

# Fundamental

Research Corp.

Investment Analysis for Intelligent Investors

Brian Tang, BBA, CFA  
Analyst

Siddharth Rajeev, B.Tech, MBA  
Analyst

Martha Buckwalter-Davis, BA (Geology)  
Research Associate—Mining and Energy

Kevin Liu, BBA, BSc  
Research Associate

January 9, 2008

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

Sector/Industry: Mining/Gold/Nickel

[www.goldengooseres.com](http://www.goldengooseres.com)

### Market Data (as of January 7, 2008)

Current Price	C\$0.50
Fair Value	C\$1.04 (↓)
Rating*	BUY
Risk*	5 (Highly Spec)
52 Week Range	C\$0.41 - C\$1.25
Shares O/S	45,420,188
Market Cap	C\$22.71 million
Current Yield	N/A
P/E (forward)	N/A
P/B	1.53
YoY Return	0.0%
YoY TSXV	-0.1%

\*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. Both properties have NI 43-101 compliant resource estimates and resource expansion drilling programs are ongoing.
- The 2007 Magino drilling program was highly successful in discovering numerous mineralized zones at depth. Highlights include 4.11 g/t gold over 36 meters (The 43-101 compliant resource estimate has a grade of 2.5 g/t).
- Drilling at Lac Levac is underway.
- A recently completed ground geophysical survey at Lac Levac extended the Nisk-1 anomaly by at least 400 meters to the east.
- Although we believe the company has made excellent progress at Magino since our initial report, our revised valuation on the company dropped as we lowered our valuation on the Lac Levac project due to lower long-term nickel price forecasts.

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

(C \$)	2004	2005	2006	Q3-2007 9 mo
Cash + Short-term Investments	620,132	1,880,850	2,305,297	3,939,926
Working Capital	530,021	1,802,062	2,237,389	3,644,831
Mineral Assets	7,246,739	7,479,366	8,784,501	10,936,029
Total Assets	7,898,359	9,397,794	11,417,458	15,266,121
Net Loss	(732,141)	(473,144)	(928,898)	(975,769)
Loss per Share	(0.03)	(0.02)	(0.03)	(0.02)

Golden Goose Resources is simultaneously advancing two advanced stage assets towards production. The Magino project is a former gold producer with an NI 43-101 compliant measured and indicated resource of 586,000 oz of gold and further potential at depth. The Lac Levac project is a nickel target with a NI 43-101 compliant resource of 1.25 million tonnes grading 0.89% Ni in the indicated and inferred categories. Resource expansion drilling is ongoing at both properties in 2008.

**Company  
Overview**

Golden Goose Resources holds two advanced high-grade assets that they are aiming to put into production over the coming years. The Magino gold property is a former producer and has a NI 43-101 compliant measured and indicated resource estimate of 586,000 ounces of gold. Recent drilling has highlighted the high-grade potential of this deposit, and continued mineralization at depth. The Lac Levac property is located in Northern Quebec and has a NI 43-101 compliant resource estimate of 1.25 million tonnes grading 0.89% Ni in the indicated and inferred categories. Both properties are being drilled in 2008 to expand the resource to the level that management feels is required to support a mining operation. Upon delineation of such a resource, the company plans to begin prefeasibility work at both properties. Golden Goose graduated to Tier 1 of the TSX Venture Exchange in September 2007.

**Magino Gold  
Mine**

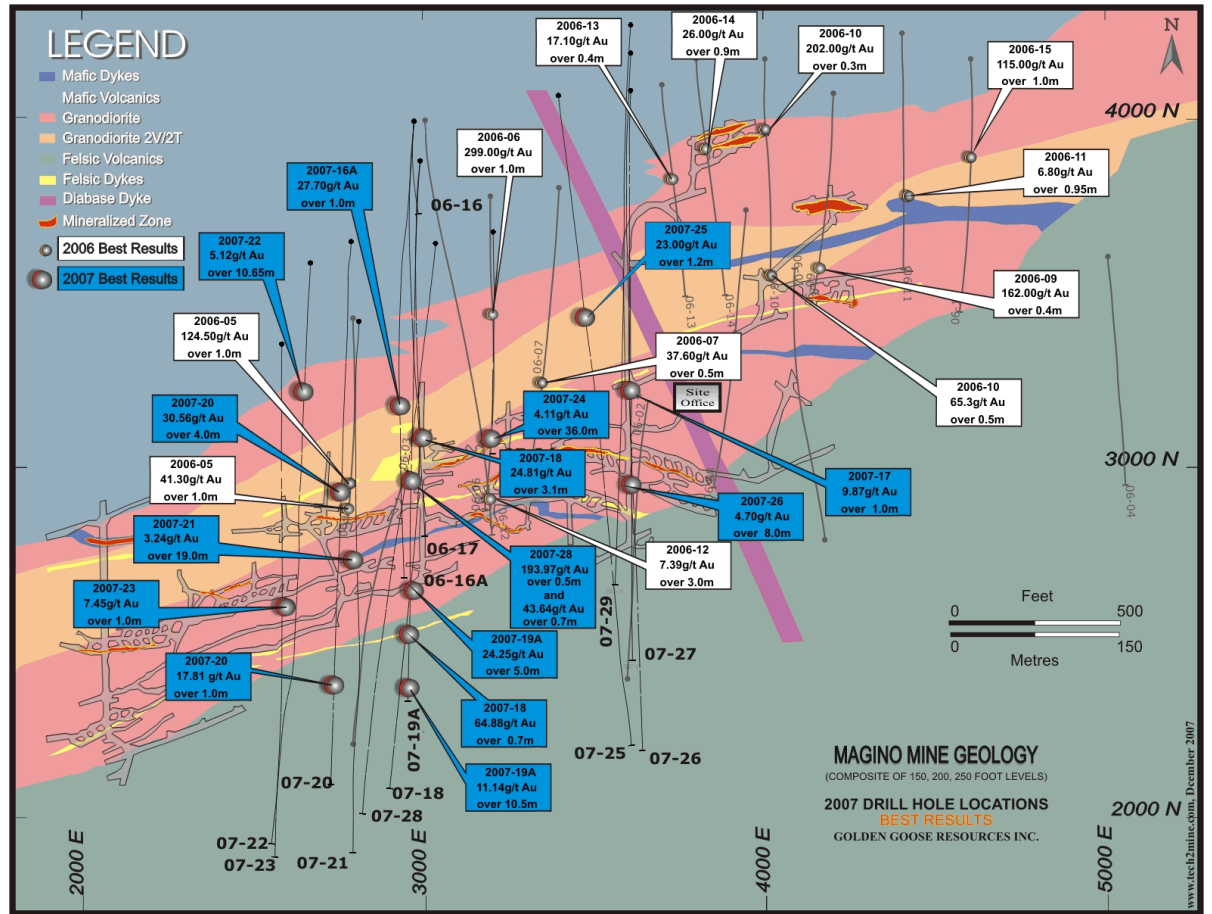
**Property Overview:** The 1,200 hectare Magino Mine is a former gold producer that has been on care and maintenance since 1992. The company hopes to exploit the resource at Magino using a narrow vein underground methodology. A resource expansion drilling program is currently underway.

**Accessibility and Infrastructure:** The Magino property is located near Wawa, Ontario, and is accessible from a 19 kilometer all weather road that turns off Highway 519. Power is available to the site. It is a historic producer, and the property is considered on care and maintenance at this time. The remaining infrastructure includes an office building, electrical/carpentry shops and core shack installations. The underground workings are flooded and sealed to prevent entry.

**Geology and Mineralization:** Gold mineralization at Magino is classic greenstone belt: high grade, narrow quartz vein structures within a granodiorite body. The preliminary focus of exploration at Magino was resource delineation for an open pittable, near surface operation. This reduced the average grade of the current NI 43-101 compliant resource. Due to the high grade mineralization at depth that the company has uncovered in their most recent drilling program, they are currently considering a narrow, high grade underground mining situation.

**Current Status:** The company recently completed Phase I of a 15,000 meter drilling program to delineate resources below the 150 meter level. Phase I consisted of 10,000 meters testing the Main Zone of the property. This drilling discovered numerous granodiorite hosted quartz veins that merge at depth, creating results such as 36 meters of 4.11 g/t gold. A map below outlines highlights of the drilling program, and the full drill results can be found in the appendix of this report.

An updated NI 43-101 compliant resource estimate incorporating the Phase I results is underway and is expected in Q1-2008. Phase II drilling, consisting of 17 holes for a total of 8,600 meters to test the eastern part of the property, will commence in early 2008. We expect the company to complete drilling in the Summer of 2008.



Source: Golden Goose Resources Inc.

**Resource Estimate:** A near surface resource was delineated by the company in 2004. The focus of the current drilling program is resource expansion at depth, which changes the focus of the project from open pit mining to underground mining. We expect an updated resource estimate, with higher tonnages and higher grades, to be completed in Q1-2008.

Resource Category	Tonnage	Grade	Ounces
Measured & Indicated	7.295 million	2.5 g/t	586,000 ounces

**Lac Levac  
Nickel-  
Polymetallic  
Property**

**Property Overview:** The 100% owned Lac Levac nickel project is located in James Bay, Northern Quebec. The primary target at Lac Levac is the Nisk-1 Anomaly (formerly the Inco Anomaly), a magnetic anomaly 4 kilometers long and 300 km wide that was discovered by Inco in the 1960s. Following the 2007/08 drilling program, the company hopes to begin feasibility level work on the project.

**Accessibility and Infrastructure:** Economic activity in the area since the 1960s has improved the accessibility and infrastructure of the project. This makes it a much more attractive target than when Inco was exploring. The company recently completed the construction of a 1.6 kilometer road to the Inco Anomaly, and power could possibly be made available from the Hydro Quebec substation 4 kilometers away. Northern Quebec is still a

relatively uninhabited area subject to severe winter conditions, and the closest town is Nemaska, which is a Cree First Nations community. Nemaska is 70 kilometers west of the property.

**Geology and Mineralization:** The Nisk-1 Anomaly is a sulfide nickel-platinum-palladium-copper-cobalt deposit associated with an ultramafic igneous deposit. This deposit does not outcrop on the surface, and corresponds to a small lake on the property. The anomaly's dimensions are 4 kilometers by 250 meters. The deposit is steeply dipping, and the 2007 drilling program intersected mineralization between 100-200 meters depth. The average width of the deposit is 11.72 meters. The main minerals are pentlandite (nickel), chalcopyrite (copper), and the mineralization of the platinum group metals is unknown.

Other geophysical anomalies remain to be tested, and the company plans to drill some of these anomalies following their Winter 2007/08 drilling program.

**Current Status:** The company began a 6,000 meter, 20-30 hole drilling program with two drill rigs on October 19, 2007. This program is designed to bring the current resource to the measured and indicated categories, as well as resource expansion at depth and along strike. A few holes will also test other geophysical anomalies on the property. The estimated cost of this program is \$1.47 million.

A recently completed ground InfiniTEM geophysical survey over the drilled anomaly and surrounding area extended the potential mineralized zone at least 400 meters to the east. The company has moved two rigs to this extension to test its mineralization potential.

**Resource Estimate:** The current resource estimate is contained within a strike length of 450 meters. Historic drilling results from Inco were included in the resource estimate, as the company completed a confirmation drilling program. It was calculated at a cut-off grade of 0.4% Ni.

Resource Category	Tonnage	Grade	Grade	Grade	Grade	Grade
Indicated	516,000	0.89% Ni	0.39% Cu	0.058% Co	0.14 g/t Pt	0.79 g/t Pd
Inferred	734,000	0.89% Ni	0.34% Cu	0.060% Co	0.14 g/t Pt	0.74 g/t Pd

### **Management**

In October 2007, the company appointed a Project Manager for Lac Levac and appointed a new director. Mr. Beaupre and Mr. Ramsay's biographies follow.

#### **Mr. Marc-Antoine Beaupré, P. Eng. - Project Manager for the Lac Levac**

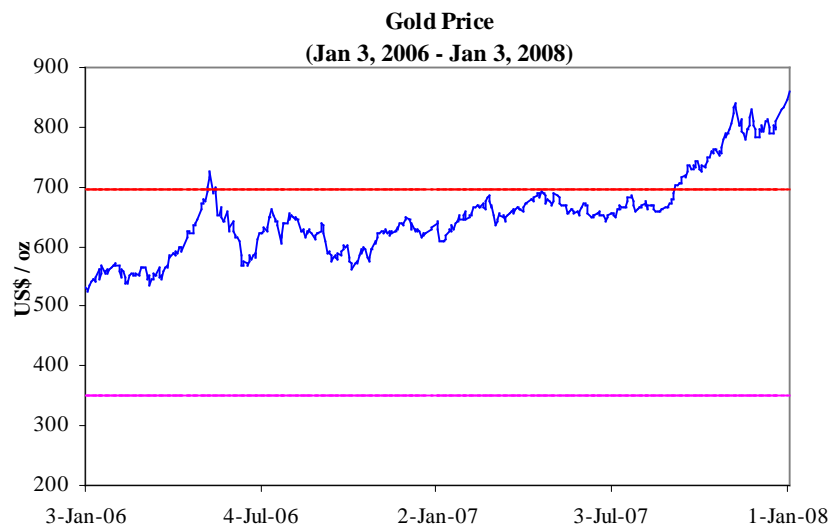
Mr. Beaupré is a graduate of Ecole Polytechnique in Montreal. Since 2004, he has worked for RSW Inc., an Engineering Consulting Firm, as a Geological Engineer. In 2003, he worked for the SEBJ on the Eastmain hydro-electric project, in the James Bay area as a specialist in geology. He has also worked on different exploration projects for Merrex Gold in Mali, Africa.

### Kevin Ramsay - Director of the Company

Mr. Ramsay is a Chartered Accountant and CMA. He is currently a senior partner at Wasserman Ramsay Chartered Accountants, a firm specializing in the audit of public companies. Mr. Ramsay has extensive experience as an external auditor with junior and senior mining companies, including Wheaton River Minerals Limited prior to its acquisition by Goldcorp in 2005, and Blue Pearl Mining Ltd. (now Thompson Creek Metals Corp). Mr. Ramsay will also join the board's audit committee.

### Outlook for Gold

The chart below shows gold prices since January 2006. Gold prices hit their 28-year record high on January 2, 2008, and as of January 3, 2008, were trading at US\$859/oz, which reflects a YOY increase of 37%.



Source: KITCO

Although gold prices have risen considerably in the past few months, and are currently trading at record highs, we have maintained our positive outlook on gold due to the following macro economic conditions:

Gold is traditionally viewed as a capital preservation asset and regarded as a better hedge against the U.S. dollar, inflation and geopolitical risks, than any other commodity. Historically, gold prices have been negatively correlated to the U.S. dollar. The U.S. dollar is expected to depreciate with respect to other major global currencies, based on an expected slow down in the U.S. economy, and relatively lower real interest rates in the U.S., compared to other major countries in the world.

The U.S. housing industry is not expected to recover before the end of 2008, and recently, the U.S. economy reported job losses for the first time in four years. Both these factors further signal a slowdown in the U.S. economy. Even though the U.S. Federal Reserve cut interest rates from 5.25% to 4.25% in their last three meetings, we expect to see further rate cuts in the first half of 2008 to tackle the ongoing credit crunch problems and the softening

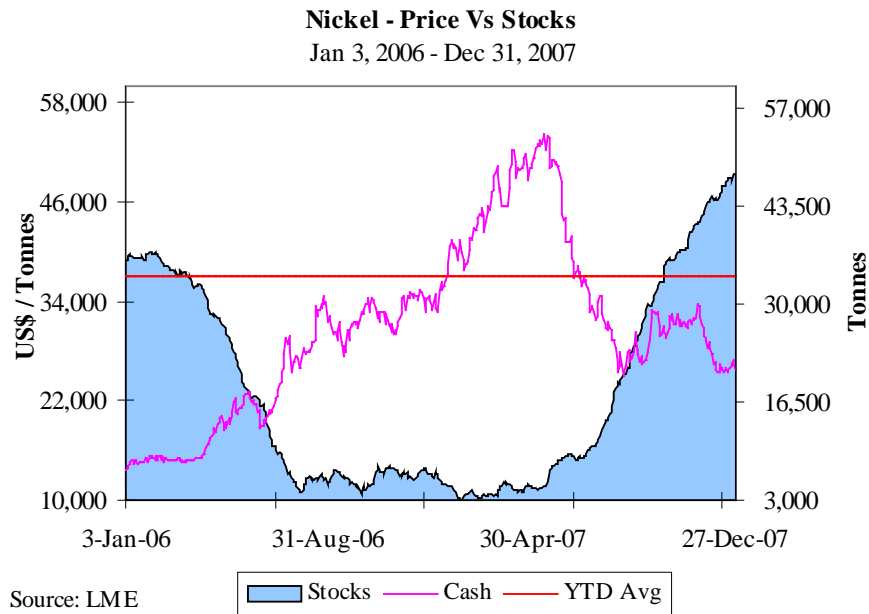
U.S. housing industry. The rate cuts, in turn, will add to inflationary pressures and simultaneously depreciate the value of the U.S. dollar, which we believe is an ideal condition for gold prices to move higher.

We have also noticed a positive correlation between gold and oil prices, in times of high oil prices. High oil prices create inflationary expectations among investors and lead them to drift towards gold. Oil is currently at its 2007 highs, and prices are expected to stay above \$60.00/bbl going forward (till at least 2017), which we believe will also have a positive effect on the demand for gold.

Therefore, based on a forecasted depreciation in the U.S. dollar, higher inflationary expectations, relatively lower U.S. real interest rates, and high oil prices, we continue to be bullish on gold prices. Although we do not expect prices to move up as fast as they did in the past few months, we expect prices to gradually move up, as the U.S. economy moves closer to recession. The average forecasts for gold prices are US\$749/oz in 2008, and US\$805/oz in 2009. Even though we are bullish on long-term gold prices, we continue to use a conservative long-term forecast of US\$600/oz in our valuation models.

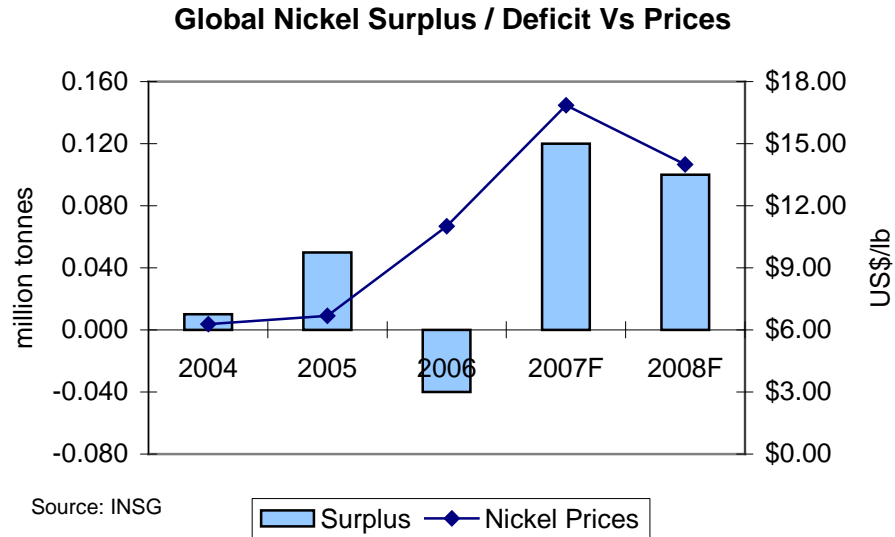
**Outlook for Nickel**

Nickel (prices) has been one of the most volatile commodities in the past 18 months. Nickel prices have dropped by 45% since achieving their record high of US\$24.54/lb in May 2007. As of January 8, 2008, nickel was trading at US\$13.43/lb, which reflects a YOY decline of 9.7%. However, prices are still up 119.2% since the beginning of 2006.



Nickel prices declined in the second half of 2007 primarily due to an increase in inventory levels (as shown in the chart above). LME stocks as of January 7, 2008, were 48,126 tonnes (compared to 6,648 as of January 8, 2007), a YOY increase of 619.4%. Based on global daily consumption of 3,600 tpd, current inventories will suffice for about 13 days.

Our short-term outlook on nickel prices has not changed since our initiating report in September 2007. We believe that surging demand from stainless steel will keep nickel prices at current levels in 2008. The chart below shows that the global nickel production surplus is expected to decrease to 0.1 million tonnes (down from 0.12 million tonnes in 2007) in 2008, as growth in consumption (8.9%) is expected to outpace production growth (6.8%).



The average forecasts for nickel prices are US\$14/lb in 2008, and US\$12/lb in 2009, which are significantly higher than the historical average price of nickel.

Over the long-term, we continue to expect prices to soften from current price levels based on slower growth in global GDP (compared to 2006 and 2007), and an increase in global production levels. The International Monetary Fund (IMF) recently revised their global GDP growth forecasts downward in response to a new purchasing power parity (PPP) estimate published by the International Comparison Program (ICP) as shown in the graph below.



We have lowered our long-term nickel price forecasts (from US\$12/lb to US\$8/lb), based on a higher than expected increase in production surplus in the long-term, as production growth exceeds consumption growth.

### **Financials**

**Operations:** At the end of September 2007, the company had cash, short-term investments and working capital of \$0.16 million, \$3.78 million, and \$3.64 million, respectively. GGR had a net loss of \$0.93 million in FY2006, compared to a net loss of \$0.47 million in FY2005. The company had a net loss of \$0.98 million for the 9-month period ended September 30, 2007, compared to a net loss of \$0.86 million during the same period in the previous year.

We estimate the company had a burn rate of \$0.30 million per month and \$0.19 million per month for the 9-month period and the 3-month period ended September 30, 2007, respectively. The table below shows the company's cash position and liquidity ratios.

	2004	2005	2006	Q3-2007 (9 mo)
Working Capital	\$530,021	\$1,802,062	\$2,237,389	\$3,644,831
Current Ratio	5.4	16.5	14.5	9.0
LT Debts/ Assets	-	-	-	-
Burn Rate Per Month (incl exploration costs)	(\$34,002)	(\$40,308)	(\$172,291)	(\$299,164)
Cash from financing activities	\$168,000	\$1,744,418	\$2,491,942	\$4,327,105

**Recent Financing:** On December 17, 2007, the company reported the closing of a private placement of 1,875,000 common shares issued on a "flow-through" basis at \$0.80 per share to the MineralFields Group.

**Stock Options and Warrants:** At the end of September 2007, the company had about 3.94 million warrants and 2.88 million stock options outstanding.

**Conclusion:** As of September 30, 2007, the company had \$3.94 million in cash and short-term investments. The company also raised about \$1.5 million (1,875,000 shares at \$0.80) in a recent private placement. According to management, the company has a budget of about \$1.5 million for capital expenditures in the next 12 months. Based on a burn rate of \$0.19 million per month, we believe the company is in a good cash position to fund its exploration activities and working capital for the next 12 months.

### **Valuation**

Our revised valuation on the company dropped from \$1.14 per share to \$1.04 per share as shown in the table below.

<b>Valuation Summary</b>		
Magino Gold Mine		
	DCF	\$0.82
	Real Options	\$0.71
	<b>Average</b>	<b>\$0.76</b>
Lac Levac Nickel Project		
	DCF	\$0.13
	Real Options	\$0.22
	<b>Average</b>	<b>\$0.17</b>
	Working Capital	\$0.11
	Debt	-
<b>Net value per share</b>		<b>\$1.04</b>

The valuation dropped primarily because we lowered our valuation on the Lac Levac Nickel Project from \$15 million (\$0.34 per share) to \$7.83 million (\$0.17 per share). Our valuation on the Lac Levac project dropped as we lowered our long-term nickel price forecast from US\$12.00/lb to US\$8.00/lb. We added the value of recoverable copper and cobalt in our revised valuation model, which slightly offset the drop in valuation due to lower nickel price forecasts.

As for the Magino Gold project, we raised our valuation from \$0.72 per share to \$0.76 per share. The valuation increased as we lowered our discount rate assumption from 12% to 11.49%, which is our revised estimate for similar projects in a relatively risk-free country.

### **Conclusions & Rating**

We believe the company has made excellent progress at Magino since our initial report. Our fair value estimate on the company dropped primarily because we lowered our long-term nickel price forecasts. Therefore, based on our revised valuation models and review of the company's projects, we reiterate our BUY rating, but lower our fair value estimate on the company from \$1.14 per share to \$1.04 per share. We believe the release of an updated NI 43-101 compliant resource estimate on the Magino project is a catalyst for the stock going forward. Drilling results and the expansion of the Lac Levac deposit will also provide catalyst towards meeting our fair value.

### **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.
- The company is subject to delays that are affecting the entire mining industry.

**Magino Gold Mine Best Results 2006-2007 Drill Campaign**

Hole (number sign)	From (m)	To (m)	Length(x) (m)	Gold Content (g/t)	Hole (number sign)	From (m)	To (m)	Length(x) (m)	Gold Content (g/t)	
1	135.35	139.85	4.50	4.26	07-22	133.00	134.00	1.00	9.56	
2	325.00	326.00	1.00	14.65	And	141.00	142.00	1.00	7.27	
3	334.00	337.00	3.00	8.26	And	161.50	172.15	10.65	5.12	
4	278.08	280.40	1.42	1.12	And	175.00	176.00	1.00	5.77	
5	297.00	316.00	20.00	8.61	And	248.50	249.80	1.30	12.68	
And	389.00	395.00	6.00	5.01	And	289.00	289.50	0.50	12.24	
6	156.00	172.13	16.13	19.80	And	299.00	303.00	4.00	7.22	
And	364.00	367.00	3.00	7.29	And	412.00	413.00	1.00	22.19	
7	336.50	342.50	6.00	7.78	And	426.00	427.00	1.00	11.70	
And	389.00	392.00	3.00	8.04	And	430.00	431.10	1.10	12.82	
8	371.00	375.00	4.00	4.27	And	556.00	556.50	0.50	13.38	
9	300.10	302.50	2.40	28.60	And	560.00	561.00	1.00	7.36	
10	168.50	182.00	13.50	8.07	And	595.00	595.50	0.50	3.64	
And	328.80	329.20	0.40	20.40	07-23	160.00	169.00	9.00	3.79	
And	401.70	402.20	0.50	65.30	And	183.00	185.30	2.30	6.72	
11	284.25	285.20	0.95	7.13	And	220.00	221.00	1.00	7.33	
12	525.00	550.00	25.00	2.65	And	234.00	236.00	2.00	2.31	
13	191.70	195.00	3.30	4.78	And	329.00	330.00	1.00	7.45	
14	116.60	121.00	4.40	8.95	And	459.00	460.00	1.00	5.30	
And	134.00	159.00	25.00	2.75	QFP zone	And	585.00	586.50	1.50	2.95
15	151.00	178.00	22.00	6.75	07-24	166.00	174.40	8.40	6.73	
And	252.00	256.00	4.00	6.88	And	244.00	280.00	36.00	4.11	
06-16A	408.00	413.00	5.00	5.77	07-25	231.00	233.00	2.00	6.82	
And	431.00	435.00	4.00	3.12	And	294.80	296.00	1.20	23.00	
06-17	304.00	308.00	4.00	3.53	And	345.50	348.70	3.20	4.50 VG	
And	429.50	442.00	12.50	1.41	And	461.00	462.90	1.69	4.40	
And	473.00	480.00	7.00	2.07	And	511.00	513.00	2.00	6.01	
07-18	219.25	222.00	3.00	5.68	And	602.00	609.40	7.40	1.83	
And	238.00	241.00	3.00	11.91	07-26	95.50	99.00	3.50	7.66	
And	331.00	332.50	1.50	11.89	And	106.80	110.60	3.20	3.13	
And	377.00	380.10	3.10	24.81	And	123.00	127.00	4.00	3.39	
And	401.00	402.20	1.20	6.49	And	280.50	283.00	2.50	2.49	
And	540.00	542.50	2.50	9.82	And	383.00	385.00	2.00	3.53	
	622.30	624.50	2.20	22.31	And	384.00	384.55	0.55	11.79	
QFP	And	733.20	734.00	0.80	6.80	And	485.00	493.00	8.00	4.70
QFP	And	760.65	763.00	2.35	3.98	And	502.00	503.00	1.00	6.26
07-19A	188.00	190.00	2.00	7.70	And	531.00	537.00	6.00	3.16	
And	355.00	359.00	4.00	6.04	And	546.00	547.00	1.00	7.04	
And	381.00	387.00	6.00	3.70	And	633.71	637.75	4.04	2.22	
And	510.00	515.00	5.00	24.25	And	641.35	645.00	3.65	17.24	
And	606.00	608.65	2.65	1.56	And	655.00	657.00	2.00	2.95	
Massive Sulfide Zone					Outside the granodiorite in the volcanic tuff					
And	610.50	621.00	10.50	11.14		705.50	708.30	2.75	2.17	
07-20	170.00	171.00	1.00	10.79	And	734.74	736.55	1.81	4.50	
And	350.00	354.00	4.00	30.56	07-27	Results pending				
And	448.20	449.10	0.90	11.68	07-28	259.60	265.00	5.40	16.59	
And	473.00	476.00	3.00	7.29	And	267.75	270.00	2.25	15.31	
And	488.00	489.00	1.00	5.46	And	282.00	286.00	4.00	5.67	
And	534.40	535.00	0.60	15.78	And	298.00	299.00	1.00	4.30	
And	608.00	613.00	5.00	8.33	And	393.00	395.00	2.00	3.84	
And	612.00	613.00	1.00	17.81	And	458.84	460.32	1.48	4.05	
And	633.00	634.00	1.00	12.58	Outside the granodiorite in mafic tuff and iron formation					
And	644.00	647.00	3.00	3.99		539.64	540.90	1.26	5.39	
And	655.00	656.00	1.00	9.14	And	546.50	548.75	2.25	25.06	
And	663.00	663.60	0.60	11.36	In the QFP and crystal tuff					
And	677.00	677.50	0.50	11.47		564.00	566.00	2.00	4.95	
07-21	205.50	206.00	0.50	6.48	In the felsic pyritized tuff					
And	280.25	281.00	0.75	6.46		628.00	632.10	4.10	3.01	
And	299.00	318.00	19.00	3.24	And	652.00	652.55	0.55	4.98	
And	404.00	405.00	1.00	5.58	And	661.00	662.00	1.00	6.15	
					07-29	Results Pending				

**Source: Golden Goose Resources**

**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.

**Disclaimers and Disclosure**

The opinions expressed in this report are the true opinions of the analyst about this company and industry. Any "forward looking statements" are our best estimates and opinions based upon information that is publicly available and that we believe to be correct, but we have not independently verified with respect to truth or correctness. There is no guarantee that our forecasts will materialize. Actual results will likely vary. The analyst and Fundamental Research Corp. "FRC" does not own any shares of the subject company, does not make a market or offer shares for sale of the subject company, and does not have any investment banking business with the subject company. Fees of less than \$30,000 have been paid by GGR to FRC. The purpose of the fee is to subsidize the high costs of research and monitoring. FRC takes steps to ensure independence including setting fees in advance and utilizing analysts who must abide by CFA Institute Code of Ethics and Standards of Professional Conduct. Additionally, analysts may not trade in any security under coverage. Our full editorial control of all research, timing of release of the reports, and release of liability for negative reports are protected contractually. To further ensure independence, GGR has agreed to a minimum coverage term including an initial report and three updates. Coverage can not be unilaterally terminated. Distribution procedure: our reports are distributed first to our web-based subscribers on the date shown on this report then made available to delayed access users through various other channels for a limited time. The performance of FRC's research is ranked by Investars. Full rankings and are available at [www.investars.com](http://www.investars.com).

The distribution of FRC's ratings are as follows: BUY (82%), HOLD (8%), SELL (4%), SUSPEND (6%).

To subscribe for real-time access to research, visit <http://www.researchfrc.com/subscription.htm> for subscription options.

This report contains "forward looking" statements. Forward-looking statements regarding the Company and/or stock's performance inherently involve risks and uncertainties that could cause actual results to differ from such forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, continued acceptance of the Company's products/services in the marketplace; acceptance in the marketplace of the Company's new product lines/services; competitive factors; new product/service introductions by others; technological changes; dependence on suppliers; systematic market risks and other risks discussed in the Company's periodic report filings, including interim reports, annual reports, and annual information forms filed with the various securities regulators. By making these forward looking statements, Fundamental Research Corp. and the analyst/author of this report undertakes no obligation to update these statements for revisions or changes after the date of this report. A report initiating coverage will most often be updated quarterly while a report issuing a rating may have no further or less frequent updates because the subject company is likely to be in earlier stages where nothing material may occur quarter to quarter.

Fundamental Research Corp DOES NOT MAKE ANY WARRANTIES, EXPRESSED OR IMPLIED, AS TO RESULTS TO BE OBTAINED FROM USING THIS INFORMATION AND MAKES NO EXPRESS OR IMPLIED WARRANTIES OR FITNESS FOR A PARTICULAR USE. ANYONE USING THIS REPORT ASSUMES FULL RESPONSIBILITY FOR WHATEVER RESULTS THEY OBTAIN FROM WHATEVER USE THE INFORMATION WAS PUT TO. ALWAYS TALK TO YOUR FINANCIAL ADVISOR BEFORE YOU INVEST. WHETHER A STOCK SHOULD BE INCLUDED IN A PORTFOLIO DEPENDS ON ONE'S RISK TOLERANCE, OBJECTIVES, SITUATION, RETURN ON OTHER ASSETS, ETC. ONLY YOUR INVESTMENT ADVISOR WHO KNOWS YOUR UNIQUE CIRCUMSTANCES CAN MAKE A PROPER RECOMMENDATION AS TO THE MERIT OF ANY PARTICULAR SECURITY FOR INCLUSION IN YOUR PORTFOLIO. This REPORT is solely for informative purposes and is not a solicitation or an offer to buy or sell any security. It is not intended as being a complete description of the company, industry, securities or developments referred to in the material. Any forecasts contained in this report were independently prepared unless otherwise stated, and HAVE NOT BEEN endorsed by the Management of the company which is the subject of this report. Additional information is available upon request. THIS REPORT IS COPYRIGHT. YOU MAY NOT REDISTRIBUTE THIS REPORT WITHOUT OUR PERMISSION. Please give proper credit, including citing Fundamental Research Corp and/or the analyst, when quoting information from this report.

Fundamental Research Corp is registered with the British Columbia Securities Commission as a Securities Adviser which is not in any way an endorsement from the BCSC. The information contained in this report is intended to be viewed only in jurisdictions where it may be legally viewed and is not intended for use by any person or entity in any jurisdiction where such use would be contrary to local regulations or which would require any registration requirement within such jurisdiction.