys indicate the existence of an ore body as much as 150 meters thick on the prospect.

### ***Pine North and Ryan Creek***

Because the Pine North and Ryan Creek prospects are believed to share common mineralization, the Company generally refers to them as functionally the same project. While Ryan Creek prospect was largely discovered by Stealth geologists, several companies have done extensive work in the Pine North area in the past. The two prospects appear to share a similar airborne magnetic low and a coincident IP anomaly. Geological evidence suggests that the area could host a large-scale copper-gold porphyry deposit. It is possible, according to the Company, that the intrusion located in this area is part of a larger mineralized intrusion that also hosts the Pine, Tree, Fin prospects to the south and possibly Pine West to the west. If so, it would certainly have the potential to be an important geological discovery.

The upcoming drill program will focus on two areas that geophysical surveying identified as having high values of mineralization. **This is a good example, in our view, of Cascadero thoroughly assessing previous work to pinpoint the most encouraging drill targets.** Cascadero plans an initial program of four 400 meter BQTW drill holes, two each on the Pine North and Ryan Creek prospects.

#### ***Tree (and Fin)***

Like the Pine North and Ryan Creek prospects, Tree and Fin share common mineralization and are close enough to each other for the Company to view them as one work project. Like the nearby Pine prospect, the area has been explored and drilled by previous owners. Geologically, Tree and Fin appear to be roughly similar to the Pine prospect but with a deeper overburden. Cominco carried out a program of percussion drilling on the Tree and Fin prospects in 1990, completing twenty-three holes for a total of 1,480 meters. Most of these holes were shallow percussion holes and did not encounter intrusive rocks. The highest value returned was a 96-foot length of 0.24% copper (hole 72-1). Cominco found significant gold results on the Tree prospect, with the best hole returning 220 feet of 0.12 g/t gold and 0.04% copper.

Cascadero feels that the best chance of additional success lies on the Tree prospect; the Company plans to drill two 400-meter drill holes there this year. Despite its proximity, they will not drill on the Fin prospect this summer. Again, this is a good example of the Company's ability to interpret data and pinpoint drill targets. The Company hopes that mineralization will increase at depth, as it does at Kemess North.

#### ***10K***

The 10K prospect is particularly exciting because it was only very lightly explored before being acquired by Stealth. Subsequent surveying detected a previously unknown near-surface poly-metallic mineralization spread over a large area. 10K's mineralization is also related to a major northwest trending structure that may suggest mineralization at the Dawn and VIP prospects to the north and at Wrich Hill to the south. What makes this area most interesting is its proximity to Kemess North, which lies just a few kilometers away on a related fault system.

After follow-up trenching, induced polarization, and soil geochemical surveys, the Company intends to explore multiple anomalies on this prospect in the 2005 drill program. Several strong chargeability anomalies indicate that these features may be mineralized porphyry plutons. The mineralization is hosted in flat lying quartz-carbonate veins and breccias, which suggests that they may overlie a mineralized porphyry.

In 2005, Cascadero plans to conduct additional induced polarization, geophysical, and soil sampling surveys over the existing area, followed by a drill program of five 300-meter holes on known geophysical targets. To get a better picture of the prospect's complex geology, each hole will test a different anomaly on the prospect. We would be surprised to see a major development from this prospect this summer, but Cascadero should be able to use the results from this summer's drilling to guide further exploration efforts.

#### ***Wrich Hill and McAburn Creek***

Wrich Hill and McAburn creek are often grouped together with the nearby Goat and Pine Southwest prospects. While much work has been done on all four of these prospects, Cascadero has decided to focus on Wrich Hill and McAburn as the most prospective claims in this area. Wrich Hill has been the subject of a fair amount of exploration by both Stealth and previous owners, and little or no work was done on McAburn Creek until Stealth staked the project. At Wrich Hill, exploration began in 1980 when Cheni Mines began a program of soil, silt, and rock sampling, followed in 1987 by a five-hole drill program. After acquiring the prospect group, Stealth Minerals completed fairly extensive work on both the Wrich Hill and McAburn prospects, including trenching IP surveys and geochemical sampling. A 7-hole, 1,112-meter diamond-drilling program followed in 2003, which returned encouraging, although inconclusive results. The Company believes that the properties could contain both deeper-seated porphyry-style copper-gold mineralization and epithermal deposits. This summer's drill program will focus on defining the porphyry-style copper-gold mineralization. Much of the previous work in the area had focused on the epithermal mineralization. This shift in focus underscores the Company's ability to tease information out of a large amount of complex data. If they find a porphyry system as planned, it would be a strong validation of the Company's efforts to date.

The 2005 exploration program includes an induced polarization survey to the northwest of Wrich Hill, which will determine the location of a planned three-hole 1,200-meter NQTW drill program. At McAburn Creek, Cascadero plans a two-hole, 800-meter program to test the geochemistry and investigate the geophysical anomalies that Stealth located. Depending on where the Company makes its final drill collar placement, this program may spill over to the Goat prospect.

**Other Exploration Activity**

In addition to the planned drill program, Cascadero will continue other exploration activities at seven different prospects. As mentioned above, the Company plans to complete induced polarization surveys to develop an exploration model for drilling on the properties. Cascadero intends to spend roughly \$300,000 to advance as many as three more projects towards the drill stage. Planned exploration includes geophysical surveys at Dry Pond, west of the main Electrum showing in the Steel-343 Creek area, and a trenching program at Dawn prospect. Most of this exploration will build upon prior regional and claim-specific exploration activity.

Overall, Cascadero has an ambitious program for the 2005 season. Given their extensive groundwork the exceptional location of the properties in relation to Kemess North, we are optimistic about the prospects for positive findings from the program.

**Proximity to Kemess Mine and Kemess North Expansion Project**

As we have stated several times in this report, one of the unique and exciting aspects of the Cascadero Property is its proximity to the Kemess South Mine and the Kemess North Deposit. According to Northgate Minerals, The Kemess South deposit (site of the Kemess Mine) is a large gold-copper porphyry containing proven reserves of almost 87 million tons. In 2004, the Kemess South Mine produced an estimated 300,000 ounces of gold and 75 million pounds of copper at a cash cost of US\$175. Northgate projects it will produce 280,000 ounces of gold and 75 million pounds of copper in 2005 at a cash cost of US\$145.

Kemess North is an undeveloped gold/copper deposit containing 4.1 million ounces of gold and 1.5 billion pounds of copper, located approximately six kilometers north of the Kemess Mine. Development of the Kemess North open pit and the expansion of Northgate's existing Kemess milling infrastructure is forecast to cost US\$190 million and will extend the productive life of the Kemess operation until at least 2019. Annual metal production during the mine's 13-year life is projected to average 250,000 ounces of gold and 113 million pounds of copper.

The proximity of the Northgate operations provides several potential benefits to Cascadero. First, the Kemess mine has substantial infrastructure, including a 360-kilometer-long, 130 kv power line, a network of local roads and trails that provide railhead access, and an airstrip available for use by Cascadero. The Kemess North expansion project will bring infrastructure and access even closer to the properties. Additionally, should Cascadero make an economically viable discovery, Northgate would be a natural buyer of the properties, although we stress that we are not aware of any current acquisition discussions. Based on our conversations with both Cascadero and Northgate management, the two companies clearly have a close relationship based on shared information and expertise. In total, the closeness of the two properties and the relationship between the two companies proves to be a substantial asset for Cascadero: few exploration companies can claim an operation so close to a major existing resource property such as Northgate's.

<b>Kemess South and Kemes North Resources and Reserves</b>						
As of 12/31/2004	Category	Quantity (tonnes)	Grades		Contained Metals	
			Gold (g/mt)	Copper (%)	Gold (ounces)	Copper (000's lbs)
<b>Proven &amp; Probable Reserves</b>						
Kemess South	Proven	86,596,806	0.67	0.22	1,870,883	411,727
	Probable	206,100	0.09	0.9	603	4,071
		86,802,906			1,871,486	415,798
Kemess North	Proven	299,267,000	0.3	0.16	2,910,547	1,039,798
	Probable	124,631,000	0.29	0.15	1,180,855	412,970
		423,898,000			4,091,402	1,452,768
<b>Total</b>		<b>510,700,906</b>			<b>5,962,888</b>	<b>1,868,566</b>
<b>Measured &amp; Indicated Resources</b> (in addition to reserves)						
Kemess South	Indicated	21,147,900	0.37	0.18	253,766	83,291
Kemess North	Measured	148,531,000	0.31	0.16	1,502,001	518,387
	Indicated	137,308,000	0.28	0.12	1,235,234	368,022
Nugget Zone	Measured	3,341,000	0.38	0.07	40,313	5,311
	Indicated	6,112,000	0.36	0.07	70,211	9,109
<b>Total</b>		<b>316,439,900</b>			<b>3,101,525</b>	<b>984,120</b>
Source: Northgate Minerals Corporation						

**Archibarcacat Prospect, Argentina****Project Overview**

In February 2004, the Company entered into an option agreement with Argentine Frontier Resources Inc., enabling Cascadero to earn up to a 70% interest in the Archibarcacat prospect in northwestern Argentina. The 3,000-hectare (30 km<sup>2</sup>) Archibarcacat property is located near the center of a massive alteration system approximately 25 kilometers in diameter. The project is under the control of Tom Richards, a regional expert in the geology of Argentina. The Archibarcacat property is

located near the intersection of the north-trending East Fissure with the northwest-trending Archibarca Transverse Belt. Other notable properties in the area include La Escondida and Zaldivar, located near the intersection of the West Fissure and the Archibarca Transverse Belt in Chile, approximately 160 kilometers to the west. This area of Argentina hosts many other showings and deposits, including Cerro Samenta, El Camino, Lullailaco, Rio Grande, and Lindero.

The prospect is ready to drill. If the results of the Company's due diligence warrant, and once as a drilling permit is issued and equipment is mobilized to the property, Cascadero intends to conduct an initial 10-core-hole, 3,000-meter drill program. Cascadero has already applied for drill permit and submitted an environmental report on the property. Upon initial examination of the project, it appears that Cascadero is putting the same level of care and due diligence into this project as it has at the Toodoggone properties. We appreciate that the project diversifies Cascadero's holdings, and the complementary exploration seasons will likely help keep the geologic team together year round. We expect to hear more about the Archibarcacat project in the next several months as the Company completes its due diligence and issues an update.

## Management & Financial Review

### Management Team

Out precious metals exploration investment philosophy places heavy emphasis on the quality of management, and we are very impressed with the team Cascadero has put in place. The geologic team, led by Dave Kuran, Tom Richards, and Ken Dawson, is highly regarded. On the management side, Bill McWilliam and Brad Jones have shown impressive diligence and depth of knowledge about the Cascadero Properties. While minerals exploration is an inherently risky venture, we feel that the presence of such a high-caliber management team should tilt the odds a little more in favor of Cascadero.

#### **Bradley L. Jones**

##### *Director, Chairman & Chief Financial Officer*

Mr. Jones received a Bachelor of Arts in business administration from Bishop's University in Lennoxville, Quebec, in 1968. Mr. Jones was awarded his chartered accountant's designation in 1972 and is a member of the Institutes of Chartered Accountants of Ontario and Quebec. Between 1978 and 1990, Mr. Jones was a partner at the accounting firm KPMG with responsibility for major client engagements and for coordination of that firm's work in the securities industry. From 1990 to 1993, Mr. Jones was a senior member of the corporate finance department at Coopers & Lybrand (now PriceWaterhouseCoopers) responsible for client advisory services including public and private financings, restructuring, mergers, acquisitions, valuations, and related fairness opinions. Since 1993, Mr. Jones has been engaged in private practice in the corporate finance field and is a limited market dealer registered with the Ontario Securities Commission. Since founding the Company in 1996, Mr. Jones has been a director and the chairman of Stealth Minerals Limited, the principal shareholder of Cascadero. Mr. Jones has principal direction of the accounting, financial, and legal affairs of Cascadero.

#### **Bill McWilliam**

##### *Director & Chief Executive Officer*

Mr. McWilliam has worked for over 25 years in the securities and related industries in research, corporate finance, consulting and underwriting capacities—with a focus on the resource sector. He has also managed exploration programs for junior companies in Newfoundland and Mexico in his capacity as founder, president, chief executive officer, and director. Since January 2003, Mr. McWilliam has been a director and CEO of Stealth Minerals Limited. Mr. McWilliam is responsible for the principal direction of the day-to-day operations at Cascadero.

#### **Dave Kuran, P. Geo**

##### *Chief Geologist*

Mr. Kuran is a BC based consulting geologist with 25 years experience in the international mineral exploration and mining industry. He was Senior Geologist for Homestake Canada Inc. for 11 years, from 1990 to 2001, responsible for exploration and development at the Eskay Creek Mine and district, later for Western Canada, Alaska and Europe. Mr. Kuran has been involved with major and junior companies in Vancouver since 1980. He was the 2003 co-recipient of the E.A. Scholz Metal for Mine Development at Eskay Creek. He has participated in and managed exploration and development programs ranging from early stage to multifaceted pre-production development and evaluation projects in the western Cordillera and Archean terrains. Mr. Kuran graduated from the University of Manitoba with B. Sc. Geology in 1978.

#### **Dr. Thomas A. Richards, P. Geo**

##### *Director, Consulting Geologist*

Dr. Richards is a professional geologist and prospector. He received his PhD from the University of British Columbia in 1971 and has worked as a consulting geologist for the past 27 years. During that time, he has directed or worked on exploration projects in Argentina, British Columbia, California, Nevada, Oregon, Alaska, and Mexico. From 1994 to June 2001, Dr.

Richards also directed an extensive exploration and geological evaluation of northwestern Argentina under contract to Mansfield Minerals Inc. and Teck Corp. Before beginning his consulting practice, Dr. Richards worked with the Geological Survey of Canada and was involved in mapping the Smithers, Hazelton, McConnell, Toodoggone, Fort Ware, Terrace, Bowser Lake, Whitesail and Nechako areas. Dr. Richards is the author or co-author of numerous geologic maps and publications on the geology of British Columbia.

**Dr. Kenneth M. Dawson, Ph.D., P.Geo.**

***Consulting Geologist***

Dr. Dawson has consulted for Stealth Minerals Ltd. on its Toodoggone mineral properties since 2002, including the area now held by Cascadero. He is the president of Terra Geological Consultants of North Vancouver, B.C. and has served as director of four Vancouver-based resource companies. He obtained a BSc (1964) and PhD (1972) from the University of British Columbia. He has forty-two years of experience in mineral exploration, mine geology, and geological research in western Canada, the United States, and Mexico, as well as Russia, Central America, and South America. Principal employers have included Placer Developments Ltd., Placer Mexicana SA de CV, and the Geological Survey of Canada. His exploration and research work have emphasized studies of porphyry, skarn, epithermal and mesothermal vein, sedex, MVT, and VMS mineral deposit types. Dr. Dawson is a member of APEGBC, CIM, and MAC, a fellow of GAC, and a corresponding member of the Russian Academy of Science.

**Brian Fagan**

***Vice President Corporate Development***

Mr. Fagan has over 30 years experience in the formation, financing, and day-to-day management of publicly traded junior mineral exploration companies. As president, CEO, and COO of several mineral exploration companies, he has conceptualized and managed exploration programs in Canada, the United States, Mexico, and Argentina. From 1994 to 2004, he was the editor of "The Fagan Report," a mining stock advisory newsletter, a frequent TV, radio, newspaper, and media commentator on the subject of gold and gold mining stocks, and a speaker at many related conferences. Mr. Fagan is presently managing a mineral exploration company associated with Stealth Minerals in Northwest Argentina.

**Financial Review**

As a reasonably new company that was spun out of its majority owner, Cascadero has a simple capital structure, particularly compared to that of other exploration companies. The Company is 74% owned by Stealth Minerals Inc., which, as we have said, transferred ownership of the properties to Cascadero prior to its IPO in December 2004. As of February 2005, the Company had a cash balance of C\$3,114,429, more than enough to cover its planned C\$2.5 million (US\$2.0 million) summer exploration program. There are 32,509,799 common shares outstanding. In addition, the Company's capital structure includes the following:

Number of Underlying Shares	Strike	Aggregate Price	Expiration Date
<i>Outstanding Stock Options:</i>			
6,500,000	\$0.45	\$2,925,000	January 10, 2010
<i>Outstanding Warrants:</i>			
1,503,889	\$ .55 first year	\$827,139	December 22, 2005
	\$ .65 second year	\$977,528	December 22, 2006

The fully diluted shares count is 40,513,668.

Ownership of the Cascadero shares not controlled by Stealth is well distributed between institutional investors (15.6%) and individuals (10.6%). We note that management ownership of Cascadero shares is limited, normally a red flag from an investment point of view. However, management owns roughly 17% of outstanding Stealth shares. Given Stealth's 74% interest in Cascadero and the substantial management crossover, we are very comfortable with this structure and feel that management's interests are well aligned with those of Cascadero's shareholders.

Cascadero will almost certainly need new capital at some point in the next 18-24 months. However, given the Company's healthy cash balances and the substantial work planned on its properties, we feel there is less dilution risk at Cascadero than at most exploration companies. Furthermore, given the substantial work done on the properties by Stealth and previous owners, we feel it is likely that funds will be used for targeted exploration and drilling, increasing the likelihood of positive results – which could be good news for the share price.

**Risks**

Minerals exploration is an inherently risky enterprise. Despite the significant exploration work that has been done on Cascadero's mineral claims, no economic bodies of ore have been established on any of the mineral properties. While the substantial work done at the Toodoggone Properties is encouraging, it is possible that the Company will fail to locate economic resources. All of Cascadero's projects are in the very early stages of exploration. There is no guarantee that the Company will find economically mineable ore bodies at these properties.

Cascadero, while well capitalized, will likely depend partly on outside capital to complete the exploration and development of its resource properties, which it will likely raise by issuing additional shares of common stock. There can be no assurance that this additional capital will be available to meet these continuing exploration and development costs or, if the capital is available, that it will be available on terms acceptable to the Company. The issuance of additional equity securities by the Company may result in a significant dilution in the equity interests of its current shareholders. If the Company is unable to obtain financing in the amounts or on terms it deems acceptable, the business and future success of the Company will almost certainly be adversely affected.

We also note that, despite significant infrastructure improvement in the last several years, the Toodoggone Properties are still in a remote area of British Columbia. Not only will this increase the cost of exploration, but it could also affect the economic viability of any ore bodies the Company locates. We note that Kemess Mine, although currently profitable, is a fairly high-cost operation. Given the additional distance that ore may have to be hauled, developing a mine on the Cascadero Properties may prove economically unfeasible, making the properties a less appealing acquisition candidate for Northgate Minerals.

Northgate Minerals and Cascadero currently have a strong relationship: the potential clearly exists for Northgate to acquire Cascadero in the future. However, such an acquisition is by no means guaranteed. We are not aware of any ongoing conversations between the two companies on the subject. Conditions may change over the next several years such that, even if Cascadero's exploration efforts are successful, Northgate would not pursue an acquisition. While this would not necessarily preclude the development of an economically viable ore body, it would remove Cascadero's simplest exit strategy for the properties.

The stock is currently very thinly traded, with an average daily volume over the last 3 months of around 4,000 shares. Unless trading volume improves, investors will likely find it difficult to enter or exit positions in a timely manner.

**Conclusion**

Cascadero and Stealth have made dramatic strides in advancing the understanding of the Toodoggone region. We believe that the Cascadero Properties, due to their proximity and geologic similarity to the Northgate properties, represents the "cream of the crop" in the Toodoggone region. With a strong team in place and a comprehensive exploration program on deck, the potential for positive news from Cascadero remains high. The Company's attractiveness has been enhanced, in our view, by the addition of the new property in Argentina; we eagerly anticipate more news from that project. While Cascadero is still an early-stage exploration firm and thus a high-risk venture, we believe the factors discussed in this report make it a compelling addition to a portfolio of exploration equities.

## Our Rating System

We rate enrolled companies based on the appreciation potential we believe their shares represent. The performance of those companies rated “Speculative Buy” or “Strong Speculative Buy” are often highly dependent on some future event, such as FDA drug approval or the development of a new key technology.

### Explanation of Ratings Issued by Harbinger Research

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<b>STRONG BUY</b>	We believe the enrolled company will appreciate more than 20% relative to the general market for U.S. equities during the next 12 to 24 months.
<b>BUY</b>	We believe the enrolled company will appreciate more than 10% relative to the general market for U.S. equities during the next 12 to 24 months.
<b>STRONG SPECULATIVE BUY</b>	We believe the enrolled company could appreciate more than 20% relative to the general market for U.S. equities during the next 12 to 24 months, if certain assumptions about the future prove to be correct.
<b>SPECULATIVE BUY</b>	We believe the enrolled company could appreciate more than 10% relative to the general market for U.S. equities during the next 12 to 24 months, if certain assumptions about the future prove to be correct.
<b>NEUTRAL</b>	We expect the enrolled company to trade between -10% and +10% relative to the general market for U.S. equities during the following 12 to 24 months.
<b>SELL</b>	We expect the enrolled company to underperform the general market for U.S. equities by more than 10% during the following 12 to 24 months.

## Analyst Certification

I, Derrick M. Irwin, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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