

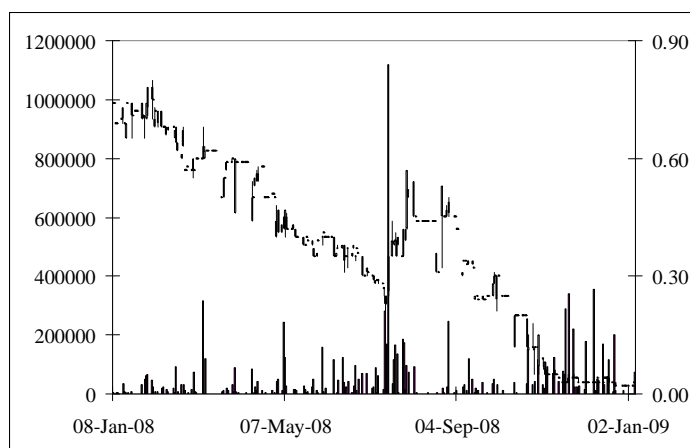
### ICS Copper Systems Ltd. (TSXV: ICX, WT: ICX) – Abandons the Mokambo Project

Sector/Industry: Junior Mining

www.icscopper.com

#### Market Data (as of January 7, 2009)

|               |                   |
|---------------|-------------------|
| Current Price | C\$0.03           |
| Fair Value    | C\$0.04 (↓)       |
| Rating*       | SELL              |
| Risk*         | 5 (Highly Spec)   |
| 52 Week Range | C\$0.02 – C\$0.80 |
| Shares O/S    | 24.79 mm          |
| Market Cap    | C\$0.89 million   |
| Current Yield | N/A               |
| P/E           | N/A               |
| P/B           | 0.08              |
| YoY Return    | -95.7%            |
| YoY TSX-V     | -67.6%            |



\*see back of report for rating and risk definitions

ICS Copper has chosen to abandon their principal Mokambo project based on the evaluation of an NI 43-101 report prepared by Coffey Mining (“Coffey”) on the sulphide mineral resource and a verbal report from Coffey on the oxide drilling program. Coffey has advised ICS that “results of the mineral resource models have indicated that there will be insufficient tonnage and metal concentration and recoveries for the project to be viable.” The company has effectively decided that the grade and the tonnage of the sulphide resource and oxide deposit will not support a mining operation and further drilling will not significantly increase tonnage and grade. The option agreement with NW Plant Hire has been terminated through an intentional default, and equipment on site will be dismantled and stored on nearby company owned property. Our previous valuation model (which was based on known resource, grades, and recovery estimates) had indicated that the Mokambo project was feasible. At this time, we do not know which of our valuation inputs (tonnage, grade, recovery, or operating and capital costs) have changed which led the company to decide that the project is not feasible.

The capitalized mineral property expenditures and non-movable equipment related to Mokambo totaling \$7.9 million at October 31, 2008, will be written-off in the company’s 2<sup>nd</sup> quarter financial statements to January 31, 2009.

Focus will now shift towards the company's other properties, including the Musoshi tailings project in which the company holds a 76% interest, as well as investigating other prospective opportunities which may be available.

**Valuation:** According to our discussion with management, the company has no interest in the Mokambo property but still owns 100% of certain equipment and 100% of the EMEW plant. The current cash position is about \$0.45 million. The company's immediate focus is to pursue tailing opportunities to process ore in the EMEW plant.

We have revised our valuation based on the company's book value of assets (as of October 31, 2008). Please note that we have discounted the assets by 50%. Our revised valuation (shown below) is \$0.04/share, down from \$0.61 per share. **As the company has abandoned its primary project, and we are uncertain about how it will fund its working capital deficit, based on the current share price, we are downgrading ICS to SELL. We note that the company does have other properties and opportunities but we are concerned about the negative working capital. Had the working capital been positive, we would have continued recommending a HOLD.**

|                                      |                    |
|--------------------------------------|--------------------|
| <b>Working Capital</b>               | <b>(\$98,376)</b>  |
| Mineral Properties                   | \$6,972,082        |
| Equipments                           | \$3,701,345        |
| Write-Down                           | \$7,900,000        |
| Net Book Value of Assets             | \$2,773,427        |
| Discount                             | 50%                |
| <b>Discounted BV</b>                 | <b>\$1,386,714</b> |
| <b>Working Capital+Discounted BV</b> | <b>\$1,288,338</b> |
| Outstanding Shares                   | 29,713,869         |
| <b>Fair Value</b>                    | <b>\$0.04</b>      |

**Fundamental Research Corp. Equity Rating Scale:**

**Buy** – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk

**Hold** – Annual expected rate of return is between 5% and 12%

**Sell** – Annual expected rate of return is below 5% or the expected return is not commensurate with risk

**Suspended or Rating N/A**— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

**Fundamental Research Corp. Risk Rating Scale:**

**1 (Low Risk)** - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

**2 (Below Average Risk)** - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

**3 (Average Risk)** - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

**4 (Speculative)** - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

**5 (Highly Speculative)** - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.

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