

FOUNDATION RESOURCES INC.

Price (December 30, 2010)	\$0.29
52-Week High-Low	\$0.90 - \$0.13
Shares O/S	32.26 million
Market Cap	\$9.36 million
50-day Average Volume	75,800
200-day Average Volume	323,900
Year-End	June 30
Symbol	TSX-V: FDN
Website	www.foundationres.com

Financial Data

	Year Ending Jun 30/2009	Year Ending Jun 30/2010	12 Months to Sept 30/2010
Selected Income/(Loss)			
Non-Discretionary G&A Expense	(9,598)	(735,189)	(790,507)
Discretionary G&A Expense	(204,545)	(117,828)	(162,321)
Net Loss	(212,343)	(625,814)	(725,379)
Selected Balance Sheet			
Cash & Equivalents	781,186	2,364,219	743,381
Mineral Properties	119,415	1,703,984	3,136,393
Shareholders' Equity	790,423	3,991,761	3,953,837
Total Assets	907,236	4,179,605	4,125,875
Key Ratios			
Monthly Cash Burn (\$)	800	61,266	65,876
Monthly Capex (\$)	3,518	117,529	219,062
Cash/OpEx (months)	976.7	38.6	11.3
Cash/OpEx + Capex (mnts)	180.9	13.2	2.6
Per Share (PS)			
Net Loss Per Share	(\$0.06)	(\$0.06)	(\$0.03)
Cash Per Share	\$0.10	\$0.11	\$0.03
Mineral Properties Book Value PS	\$0.02	\$0.08	\$0.14
Equity (Book Value) Per Share	\$0.10	\$0.18	\$0.18
Multiples			
Price/Cash (times)	1.68x	3.22x	16.36x
Price/Mineral Properties (times)	11.00x	4.47x	3.88x
Price/Book Value (times)	1.66x	1.91x	3.08x

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Note: This report was prepared with public information only.



Source: www.bigcharts.com

COMPANY PROFILE

Foundation Resources Inc. ("Foundation Resources" or the "Company") is a junior exploration and development company focused on delineating a gold resource at its Coldstream project near Thunder Bay, in northwestern Ontario. It also has a gold exploration property in Mexico.

INVESTMENT CONSIDERATIONS

Strengths

- Potential to confirm and expand a non NI 43-101 compliant gold resource of 234,000 oz (Noranda Mines);
- Potential continuity of a 1.5 million ounce resource (Moss Lake Gold Mines) onto Foundation's Span Lake property;
- Completed 10,000 metres of diamond drilling in 2010 (see page 3);
- Good balance sheet, demonstrated ability to raise capital, and sufficiently financed to complete its initial 5,000 metres of 15,000 metres planned for 2011 drilling; and
- The Company holds a large, readily accessible land package in mining friendly regions with existing infrastructure.

Challenges

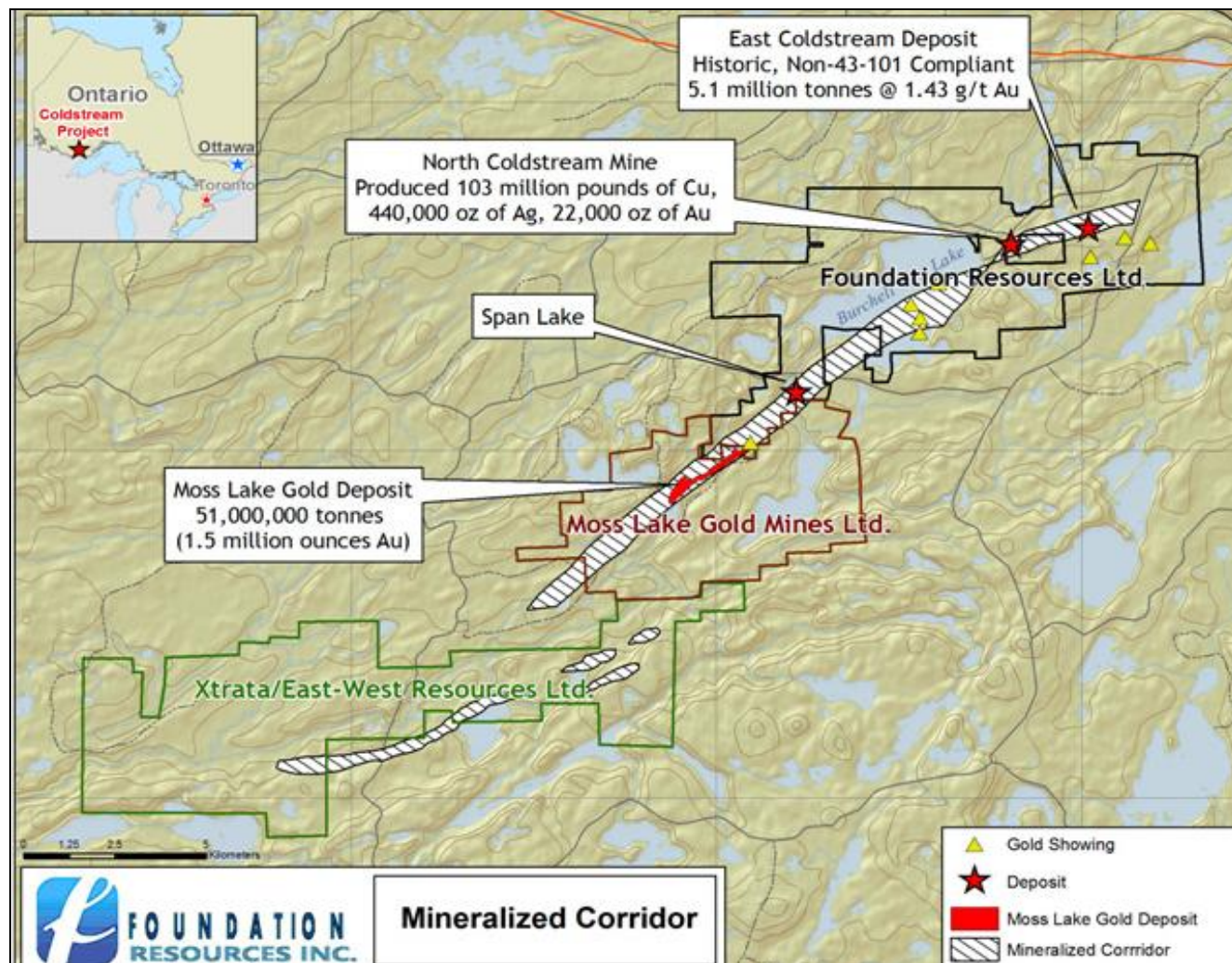
- Viability of the Coldstream project is dependent on the success of a cluster of smaller projects on the property;
- Foundation is an exploration company with no revenues and, therefore, depends upon its ability to raise equity;
- While management is skilled in exploration, success is never guaranteed regardless of potential. Less than 1% of exploration properties make it to production; and
- The price of gold could decline or exhibit significant volatility.

PROPERTIES

A. Coldstream Gold Property, Ontario, Canada

(1) **Property Agreement:** In May 2009, Foundation Resources entered into an agreement with Alto Ventures Ltd. to earn up to a 60% interest in the Coldstream gold property by issuing a total of 1,000,000 common shares of the Company and incurring a total of \$3,000,000 in exploration expenditures over four years. Foundation can earn an additional 10%, for a total of 70%, in the property by completing a feasibility study within a three-year period from the date the Company gives notice of its intention to exercise this second option.

(2) **Location and Infrastructure:** The 5,394 hectare Coldstream property is located 115 km west of Thunder Bay. The property can be accessed by the Trans-Canada Highway 11 and Provincial Highway 802, and is well-served by a power grid, railroad, and access to local labour.



Source: Company

(3) **Property:** The Coldstream property is located along a 25 km mineralized zone that includes a property held by Moss Lake Gold Mines Ltd. and a property jointly held by Xstrata and Rainy Mountain Royalty (previously named East-West Resources). (See above Map)

(4) **Near-by Resource:** The Moss Lake Gold Deposit, to the southwest of Foundation's Coldstream property, contains a resource estimate of 1.1 million ounces gold ("Au") Indicated, and 520,000 ounces Au Inferred.

(5) **Drilling at Coldstream:** Foundation Resources completed over 10,000 metres of diamond drilling at its Coldstream property in its 2010 winter and summer drilling programs. The Company completed 37 holes, totaling 9,731 metres, at its East Coldstream deposit and 2 holes, totaling 376 metres, at its Span Lake deposit.

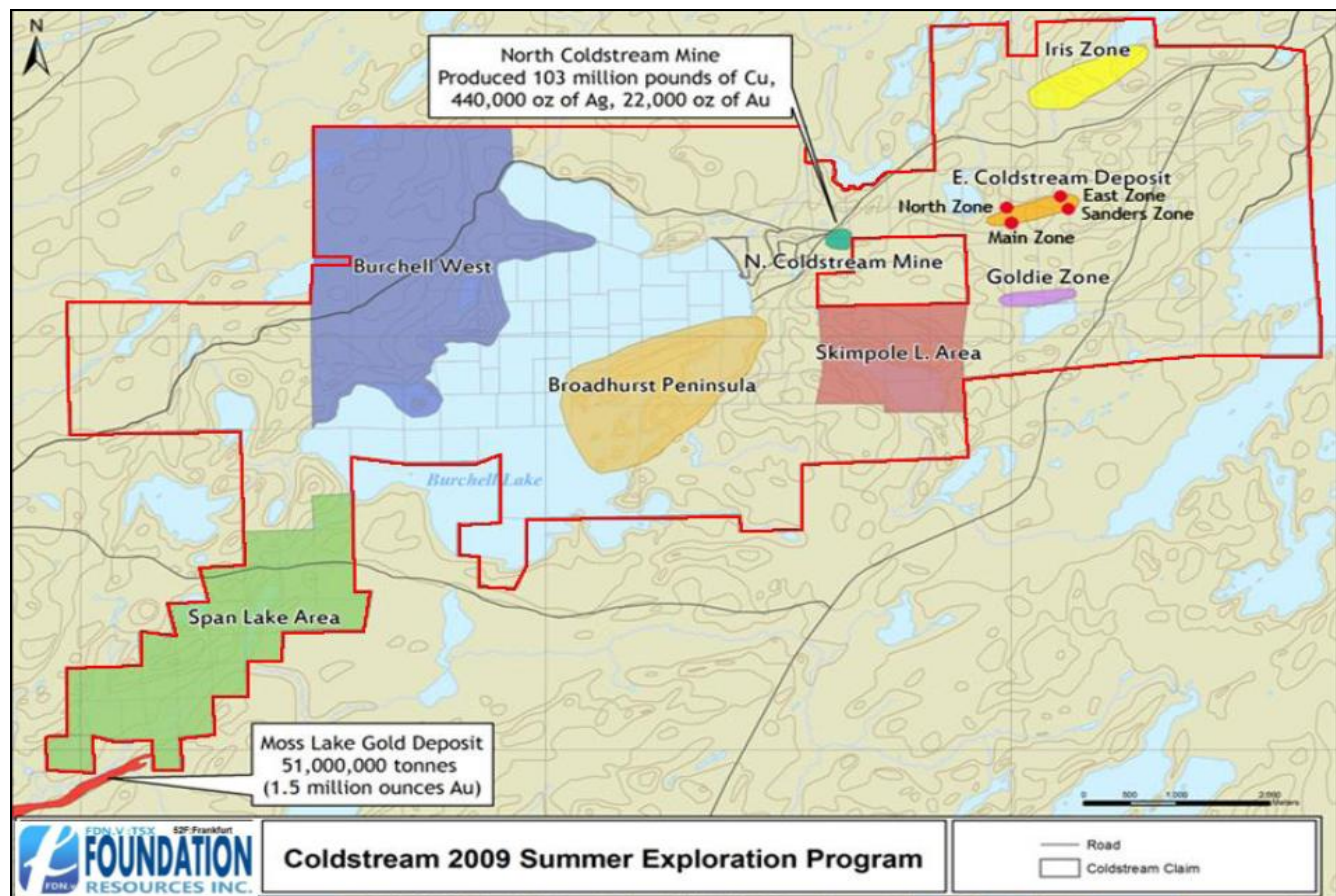
(6) **Prospective Coldstream Areas:** Coldstream contains several areas of interest, shown on the map below:

- (a) East Coldstream deposit made up of four zones (Main, East, North and Sanders);
- (b) Span Lake area;
- (c) Goldie Zone;
- (d) Iris Zone; and
- (e) Burchell West area.

• **East Coldstream:** The deposit contains a historical non NI 43-101 compliant resource estimate of 5.1 million tonnes averaging 1.43 g/t Au (234,000 ounces) completed by Noranda Mines Limited in 1990. Noranda’s estimate was based on shallow drilling and did not include the Sanders Zone, where 2010 drilling returned significant results (2.1 g/t Au over 35.65 metres). The Company demonstrated greater widths at depth through its 2010 winter and summer drilling programs, providing significant potential to expand Noranda’s historic estimate.

• **Span Lake:** The area drilling completed to date by Foundation Resources was aimed at confirming gold-bearing zones drilled by Inco Ltd. in the late 1980s. Future drilling programs will be aimed at testing potential continuity of an NI 43-101 resource from the Moss Lake Gold Mines’ property onto the Foundation Resources property. The Moss Lake gold deposit is directly adjacent to the Span Lake area to the southwest and contains a resource estimate of 1.5 million ounces gold. (See map below)

• **Goldie, Iris, Burchell West:** Foundation Resources completed preliminary exploration programs on these three areas in preparation for future drilling programs. Additional tonnage from these areas could add to and make the Coldstream project viable when evaluated as a whole.



Source: Company

B. San Rafael Gold-Silver Property, Mexico

(1) Property Agreement: In December 2009, Foundation Resources signed a Letter of Intent (LOI) to acquire 70% interest in the San Rafael gold-silver property from an undisclosed Vendor. Under the terms set out in the LOI, the Company must make payments totaling US\$400,000, issue 2,500,000 common shares, and incur a total of \$2,000,000 in exploration expenditures over a four-year period.

(2) Location and Infrastructure: The 1,005 hectare San Rafael property is located 150 km northwest of Durango City in Durango State, Mexico. The property is readily accessible year round.

(3) Property: The former-producing San Rafael property contains four underground levels totaling 400 metres, of which only 200 metres of a known 1.6 km strike length has been previously explored. The property's low sulfidation epithermal gold-silver deposit is similar to projects of Goldcorp, Penoles, and Great Panther along the Sierra Madre Occidental. Channel sampling confirmed average grades of 13.86 g/t Au and 175.88 g/t Ag over 3.8m width. At this time, there is no resource estimate on the San Rafael property.

FINANCING

In December 2010, Foundation Resources completed a \$3.4 million equity issue. The funds raised will be used to further exploration work on the Company's Coldstream project. Over the next six months, the Company plans to drill 5,000 metres of a planned 15,000 metre drill program at this property.

STRATEGY

A. Coldstream property: Demonstrate that a resource exists when a cluster of gold deposits on the property are evaluated as a whole. To accomplish this, Foundation Resources will:

- Drill the East Coldstream Deposit and expand the deposit to depth and along strike in preparation for a NI 43-101 compliant resource estimate;
- Demonstrate Span Lake area mineralization is an extension of the 1.5 million ounce Moss Lake Gold deposit; and
- Explore the Iris Zone and the Goldie Zone to add tonnage to the East Coldstream Deposit.

B. San Rafael property: Conduct preliminary sampling to confirm historic grades in preparation for a drill program.

STOCK PERFORMANCE

As the chart on the front page shows, since the beginning of May 2010, except for a brief upwards blip at the beginning of October, the stock has generally traded between \$0.40 and \$0.30 per share. Stocks that trade range-bound for extended periods like this, normally show strong performance as soon as positive news is emitted.

MANAGEMENT & DIRECTORS

Paul Chung, B.Sc, MBA, CEO

Mr. Chung is involved in the daily operations of the Company. In addition to having international experience, he has 23 years experience in the management of public companies.

Ike Osmani, P.Geo, President & Director

Mr. Osmani has 27 years Canadian and international mineral exploration experience in gold, platinum-group, and base metals, providing exploration consulting services for numerous resource companies as well with the Ontario Geological Survey. Most recently, Mr. Osmani was the Chief Geologist of TNR Gold Corp. and, prior to that, he was vice president-exploration and director of a Canadian junior company exploring for gold and base metals in India.

Jerry Bella, CGA, CFO

Mr. Bella oversees all the financial affairs of the Company on a daily basis and works closely with senior management in meeting the Company's goals and objectives. He has over 20 years experience as a director and CFO of various publicly-traded companies including resource exploration, manufacturing, and high-tech.

John Hiner, Chairman, Director

Mike Koziol, P.Geo, Director

Barry Girling, Director

CORPORATE INFORMATION

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