

### Golden Goose Resources Inc. (TSX-V: GGR, Frankfurt: GGO) – New Resources at Magino

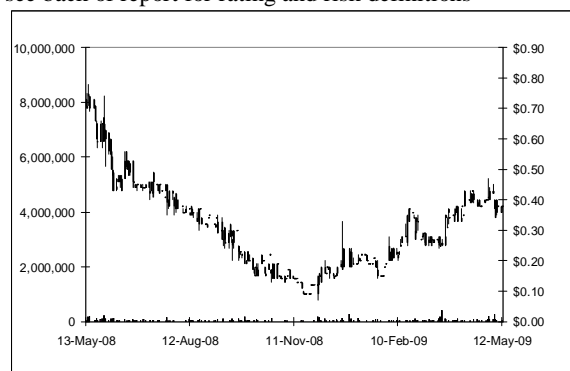
Sector/Industry: Mining

www.goldengooseres.com

#### Market Data (as of May 13, 2009)

Current Price	C\$0.37
Fair Value	<b>C\$1.40 (↓)</b>
Rating*	<b>BUY</b>
Risk*	<b>5 (Highly Spec)</b>
52 Week Range	C\$0.07 – C\$0.78
Shares O/S	47,704,278
Market Cap	C\$17.65 mm
Current Yield	N/A
P/E (forward)	N/A
P/B	1.15
YoY Return	-47.9%
YoY TSXV	-58.1%

\*see back of report for rating and risk definitions



#### Investment Highlights

- Golden Goose's primary assets are the Magino gold property and the Lac Levac nickel-polymetallic property. The company's current focus is strengthening the Magino asset.
- The 2008 Magino drilling program was highly successful in further delineating numerous mineralized zones at depth.
- An updated resource estimate at Magino states 2.09 million tonnes measured and indicated grading 6.74 g/t Au totaling 0.45 million ounces gold contained.
- Inferred resources are 5.83 million tonnes grading 6.29 g/t Au totaling 1.18 million ounces gold contained.
- We are not concerned with the 0.13 million ounce drop in measured and indicated resources as that drop was accompanied by a 170% increase in average grade.
- The company is in a sound cash position. Working capital at the end of 2008 was \$1.68 million.

#### Key Financial Data (FYE - December 31)

(C \$)	2006	2007	2008
Cash + Short-term Investments	2,305,297	4,283,217	1,449,502
Working Capital	2,237,389	4,044,402	1,683,513
Mineral Assets	8,784,501	11,977,223	13,558,887
Total Assets	11,417,458	17,062,365	15,774,655
Net Income	(928,898)	(1,377,262)	(304,277)
EPS	(0.03)	(0.03)	(0.01)

Golden Goose Resources is currently focusing on the Magino Gold mine near Wawa, Ontario. The mine is a former producer for which the company is in receipt of a NI 43-101 compliant resource estimate stating approximately 0.45 million ounces gold measured and indicated and 1.18 million ounces gold inferred.

**Magino Gold Mine**

**Updated Resources:** Innovexplo of Val-d'Or Quebec has completed an updated NI 43-101 compliant resource estimate for the company's Magino gold property near Wawa, Ontario. The new calculation builds on the previous resource, delineated for the company less than a year ago (see our previous update, June 9, 2008). In the second half of 2008, the company completed drilling to test mineralization at depth while also completing surface trenching. The Magino property has now seen a total of 1,286 drill holes comprising 124,118 meters of current and historical drilling. Mineralization appears to be related to the northeast-southwest striking Goudreau Lake Deformation Zone (GLDZ) which has been traced for 2.1 kilometres on the Magino property.

As with the previous resource calculation, the updated version is based on the use of narrow vein underground methodology. Resources were calculated over a minimum 1.5 meter mining width using polygonal and longitudinal section estimation techniques. The cut-off grade for the resource is 3.0 g/t.

**Table 1: Updated Resources at Magino Gold Mine**

Category	Tonnes	Grade (g/t Au)	Ounces
Measured	222,900	5.97	42,749
Indicated	1,869,000	6.83	410,440
Measured + Indicated	2,091,900	6.74	453,189
Inferred	5,828,800	6.29	1,178,124

Source: Golden Goose Resources

**Overall we are positive on the new resource calculation which adds approximately 0.33 million ounces to the previous estimate at a much higher average grade.** Resources of the Magino deposit lie between surface and depth of 500 meters along a strike length of 1.2 kilometres. In comparing this resource with the previous, the reader will notice a decrease in measured and indicated resources of a little over 0.13 million ounces. This reduction is largely due to an increase in cut-off grade from 1.64 g/t to 3.0 g/t. As a result of the change in cut-off grade, the grade of measured + indicated resources increased from 2.5 g/t to 6.74 g/t, representing a 170% increase. We are not concerned with the decrease in resources as the higher average grade could benefit project economics.

**Current Status/Development Timeline:** We feel the current measured and indicated resources are not large enough to make a production decision and expect work in 2009 to focus on in-fill drilling to bring inferred resources to measured and indicated.

In order to complete in-fill drilling, the company intends on de-watering the historic underground workings. Underground access will be advantageous to the company in two key ways: studying structures and mineralization in previously mined sections will provide more comprehensive understanding; drilling from underground means shorter drilling lengths and thus, lower costs. Hydrological testing is anticipated in early summer to ensure the mine can be safely dewatered without affecting local groundwater. As a past producing mine, we do not anticipate issues regarding dewatering.

**The company has the intention of moving the project into the feasibility stage which we would like to see underway in 2011. We expect the company will pursue pre-feasibility in late 2009, early 2010, after an in-fill drilling program.**

As an additional note, the Magino deposit remains open to the northeast and southwest, as well as at depth, providing sufficient prospects for further resource expansion which we would expect to be tested if funding will allow.

### **Management Changes**

As of May 1, 2009, Francois Perron has replaced Jean-Marc Lacoste as President and CEO of the company. Mr. Perron's experience lies in his success as a fund manager and he most recently managed a resource focused portfolio for NBC Alternative Investments. A brief biography, as provided by the company, follows:

*François Perron is involved in the financial markets as a portfolio manager, most recently managing a resource-focused portfolio for NBC Alternative Investments. Prior to joining NBC in 2007, he spent seven years running various resource funds for the Caisse de dépôt et placement du Québec. In 2006, he was recognized by the Brendan Woods International survey as a "Top Gun" asset manager in mining. He also has experience as a research analyst covering the forest products sector for Merrill Lynch. Mr. Perron graduated with a B.Sc. in Computer Science from McMaster University in 1986 and earned an MBA from HEC Montréal in 1992.*

While Mr. Perron lacks "hands-on" experience in the mineral resource industry, we feel he is backed by a sufficiently technical VP Exploration and board of directors. His financial background should help the company going forward.

Mr. Lacoste will remain with the company as Chairman of the Board for a minimum of one year.

### **Revised Ni and Cu long-term price forecasts**

As none of the company's projects are going to be in production in the next 24 months, our valuation on the company depends primarily on our long-term price forecasts for gold, nickel and copper.

Since our previous report in June 2008, we have revised our long-term Ni and Cu price forecasts from US\$8 to US\$6.2/lb, and US\$1.75 to US\$2.03/lb, respectively. These revisions were based our regression models on historic Mo and Cu prices, and several independent variables, including the US\$, global annual mine production growth, global GDP growth, etc.

We have maintained our long term gold price forecast at US\$600/oz for 2012+. Our forecast for 2009 is US\$900/oz, 2010 is US\$850/oz, and 2011 is US\$725/oz.

### **Financials**

At the end of 2008, the company had cash (including short-term investments) of \$1.45 million. Working capital and the current ratio were \$1.68 million and 6.6x, respectively. The company posted a net loss of \$0.30 million (EPS: -\$0.01) in FY2008, versus \$1.38 million (EPS: -\$0.03) in FY2007. We estimate GGR had a burn rate (including mineral property

costs) of \$0.24 million per month in FY2008. The table below shows the company's cash and liquidity position at the end of 2008.

(in C\$)	2006	2007	2008
Working Capital	\$2,237,389	\$4,044,402	\$1,683,513
Current Ratio	14.5	6.0	6.6
LT Debts/ Assets	-	-	-
Burn Rate Per Month (incl exploration costs)	(\$172,291)	(\$316,081)	(\$236,143)
Cash from financing activities	\$2,491,942	\$5,770,890	-

**Stock Options and Warrants:** We estimate the company currently has about 4.11 million stock options outstanding with exercise prices ranging between \$0.25 and \$1.10 per share. About 0.59 million of these options are currently 'in-the-money'.

**Conclusion:** The company is in a sound cash position. We believe they have enough cash to fund working capital for the rest of 2009. However, GGR will have to raise capital through equity/debt to fund capital expenditures. Our discussions with management indicated that the company intends to spend \$1 - \$5 million (subject to financing) over the next 18 months.

## Valuation

**Magino Gold Project** – Our revised DCF and real options valuation on the Magino project are \$1.18 and \$1.33 per share, versus \$1.18 and \$1.22 per share, respectively in our previous report. The average valuation increased as a result of the increase in resource estimates offset by an increase in our operating cost estimates and the estimated delay in production commencement from 2011 to 2013. A summary of our valuation models are shown below.

<b>DCF Valuation Summary - Magino Gold Mine</b>	
Resource (in tonnes)	5,006,300
Wt. average Grade (gpt)	6.48
Contained Metal (in troy oz)	1,042,680
Recovery	95%
Production Commencement	2013
Mill Processing (tpd)	2,150
Mine Life (in years)	7
Long-Term Gold Price (in US\$/oz)	\$600
US\$/C\$	1.15
Average Operating Costs (\$/tonne)	\$70
Capital Costs (in \$)	\$60,000,000
Discount Rate	11.49%
<b>Net Present Value</b>	<b>\$56,058,484</b>
No. of Shares	47,704,278
<b>Value per Share</b>	<b>\$1.18</b>

Real Options Valuation			
Inputs relating to the underlying asset			
Estd. Value of Minerals if Extracted Today (\$)			\$109,937,646
Annualized Standard Deviation of Mineral Prices			19%
Capital Investment (\$)			\$60,000,000
Estd. Mine Life (years)			7
Riskfree Rate			3.50%
Output			
Stock Price	\$109,937,646	T. Bond rate	3.50%
Strike Price	\$60,000,000	Variance	0.04
Expiration (in years)	7	Annualized div yield	0%
d1 =	1.943		
N(d1) =	0.974	Value of Option (C\$)	\$63,633,133
d2 =	1.441	No of outstanding shares	47,704,278
N(d2) =	0.925	<b>Value per share (C\$)</b>	<b>\$1.33</b>

The sensitivity of our DCF valuation to long-term gold price assumptions is presented in the following table.

Sensitivity Analysis	
Gold price (US\$/oz)	Value per share
400	-\$0.26
500	\$0.46
600	\$1.18
700	\$1.89
800	\$2.61
900	\$3.33
1000	\$4.04

**Lac Levac Project** – Lower long-term Ni price forecasts (from US\$8/lb to US\$6.2/lb), offset by an increase in our Cu price forecast (from US\$1.75 to \$2.03/lb), resulted in a negative NPV on the Lac Levac project. We have not made any other significant changes to our valuation inputs.

The sensitivity of our DCF valuation to long-term Ni and Cu price forecasts are shown below.

Nickel Price (US\$/lb)	\$4.00	\$6.20	\$8.00	\$10.00
Copper Price (US\$/lb)				
\$1.50	(1.01)	(0.35)	0.19	0.79
\$2.03	(0.93)	(0.27)	0.27	0.87
\$2.50	(0.86)	(0.20)	0.34	0.94
\$3.00	(0.79)	(0.13)	0.41	1.01

Keeping all other inputs constant, we estimate the break-even Ni price for the Lac Levac project (based on the current resource estimate) is US\$7.1/lb.

Our revised real options valuation model gave a fair value of \$0.13 per share despite a negative DCF valuation. This is because, unlike a DCF model, the real options valuation

model accounts for the volatility in commodity prices, and also management's ability to pursue or abandon a project. A summary of the real options model is shown below.

Real Options Valuation			
Inputs relating to the underlying asset			
Estd. Value of Minerals if Extracted Today (\$)			\$27,556,207
Annualized Standard Deviation of Mineral Prices			32%
Capital Investment (\$)			60,000,000
Estd. Mine Life (years)			9
Riskfree Rate			3.50%
Output			
Stock Price	\$27,556,207	T. Bond rate	3.50%
Strike Price	\$60,000,000	Variance	0.10
Expiration (in years)	9	Annualized div yield	0%
d1 =	-0.032		
N(d1) =	0.487	Value of Option (C\$)	\$6,142,086
d2 =	-0.979	No of outstanding shares	47,704,278
N(d2) =	0.164	<b>Value per share (C\$)</b>	<b>\$0.13</b>

### Conclusions & Rating

**Valuation Summary** – Based on our revised valuation on the Magino and the Lac Levac projects, we arrived at a fair value of \$1.41 per share (versus our previous estimate of \$1.50 per share).

Valuation Summary		
Magino Gold Mine		
	DCF	\$1.18
	Real Options	\$1.33
	<b>Average</b>	<b>\$1.25</b>
Lac Levac Nickel Project		
	DCF	n.a.
	Real Options	\$0.13
	<b>Average</b>	<b>\$0.13</b>
	Working Capital	\$0.03
	Debt	-
	<b>Net value per share</b>	<b>\$1.41</b>

Therefore, based on our revised valuation models and review of the company's progress since our previous report, we reiterate our BUY rating and lower our fair value from \$1.50 to \$1.40 per share.

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

- The company does not currently have any operating mines.
- The success of drilling, project studies, and project development are important long-term success factors for the company.
- The value of the company depends on commodity prices (gold and nickel).
- The company is subject to delays that are affecting the entire mining industry.
- Access to capital and share dilution.

**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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