

Fundamental

Research Corp.

Investment Analysis for Intelligent Investors

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July 23, 2007

Garson Gold Corp. (TSX.V: GG) – Initiating Coverage; Fully Permitted Mine Site with NI 43-101 Resource & Advanced Exploration Potential

Sector/Industry: Mining/Gold

www.garsongold.ca

Market Data (as of July 18, 2007)

Current Price	C\$0.455
Fair Value	C\$0.56
Rating*	BUY
Risk*	Risk 5(Highly Spec)
52 Week Range	N/A
Shares O/S	83,373,067
Market Cap	C\$37.93 mm
Current Yield	N/A
P/E	N/A
P/B	2.46
YoY Return	N/A
YoY TSXV	30.9%

*see back of report for rating and risk definitions

No Data Available

Key Financial Data

(C \$)	2007
<i>Pro-forma Consolidated^x</i>	Apr-07
Cash	5,380,477
Working Capital	4,354,896
Property, Plant and Equipment	2,808,998
Mineral Assets	4,024,873
LT Debt / Assets	-
Total Assets	24,619,145

* FRC

Investment Highlights

- Garson Gold's flagship property is the New Britannia Gold Mine, a historic producer with a NI 43-101 compliant measured and indicated resource estimate of 364,000 oz, and inferred resource of 176,000 oz of gold
- The project was in production as recently as 2005, and the project has a mill, underground workings, and associated infrastructure. The mine could be reopened quickly and with minimal dilution to shareholders.
- The company is focusing its efforts on areas of known mineralization on the property, especially the #3 Zone. Kinross (TSX: K) and the previous owners have done almost no exploration work since the mine reopened in 1994. Management attributes the lack of exploration for the closure of the mine in 2004.
- There are a number of interesting exploration targets on the property. Initial drill results in 2007 have been promising, and Garson intends to continue its efforts to delineate a resource that can be converted to reserves.

Risks

- Garson is exposed to all of the risks associated with a junior exploration company. The success of drilling, expansion and determination of favorable resource estimates are important long-term success factors for the company.
- The NI 43-101 compliant resource estimate at New Britannia was delineated by Kinross while the mine was operational. Kinross felt the existing reserves to be uneconomic at the prevailing gold price (approximately \$400/oz) and subsequently closed the mine. We expect it will take two exploration seasons for Garson to delineate a resource that can be converted to a reserve that would make the project economically viable.

Garson Gold was formed through the amalgamation of Piper Capital and Garson Resources, who jointly owned the New Britannia Mine. This property operated as recently as 2005, and the entire mining infrastructure is still in place. The company is conducting an exploration program to outline additional resources and put the New Britannia Mine into production as quickly as possible. Drilling results at the #3 Zone thus far have been consistently positive.

Company Overview

Garson Gold Corp.'s primary asset is a 100% interest in the New Britannia Gold Mine, located in northern Manitoba. Garson Gold Corp was formed recently from the amalgamation of Garson Resources and Piper Capital. The New Britannia Mine has produced over 1 million ounces of gold in its 20 year operating history. The advantages of this project are many: existing infrastructure, good location, historic production, exploration potential, and government/community support. The company is focused on resource delineation at the New Britannia Mine and surrounding properties.



Source: Garson Gold Corp.

Corporate History

Garson Gold was formed from the amalgamation of Piper Capital and Garson Resources in June 2007. Garson Resources was formed via the spin-off of MBMI Resources Inc.'s (TSX.V: MBR –BUY, Highly Speculative) Canadian assets in late 2006. MBMI Resources holds 8 nickel laterite projects in the Philippines. Before the amalgamation, Garson Resources and Piper Capital held two projects together in joint ventures.

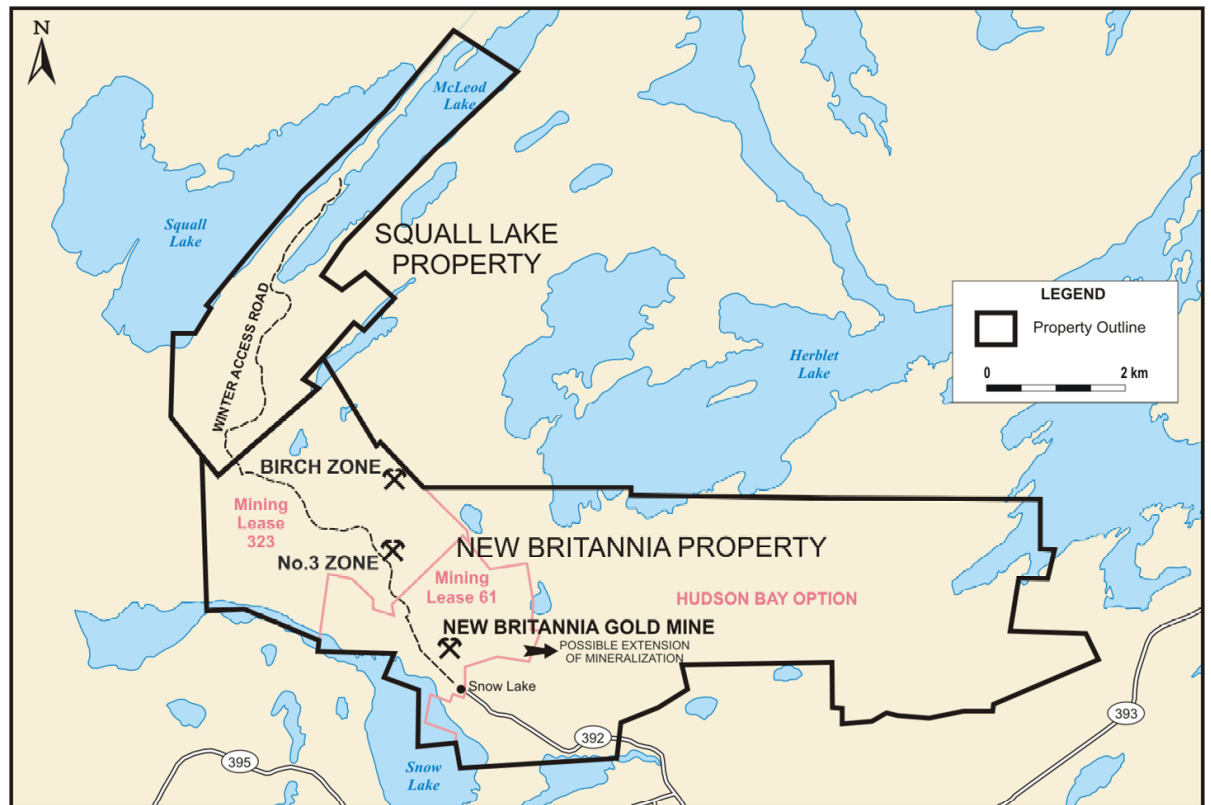
Manitoba Mining Outlook

According to a study recently conducted by the Fraser Institute, Manitoba is the world's best province for policy potential, a composite index of many factors that attract mining investment. The government has favorable land use policies, taxation structure, and is very secure. We believe that Canada is a good place to conduct exploration and mining, due to its security, infrastructure, mining history, political stability, and mineral potential.

Manitoba	
Category	World Rank
Policy Potential	1
Security	1
Mineral Potential	12
Best Practice Mineral Potential	19
Composite Policy & Mineral Potential	12
Infrastructure	1
Political Stability	1
Regulatory Duplication & Inconsistencies	2
Taxation Regime	11

Manitoba's rank for favorable mining investments in the world for 2006/2007.

Data Source: The Fraser Institute, an Economic Think Tank based in Canada



Source: Garson Gold Corp

New Britannia

Property Overview: The 3,900 hectare New Britannia Mine property had two short periods of operations in its history. The last ended in 2004, and the mill and infrastructure was put on care & maintenance. Kinross made the decision to close the mine based on lack of ore reserves and economic factors, but Garson Gold believes they have identified a number of exploration projects that could provide additional ore feed in this excellent metals market. The company aims to put the mine back into production as quickly as possible.

Ownership: Piper Capital and Garson Resources together purchased 100% of the New Britannia Mine and Mill from Kinross Gold (TSX:K, NYSE:KGC) and High River Gold Mines (TSX:HRG) in December 2006. Garson's subsidiary, Pegasus Mines Ltd, is holding the 100% interest. Kinross Gold and High River Gold held equal joint ownership of the mine, with Kinross acting as the operator. In exchange for their interest, Kinross was paid 19.9% of the outstanding shares of Piper Capital and Garson Resources. Kinross has a back-in right if greater than 3 million ounces of gold is delineated on the property.

Garson Gold was required to undertake the environmental liabilities of Kinross and High River Gold with regards to the New Britannia Mine. These include C\$1.9 million in financial assurances to the Government of Manitoba, and C\$3.9 million to Kinross, which will be refundable upon commercial production at New Britannia.

Historic Exploration/Production: The New Britannia Mine has a long history. It was discovered in 1927 by a family who passed the property along to Nor-Acme Gold. The company optioned it to Howe Sound Exploration Company in 1941 in exchange for a mining

royalty. Howe Sound delineated a resource of 5,000,000 tons averaging 0.150 oz/ton gold to a depth of 1,000 feet. Construction of mining infrastructure began in 1945. The Nor-Acme Mine produced 763,000 ounces of gold from 1949-1958. Exploration and development plans continued for many years under several companies, but none were successful.

In 1994, TVX Gold and High River Gold Mines formed an equal joint venture to reopen the mine. They renamed it New Britannia, in honor of the Britannia Mine operated by Howe Sound in British Columbia that was considered Nor-Acme's "sister mine". They began mining ore from the New Britannia and #3 Zones. From 1995 to 2005, the New Britannia Mine produced 6,480,266 tons grading 0.132 oz/ton equaling 858,075 ounces of gold. It was vended to Kinross Gold in 2003, after the three-way merger of Kinross Gold, Echo Bay Mines, and TVX Gold.

During 2003, the New Britannia mine hit a bad area of ore, with less production tonnage and grade dilution leading the owners to consider shutting down the mine. The government of Manitoba granted Kinross \$100,000 to fund exploration in an attempt to forestall the closure of the mine. Although Kinross delineated the resource as it stands currently, they were unable to convert these resources to reserves and continued with mine closure.

Exploration Program

It is important to consider exploration on the property during its last period of production. A review of the exploration program from 1994-2005 suggests that lack of exploration was a factor that influenced the closure of the New Britannia Mine. Kinross Gold ended exploration of the #3 Zone following the closure of the #3 Mine in 1996. They never drilled below the lowest level of the mine. A small bulk sample was taken from the Birch Zone in 1996, but Kinross believed the Birch Zone would not be economic to mine due to low gold prices at the time. They stopped exploration on the Birch Zone in 1998, and never recommenced even when gold prices rebounded in 2003. The Hudson Bay option was explored in 2002. The Bud Mineral claims on the HudBay option were drilled, and the inconsistent and variable mineralization led the joint venture to conclude it was uneconomic to mine. They stopped exploring the Bud claims subsequently.

The mine was closed temporarily in 2004, and was reopened for one month in 2005 to process stockpiled material from mine closure proceedings. The total historic production for the Nor-Acme/New Britannia Mine totals 12,147,163 tons grading 0.136 oz/ton gold. This equals 1,654,946 ounces of gold. This includes production from deposits outside of the main mine zone.

Mining activity has been active in the region for many years. Hudbay Minerals Inc. (TSX:HBM) has operated a series of base metals mines since the 1960s, and now operates the Chisel North Mine. They conduct exploration on several properties in the region. Other junior and mid-tier mining companies are active in the region.

Accessibility and Infrastructure: The New Britannia Mine is located in northern Manitoba, near the village of Snow Lake (population 1,200). The nearest major population centers are Flin-Flon and Thompson, Manitoba. Accessibility and infrastructure are very

good, due to a long history of production in the region. Our research suggests that the town is anxious to see the mine reopened, as it provided many jobs in the region.

Garson acquired the mine claims and the milling and tailings facility. This facility is fully permitted, which is a great advantage for the company to go back into production.

Mine Design: There are two main underground mines: New Britannia and #3. The #3 Zone was mined in 1995 and 1996. It was closed, allowed to flood, and reclaimed following the short production period. Kinross mined a small open pit from the Birch deposit in 1996.

Geology and Mineralization: There are two gold bearing mineralized zones on the property, associated with the Howe Sound fault. The main sulfide minerals are arsenopyrite, pyrrhotite, and pyrite. The predominant ore mineral is arsenopyrite. Mineralization is associated with quartz-carbonate alteration zones. The main mineralized zones are known as Dick and Toots, and they have a surface trace of 609 meters. The Dick zone splits into the Dick, Ruttan, and Hogg zones at depth.

Metallurgy: The New Britannia ore is amenable to cyanide leaching (carbon in pulp) with an average gold recovery of 92.2%. The New Britannia Mill operates at approximately 2,150 tons/year, and has routinely operated 365 days a year.

Current Developments: Garson Gold is currently drilling the #3 Zone to expand the resource there. They expect to add a second drill rig in August and a third drill rig in the fall to expand the resource as quickly as possible. The company is planning to drill at least 10,000 meters in 2007. The 2007 drilling program has three objectives:

1. Confirming known resources through detailed drilling of the inferred resources at the #3 Zone.
2. Infill drilling of the resources at the New Britannia Mine and #3 Zone to move inferred resources to measured/indicated.
3. Expanding the resource estimate through exploration of the Howe Sound Fault elsewhere on the property.

The company reported the following drilling results in April 2007. These holes were drilled in the #3 Zone.

Drill Hole	Interval (m-m)	Width (m)	Grade (g/t gold)
ZN307-01	249.5 - 254.3	4.79	2.25
includes	253.9 - 254.3	0.46	9.16
ZN307-01	272.6 - 273.6	1.01	3.65
ZN307-02	295.7 - 300.6	4.94	11.47
ZN307-02	323 - 324.2	1.16	14.44
ZN307-02	329 - 332.9	3.93	1.86

Further drilling results from the #3 Zone were released in July 2007. These results also include hanging wall mineralization intersected above the Main Zone.

Drill Hole	Interval (m-m)	Width (m)	Grade (g/t gold)
ZN307-03	417.6-418.1	0.52	1.61
ZN307-04	479.4-485.4	6.00	4.26
includes	483.4-484.9	1.52	7.74
ZN307-05	516-517.4	1.46	7.18
ZN307-06	525-527.8	2.23	3.47
ZN307-07*	99.3-101.8	2.47	5.14
Includes*	99.3-100.6	1.31	7.39
ZN307-07	374.6-376.2	1.98	10.56
ZN307-08*	78.2-84.9	6.74	3.24
Includes*	78.2-83	4.79	4.08
ZN307-09*	49.8-54.3	4.51	4.88
Includes*	51.9-54.3	2.38	7.36
ZN307-09	478.9-479.3	0.37	10.70
ZN307-09	491-492.3	1.25	4.75
ZN307-10*	150.6-151.5	0.76	3.02
ZN307-11*	200.9-202.5	1.62	4.09
Includes*	200.9-201.7	0.79	6.30
ZN307-11	398.8-400.8	2.01	8.34
includes	398.8-399.9	1.10	13.69
<i>*hanging wall</i>			

Potential: Drilling results from the #3 Zone have indicated significant gold mineralization exists at depth. A map of the drill holes can be found in the appendix of this report. We expect the company to release an updated NI 43-101 compliant resource estimate in 2007 based on the drilling at #3. At this time, we cannot comment on the potential of mineable resources from the hanging wall portion, but we are encouraged by the consistent grades and widths of the Main Zone.

Resource Estimates: This property has a NI 43-101 compliant measured and indicated resource estimate of 364,000 oz, and inferred resource of 176,000 oz of gold. This resource was calculated by Micon in the NI 43-101 technical report, and is based on drilling done by Kinross in 2004. The resource identified by Kinross in 2004 was not considered economic to mine at the time, and it was not converted to reserves. After delineation of this resource, Kinross continued with the closure of the mine.

Category	Tonnage	Grade (g/t gold)	Contained Ounces
Measured & Indicated	2,211,000	5.11	364,000
Main Mine			
Inferred	1,094,000	5.01	176,000
Main Mine, #3 Zone, and Birch Zone			

The company intends to update the resource estimate as soon as possible, based on the 2007 drilling program. Additionally, the resource estimate was calculated using \$400/oz gold prices, and there is potential to expand the resource with today's gold prices. The company intends to conduct a scoping study to determine what resource should be delineated to reopen the mine.

Squall Lake

Property Overview: The Squall Lake property is located between 4-10 kilometers north of the New Britannia Mill. The company intends to explore the property this year for an estimated cost of C\$400,000. The Squall Lake property may be a source of ore feed for the New Britannia Mine.

Historic Exploration/Production: The Squall Lake claims were first explored in 1924, and have been significantly advanced through drilling and bulk sampling by several companies since then. One of these companies delineated a resource that the company has brought to NI 43-101 compliant standards.

Ownership: The company owns 100% of the property, subject to several royalties. This included a net profits royalty interest (NPI) of 4% to a private individual, 6% NPI payable to Barrick Gold, plus a 30% NPI payable to Barrick (TSX: ABX) up to a maximum of \$550,000. An additional royalty of 0.10/ton is payable to a private individual for 6 of the 14 claims.

Resource Estimate: The various diamond drilling programs at the Margaret Extension zone area have outlined an NI 43-101 compliant inferred resource which stands at 100,000 tonnes grading 4.85 g/t gold in the Upper Silicified Zone and 337,000 tonnes grading 5.40 g/t gold in the Lower Silicified Zone.



Source: Piper Capital Inc.

***Copper Prince
Gold/Copper
Property***

Property Overview: The 260 hectare Copper Prince property is located near Sudbury, Ontario, in a world-class mining region of Canada. The Sudbury area is the largest producer of nickel in the Western Hemisphere, and produces significant cobalt, copper, iron, platinum group metals, gold and silver. The property is surrounded by exploration projects, producing mines, and mining infrastructure. Although this property is not a priority at this time, it may offer good potential in the future.

Ownership: Before the amalgamation, Piper Capital entered into an option to acquire 60% of the Copper Prince property from Garson Resources (then a subsidiary of MBMI Resources). Now, the company holds 100% of the property.

Historic Exploration/Production: The Copper Prince property was first staked in 1890. Since that time, several companies have conducted magnetic, geophysical, and geochemical surveys as well as multiple drilling programs. MBMI Resources drilled several holes on the property in 2004.

Development and production in the Sudbury Basin has been dominated by three companies: Inco (TSX.N), Falconbridge (TSX:FAL-P(A,B,H)), and FNX Mining (TSX:FNX). There have been a number of new and exciting discoveries in the region in the last four years.

Accessibility and Infrastructure: Accessibility and infrastructure are very good, due to its location in an active mining region. The property is located about 30 minutes away from Sudbury, Ontario, in the township of Falconbridge. The property is accessible from Falconbridge's smelter facility grounds. Sudbury is one of the world's largest centers for base metals mining, and all of the necessary equipment for mineral exploration and production could be sourced there.

Geology and Mineralization: The difficulty of exploration at Copper Prince has been due to the lack of an appropriate geologic model for mineralization. In 2006, the company contracted an independent team of geologists with notable experience in the Sudbury Basin to recommend an exploration program for the property. These geologists outlined two models for exploration on the property currently:

1. Gold: Huronian Gold Belt Model

Note: The Huronian Gold Belt stretches along 120 kilometers and is delineated by past gold producers. In this belt, elevated copper, cobalt, and nickel are associated with gold. It has recently been the subject of research, as its origins are still unclear. The Copper Prince property is considered to be prospective for a new outcropping in the Huronian Gold Belt.

2. Nickel-Copper-PGE: Sudbury's South Range Breccia Belt

Note: Nickel, copper, and platinum group deposits are of special interest right now, due to the excellent market for these metals. The South Range Breccia Belt is associated with the Sudbury Impact Complex. This mineralized region was formed by a meteorite impact.

Current Developments: The company has planned a small, early stage exploration program for the property. This program will include mapping, surface sampling, and re-assaying of historic drill core. The company does not plan to conduct drilling on the property this year.

Resource Estimates: This property does not have any historic or NI 43-101 compliant resource estimates at this time.

McMillan Gold Mine Property

Property Overview: The 420 hectare McMillan property is a historic gold producer that is currently joint ventured.

Ownership: This property was optioned to Young-Shannon Gold Mines Ltd (TSX.V:GYS) in November 2004. Young-Shannon can earn a 50% interest by spending \$900,000 over three years, as well as staged payments of \$75,000 and 650,000 shares. They can increase to 60% interest by issuing 250,000 shares and spending another \$400,000 on exploration.

Historic Exploration/Production: This property is a small historic producer of gold. It operated at 125 tons/day from 1934 to 1937. It produced 60,000 tons of ore, with a recovered grade of 0.18 ounces/ton. Mining ceased because a grade of 0.20 oz/ton gold below the 900 foot level was considered uneconomic to mine. Poor gold recovery was also an issue. The mine was dewatered and sampled in the 1980s. Sampling results ranged from 0.07-0.48 oz/ton. Garson Resources drilled several holes since 1989 that extended the known mineralization by 400 meters along strike.

Accessibility and Infrastructure: This property is located in the Sudbury Mining District, the same region as the Copper Prince property.

Geology and Mineralization: This property is prospective for Huronian Belt Gold deposits, as discussed in the Copper Prince property section. The gold mineralization identified to date is contained in gold-bearing quartz veins.

Current Developments: Young Shannon most recently drilled the property in 2006. They drilled 3 holes totaling 691 meters. The results ranged from 7 – 35 g/t gold averaging 4 meters width. The best intersection was 7.21 g/t over 21 meters. These grades and widths are typical of a narrow quartz vein system.

Resource Estimates: This property does not have any historic or NI 43-101 compliant resource estimates at this time.

Management

Garson Gold's management team is experienced in building junior resource companies. It includes members from both Piper Capital and Garson Resources. They also benefit from the experience of members of FNX Mining.

Edward Stringer - Chairman & Director

Since 1983, Mr. Stringer has been the sole owner and President of Stringer Explorations

Ltd., a private company that is involved in managing mineral exploration programs. From 1987 to 1991 Mr. Stringer was President of Rainbow Exploration Corp. which was a public mineral exploration company listed on the Alberta Stock Exchange. Subsequently, the company was merged into the Rainbow Group of Companies listed on the TSX Venture Exchange. Mr. Stringer was also President of C.S.W. Ventures Corp. from 2000 to 2001, a Capital Pool Company which completed a qualifying transaction in August 2001 and is now Direct I.T. Canada Inc., trading on the TSX Venture Exchange. Mr. Stringer is an original shareholder and founder of Tri-Energy Inc., subsequently amalgamated to form Garson Resources whereby he became president until the amalgamation with Piper. Mr. Stringer will be responsible for the supervision of all exploration programs carried out by the Company and evaluate properties for potential acquisition.

David Tafel, BA (Econ) - President & Director

Mr. Tafel contributes in excess of 20 years of corporate management, strategic planning, administration and financial services experience to the Garson Gold team. Mr. Tafel has managed private investment funds as an investment advisor for a major Canadian investment firm, and is currently President of a corporate advisory services firm offering strategic planning services and administrative guidance for public corporations. He was president of Piper Capital and director of Garson until the amalgamation of the two companies. Mr. Tafel is also a VP & director of MBMI Resources Inc.

Ken Cawkell - Secretary & Director

Mr. Cawkell is member of the Alberta and British Columbia Bar Associations and has over 25 years of experience in both public and private venture capital markets. He co-founded Cawkell Brodie Glaister LLP Business Lawyers in 1987, where he acts as a managing partner. Throughout his career, Mr. Cawkell has been extensively involved in all aspects of corporate structuring, finance and securities law. He is an investor in and founder of a number of private companies where he has held executive management positions, and currently sits on the board of a number of private and public companies. He is a member of the Securities Law Advisory Committee to the BC Securities Commission.

Dr. James M. Patterson, Ph.D, P.Geo. - Director

Dr. Patterson is an Independent Geological Consultant, Oct 2001 to August 2006 - Initially Consultant from April 2002 to May 2005, Vice President Exploration, and from August 2006 to May 2005 Executive Consultant and Vice-President FNX Mining Company Inc., Toronto, Ontario. He is a consultant, Director and VP Exploration of Merrex Gold Inc., International Millennium Mining Corp. and Luzon Minerals Ltd.

Pamela Strand, M.Sc., P.Geol. – Director, Qualified Person

Ms. Strand has been in the exploration and mining industry as a geologist since 1988. Her positions have included District Geologist for the Department of Indian Affairs and Northern Development, and as exploration geologist for Miramar Mining Corporation, Homestake Mineral and Development and Noble Peak Resources Ltd. Ms. Strand was also Vice President, Corporate Development for Pinnacle Resources (1996) Ltd., a mineral property broker, for two years.

Ms. Strand is currently the President & CEO of Shear Minerals Ltd. and a Director of both Firestone Ventures Inc. and Grizzly Diamond Ltd. She is a Professional Geologist with APEGGA and NAPEGG and is a Director of the NWT and Nunavut Chamber of Mines. Ms. Strand received a B.Sc. from the University of Toronto and, M.Sc. in Economic Geology from the University of Western Ontario. Member of the Audit Committee.

Adrian Rothwell, CA - Chief Financial Officer

Mr. Rothwell has been providing financial consulting, management and controllership services to the mining industry since 1995. He has previously acted as a financial consultant to a number of other publicly-traded companies. As a Chartered Accountant he offers many years of professional accounting, public practice, and industry specific expertise. Mr. Rothwell is a member of the Institute of Chartered Accountants of British Columbia, Canada and the Institute of Chartered Accountants of Australia. He is also the CFRO for MBMI Resources Inc.

Barry Domville - VP Corporate Development

Mr. Domville has been a consultant to the mining industry since 1993 and is a founder of Piper Capital. His consulting work has included structuring public companies, conducting public company financing and capital raising initiatives, the acquisition and/or sale of prospective mineral properties, and investor relations. Mr. Domville has extensive contacts with investors in Canada, the United States and Ireland.

Jamie Lavigne, M.Sc., P.Geol. - Vice President Exploration, Qualified Person

Mr. Lavigne has 20 years of experience in all phases of gold and base metal exploration across Canada, including GIS-based data compilation, geologic modeling and resource and reserve estimations. He has a BSc (Geology) from Memorial University of Newfoundland and a MSc. (Geology) from University of Ottawa. Mr. Lavigne was a Senior Geologist with FNX Mining Company Inc. in Sudbury, a Senior Geologist with WMC International Ltd. and a geologist with the Geological Survey of Canada. He is a professional geologist (P.Geol.) licensed by the Professional Association of Engineers, Geologists and Geophysicists of the Northwest Territories (NAPEGG).

Advisory Board **David Constable, P.Geo, MBA - Advisory Board Member**

Mr. Constable is a professional geologist with more than 25 years Canadian and international exploration and development experience with the Noranda Group, Ontario Ministry of Northern Development and Mines and managing his own geological consulting firm for a decade. Since 1996, he has provided investor relations services to offshore and domestic mining companies. From 1997 -- 2002 he served as Vice President Investor Relations for Normandy Mining Limited of Australia until their 2002 takeover by Newmont. He served as Vice President Investor Relations and Corporate Affairs with FNX Mining Company Inc. from June 2002 to October 2005. Mr. Constable is a member of the Canadian Investor Relations Institute (CIRI) and an experienced director of junior companies listed on the TSX and TSX Venture Exchanges. Mr. Constable returned to FNX Mining Company Inc. in 2006 as Vice President Investor Relations and Corporate Secretary. Mr. Constable is the VP of FNX Mining, and former VP of Normandy Mining.

David received his BSc (Hons.) Geology from Mount Allison University and MBA (Hons.) from Laurentian University.

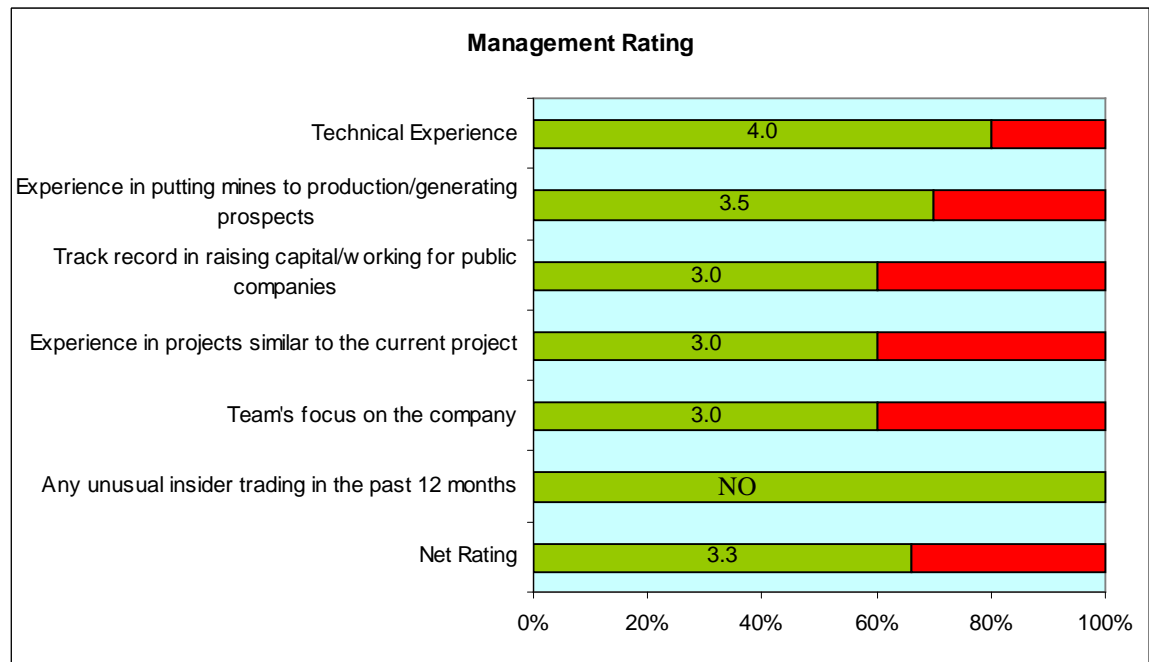
Dr. Charles C. Hawley, CPG - Advisory Board Member

Dr. Hawley is a Certified Professional Geologist with more than fifty years experience in economic geology. Dr. Hawley is the founder of Mines Trust Company, a property holding company. He is a member and Emeritus Director of the Alaska Miners Association having served as President, Director, and Executive Director of the Anchorage Branch. He was a founding director of the Citizens for Alaska Lands and the Alaska Mining Hall of Fame. His publications include U.S. Geological Survey Bulletins and Professional Papers, articles, speeches, consulting reports, and novel-length biographies of mining personalities nominated for the Alaska Mining Hall of Fame.

Dr. Hawley received his Ph. D. in geology at the University of Colorado.

Management Rating

We believe that the most important aspect of a junior mining company is its management. Our management rating system is a quantitative way to rate management based on a number of factors, including technical experience, the ability to raise financing, and management’s time commitment to the company. We also analyzed trading records to identify for evidence of unusual trading by management. **Our net rating for Garson Gold is 3.3, which we have rated average.** We rated the company’s management and advisory board highly for several aspects of our rating, due to their many years of technical experience in geology and mining.



Strength of Board

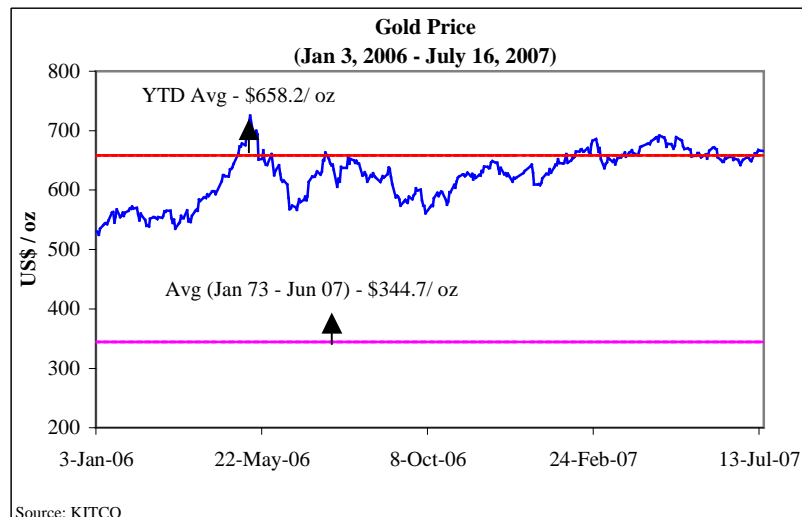
The Toronto Stock Exchange recommends that the Board of Directors of every company include independent or unrelated directors who are free of any relationship or business that could materially interfere with the director’s ability to act in the best interest of the company.

An unrelated/independent director can be a shareholder. In this report, we introduce our strength of board rating, which uses information available from the company's annual "Management Information Circular" to ensure that the company has an independent Board of Directors, Audit Committee, and Compensation Board. This report also identifies any non-arms length transactions and management's compensation.

Garson Gold's Board of Directors is made up of five individuals: Edward Stringer, David Tafel, David Constable, Pamela Strand, and Kenneth Cawkell. Edward Stringer and David Tafel are related/non-independent directors, as they are members of management. Edward Stringer and Adrian Rothwell, CFO, receive compensation as officers of the company. All board members hold shares in the company. The Audit and Compensation Committees are made up of David Tafel, David Constable, and Kenneth Cawkell. In addition, Edward Stringer serves on the Compensation Committee. Thus, these boards should be considered independent. Garson Gold does not have any non-arms length transactions.

Outlook for Gold

The chart below shows gold prices since January 2006. As of July 16, 2007, gold was trading at \$666/oz, which reflects a YOY increase of 2.1%.

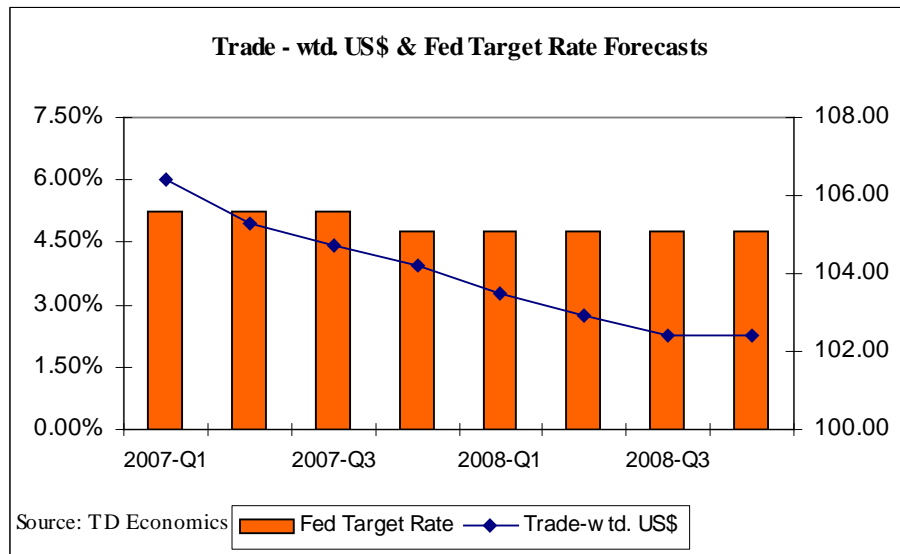


Prices have not dropped below the historical average price of \$344.7/oz since April 2003. The next section presents our study of the macro-economic factors that affect gold prices in the long-term.

Projected depreciation of the U.S. dollar: Historically, gold prices have been negatively correlated to the U.S. dollar (shown below).

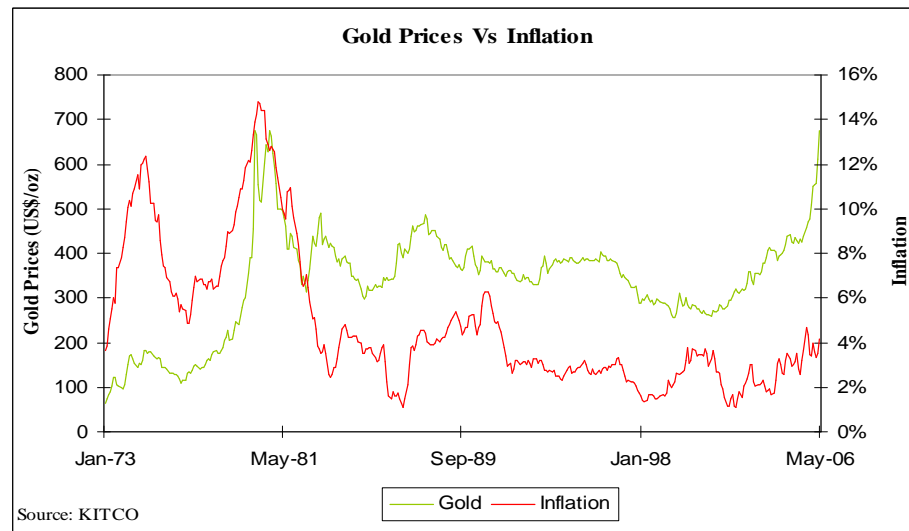


Based on rising global interest rates (U.K, Japan, Europe, Korea, and India) and a projected slowdown in the U.S. economy, the U.S. dollar is forecasted to depreciate with respect to other major global currencies. The chart below shows forecasts of the U.S. Federal Reserve (Fed) target rates and the US\$ against other major global currencies (trade –weighted US\$).



As shown in the chart, the trade weighted US\$ is expected to depreciate going forward (Note that the Fed is expected to cut interest rates to 4.75% by the end of 2007). The forecasted depreciation of the U.S. dollar, we believe, will support higher gold prices through to 2008.

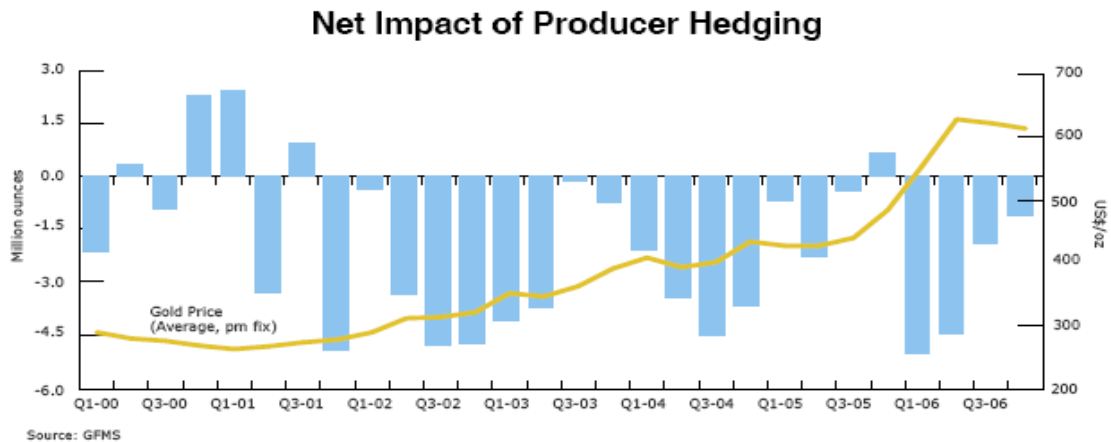
Gold – hedge against inflation and geopolitical risks: Gold is traditionally viewed as a safe-haven asset and regarded as a better hedge against the U.S. dollar and inflation than any other commodity. The chart below shows the relationship between gold prices and inflation. It can be noted from the chart that the price of gold is higher when inflation is higher.



The data indicates the risk-averse tendency of investors to move towards gold when other assets are volatile and more risky. **Additionally, there is also a tendency for investors to turn to gold as a capital preservation asset during times of higher global geopolitical tensions.** We believe that the demand for gold will stay high as long as it is perceived as a capital preservation asset by investors. Gold is a non-perishable asset that bears no credit risk and has a high value to volume ratio, which makes it easily transferable, with low transport and storage costs. Hence, we do not expect any other commodity to substitute gold as a capital preservation asset.

Solid Investment Demand: As of June 15, 2007, total ETG assets held by two major exchanges, the New York Stock Exchange (NYSE: GLD) and the London Stock Exchange (LSE: GBS), were 18.13 million ounces, which reflects a yoy increase of 28.5% and ytd increase of 4.7%. We believe that it is the steady rise in investment demand, and not physical demand, which will play a more significant role in setting gold prices going forward.

Continued Producer De-hedging: The chart below shows the increase in producer de-hedging since the beginning of the century.



Source: GFMS

The chart also shows the increase in gold prices along with the increase in de-hedging. Although de-hedging cannot drive gold prices up, we believe it supports the increase in prices. We expect the trend to continue (increasing producer de-hedging), which will support gold prices going forward.

Forecast: We believe that the long-term outlook on gold prices is positive and that prices will stay high as long as gold is perceived as a capital preservation asset. Based on a forecasted depreciation of the U.S. dollar, and continued long-term demand for gold as a capital preservation asset, we believe that prices will stay above its historical average of \$345/oz. The average forecasts for gold prices are \$670/oz in 2007, and \$720/oz in 2008.

Financials

At the end of April 2007, the company had cash and working capital of \$5.38 million and \$4.35 million, respectively (pro-forma consolidated figures).

Recent Financings:

- Piper and Garson jointly completed a \$2 million loan financing. The loan matures in December 15, 2007, and bears interest at a rate of 12% p.a. compounded and payable monthly. Piper had issued 0.69 million shares at a deemed price of \$0.26 per share, and Garson had issued 0.60 million shares at a deemed price of \$0.20 per share, in connection with the loan.
- In December 2006, Piper and Garson had raised \$11.05 million (Piper - \$6.74 million, and Garson - \$4.31 million) through a brokered private placement. Piper had issued 16.09 million units at \$0.26 per unit (each unit consists of one share and one-half share purchase warrant), and 7.99 million flow-through shares at \$0.32 per share (Mineral Fields Group subscribed to 58.7% of all the flow-through shares issued). Garson had issued 16.04 million units at \$0.20 per unit (each unit consists of one share and one-half share purchase warrant), and 4.42 million flow-through shares at \$0.25 per share.

As of June 2007, the company had 18.44 million warrants (all warrants are currently ‘in-the-money’ and expire in 2008) and 3.90 million options outstanding (all the options are

currently ‘in-the-money’; expiry dates range between May 2009 and January 2012).

We expect the company to spend a total of \$3.5 million on exploration activities in 2007. Based on cash on hand of \$5.38 million at the end of January 2007, we believe the company is in a good cash position to pursue its exploration activities in 2007.

Valuation

We believe that the value of the company at this time should come exclusively from the New Britannia Mine and Squall Lake. We have used three valuation techniques to value the New Britannia Mine - Discounted Cash Flow (DCF), Real Options Valuation, and Comparables Valuation.

Discounted Cash Flow (DCF) Valuation

Our valuation on Garson Gold based on a DCF valuation of the New Britannia Mine is \$38.61 million or \$0.43 per share. All our assumptions and inputs used in the model are shown in the table on the next page.

DCF Valuation Summary	
Resource (in tonnes)	2,976,500
Wt. average Grade (gpt)	5.10
Contained Metal (in troy oz)	488,375
Recovery	92.2%
Production Commencement	2010
Mill Processing (tpd)	2,150
Mine Life (in years)	4.0
Gold Price (in US\$)	\$550
Average Operating Costs	\$55/tonne
Capital Costs	\$15,000,000
Discount Rate	12%
Net Present Value	\$34,255,940
Working Capital	\$4,354,896
LT Debt	\$0
Net Value	\$38,610,836
No. of shares (diluted)	89,156,494
Value per share	\$0.43

x - Resource calculations include all the measured and indicated and 50% of inferred resource

We have accounted for the resource estimate of the Squall Lake Property in all three of our valuation models, as we believe that the Squall Lake Property could be a new source of feed for the New Britannia Mill (The Squall Lake property is located between 4-10 kilometers north of the New Britannia Mill).

Note that even though our long-term outlook on gold prices is positive, we have used a very conservative long-term gold price assumption of \$550/oz in the model.

Real Options Valuation Model

Real options valuation is ideal for valuing junior mining companies as it accounts for the volatility in commodity prices, and management's ability to abandon or pursue projects. Our real options valuation on the company is \$0.75 per share.

Real Options Valuation					
	Resources (in tonnes)	Grade (g/t)	Contained Metal (in troy oz)	Price(US\$)	Value (C\$)
Gold	2,976,500	5.10	488,375	625.00	323,640,317
Operating Costs (\$/tonne)	\$55.00			Total Value (C\$)	\$323,640,317
Recovery (Au)	92.2%			Operating Costs (C\$)	\$163,707,500
C\$/US\$	1.15			Net Value (C\$)	\$159,932,817

Inputs relating to the underlying asset					
Estd. Mineral Resources (in tons)					2,976,500
Estd. Value of Minerals if extracted today					\$159,932,817
Annualized Standard Deviation of Mineral prices					18%
Capital Investment					\$15,000,000
Estd. Mine Life (years)					4.0
Riskfree Rate					4.20%
Output					
Stock Price	\$159,932,817			T. Bond rate	4.20%
Strike Price	\$15,000,000			Variance	0.03
Expiration (in years)	4.0			Annualized div yield	18.75%
d1 =	5.085			Value of Option	\$62,867,955
N(d1) =	1.000			Working Capital	\$4,354,896
d2 =	4.721			LT Debt	-
N(d2) =	1.000			No of outstanding shares (diluted)	89,156,494
				Value per share	\$0.75

x - Resource calculations include all the measured and indicated and 50% of inferred resource

Comparables Valuation

We have valued Garson Gold based on the average ratio of enterprise value (EV) to resources of its peers. All comparables primarily target gold in central (including Manitoba and Saskatchewan) and Eastern Canada. As shown in the table, Garson Gold is undervalued compared to three out of five peers that we have used in the analysis.

Since San Gold Corporation (TSXV: SGR; BUY - Speculative) is a producing company, we have discounted its ratio by 25% to calculate the peer average ratio.

Comparables Valuation Model						
	Company	SYM	Price	Enterprise Value	Resource (Au in oz)	EV / Resources
1	San Gold Corporation	SGR	\$1.28	\$205,769,917	1,602,890	128.4
2	Anaconda Mining Inc.	ANX	\$0.59	\$33,209,992	363,169	91.4
3	Lake Shore Gold Corp	LSG	\$1.91	\$189,340,559	2,305,572	82.1
4	Garson Gold	GG	\$0.44	\$35,848,380	613,505	58.4
6	Golden Band Resources Inc.	GBN	\$0.51	\$41,343,172	1,086,000	38.1
7	GLR Resources	GRS	\$0.55	\$24,241,396	875,844	27.7
Average EV / Resources ^x						65.7
Fair Value of GG's stock						\$0.49

Note: Stock prices and Market Cap are as of July 12, 2007

x - Since SGR is a producing company, we have discounted its ratio by 25% to calculate the average

Based on an average EV/Resource ratio of \$65.7/oz, we believe that the fair value of Garson Gold at this time should be \$0.49 per share based on comparables.

Conclusions & Rating

Valuation Summary

The average fair value of the three valuation models is \$0.56 per share (as shown below).

Valuation Summary	
DCF Valuation	\$0.43
Real Options Valuation	\$0.75
Comparables Valuation	\$0.49
Average	\$0.56

We believe Garson Gold is well positioned to take advantage of high gold prices in the near term. The risks of their project are low. They have a fully permitted mill and mine that can be restarted quickly with minimal dilution to shareholders. That being said, we expect it will take at least two exploration seasons to delineate a resource that can be converted to reserves.

The company is also subject to rising labor and operating costs to reopen the New Britannia

Mine. In the future, the company will likely complete a scoping study to examine the economics of reopening the mine. We expect to update our valuation when the company completes their 2007 exploration program.

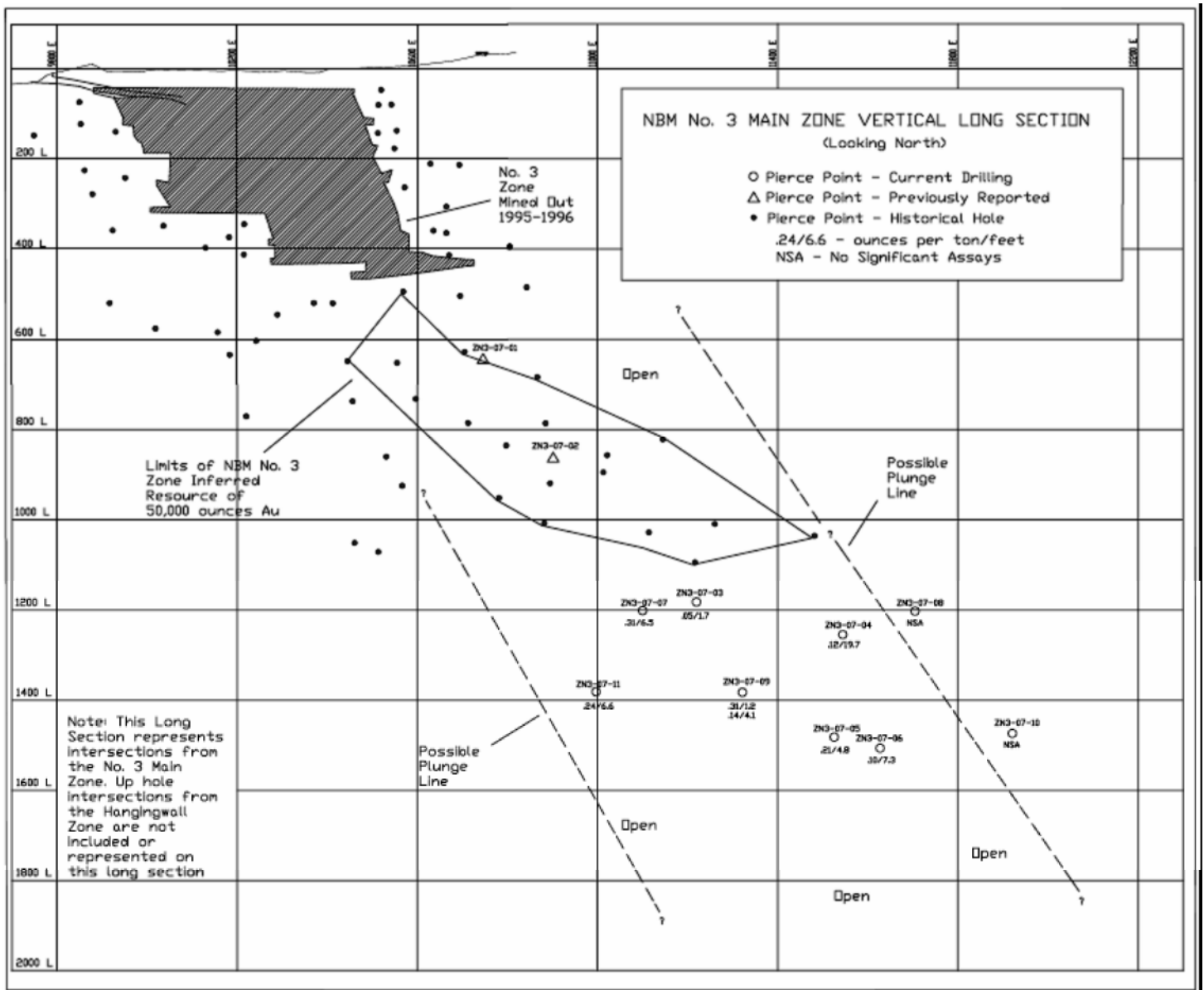
Based on our valuation models and analysis of the company's projects, we initiate coverage on Garson Gold with a BUY rating, and a fair value estimate of \$0.56 per share, which reflects an upside potential of 23.1% from current price levels.

Risks

The following risks, though not exhaustive, will cause our estimates to differ from actual results:

- The success of drilling, expansion and determination of favorable resource estimates are important long-term success factors for the company.
- The resource, as it stands currently, is likely not enough to reopen the mine. However, significant exploration potential exists on the property.
- The value of the company depends heavily on commodity prices.
- The company has assumed liability for the closure of the mine, should they be unable to prove up reserves.

APPENDIX



The company's drill holes in the 3# Zone. They are testing the downplunge extension below the 2000 Level. Source: Garson Gold Corp.

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 shares are considered highly speculative.

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