

## GRANDVIEW GOLD INC.

(\$0.18; GVX: TSX)

### Recommendation

Speculative Buy

### Risk

High

### Price (September 18)

\$0.18

### 52-Week Range

\$1.40 - \$0.10

### Target Price

1-Year: \$0.65  
(down from \$1.35)

### Potential Return

1 Year: 3.6x

### Shares O/S

36.3 million

### Market Cap

\$6.53 million

### Average Daily Volume

20-Day: 32,200  
150-Day: 49,700

### Year-End

May 31

(\$)	BVPS	EPS
2006	\$0.38	(\$0.06)
2007	\$0.35	(\$0.10)
2008E	\$0.32	(\$0.10)
2009E	\$0.25	(\$0.03)

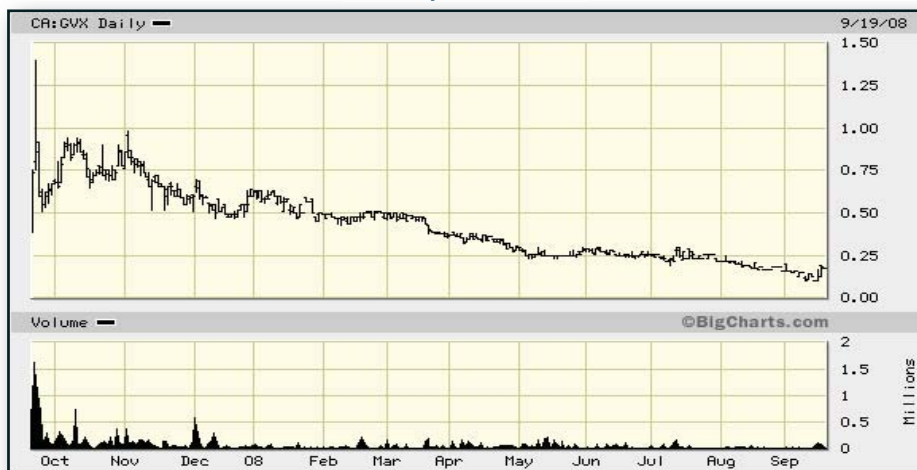
BVPS: Book Value Per Share

EPS: Earnings Per Share

### Analysts

This report was written by a contracted analyst, and was vetted and approved by the eResearch Investment Committee.

Bob Weir, B.Sc., B. Comm, CFA  
Director of Research



Data Source: www.BigCharts.com

## UPFRONT

Despite the well-documented challenges facing the junior mining exploration sector, in our opinion, Grandview Gold is being undervalued by the market, given the potential of its properties that are located in leading mining districts and the technical expertise and experience of its management team.

## RECOMMENDATION

As explained fully in our Valuation section, as a result of the current adverse market environment, we are lowering our 12-month Target Price to \$0.65 per share from \$1.35, and temporarily withdrawing our three-year price objective. Given that the fundamentals for the Company remain intact, our Recommendation for Grandview remains a Speculative Buy, but suitable only for risk-tolerant investors.

## PROFILE

Grandview Gold Inc. is involved in the exploration for gold in the U.S.A. and Canada: (1) on the Carlin Trend, Nevada; (2) in the Red Lake Gold District in northwestern Ontario; and (3) in the Rice Lake Gold District in southeastern Manitoba.

## HIGHLIGHTS

- Grandview's exploration properties are located in the richest gold mining districts in North America.
- The drilling program has produced strong results at the Carlin Trend and Red Lake, warranting follow-up drilling
- Significant high-potential drilling opportunities exist, but expected exploration activity has been reduced by the difficulties of raising new capital.
- Existing gold Inferred Resource of 1.4 million ounces at Pony Creek, Nevada.
- A strong management and geological team with many years' experience.
- The current market environment is not conducive to raising capital, and the Company has only seven months of cash available at the current burn rate.
- Management's ownership interest is relatively low.
- Lack of market awareness of this relatively small market cap gold explorer.

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## THE COMPANY

Toronto-based Grandview Gold is a gold-focused exploration company, with properties in the pre-eminent gold camps of North America. These include the Pony Creek/Elliott Dome Project in Nevada, in which Grandview holds among the largest consolidated Carlin Trend land positions not held by a major. Other properties are located at the Red Lake Gold District in northwestern Ontario, and the emerging Rice Lake Gold District in southeastern Manitoba.

### Nearby Operators

Grandview's neighbors on the Carlin Trend include Barrick Gold Corporation and Newmont Mining Corporation, the two largest gold producers in the world. Barrick operates its nearby Goldstrike and Bald Mountain mines, and Newmont operates its Midas Mine and Rain Mine.

The Carlin Trend is the richest gold-producing region in the Western Hemisphere, and is second in the world to Witwatersrand, South Africa. This is an ideal location in which to be a junior gold explorer.

## RECENT DEVELOPMENTS

### **September 11, 2008: Grandview Gold Fulfills Sanshaw-Bonanza Earn-in Requirements.**

Grandview has completed the required \$500,000 spending to earn a 60% interest in the Sanshaw-Bonanza property in the Red Lake Gold District. The property lies five kilometres southwest of Goldcorp's Red Lake Mine, which is one of the richest, lowest-cost production gold mines in the world. The Company will focus exploration funds and geological expertise on its Red Lake properties this winter, a region that is undergoing consolidation by companies like Goldcorp, Agnico-Eagle and Gold Eagle. Additional excitement was generated from Premier Gold recently reporting strong resource and gold grades in the district.

### **June 6, 2008: Grandview Mobilizes Reconnaissance Teams to GEM-GVG-Grand Group Properties.**

Grandview has commenced early-stage exploration at its Rice Lake Properties in southeastern Manitoba. The team is conducting surface sampling and mapping of priority areas around historic gold showings to define potential drill targets. These assay results should be available shortly.

### **May 28, 2008: Grandview Gold Hires Vice President of Exploration - Toby Hughes, P.Geo.**

Mr. Hughes has extensive experience in the industry, and served as Grandview's Chief Geologist from 2006 to February 2007. See Appendix 1 for Mr. Hughes' biography.

### **May 12, 2008: Grandview Gold Announces New Board Member - Ken Hight.**

Mr. Hight has 35 years of capital markets experience, particularly in dealing with junior resource companies in the venture-capital market. See Appendix 1 for Mr. Hight's biography.

**May 6, 2008: Grandview Gold Extends GEM Property Option Agreement.** The option agreement with Marum Resources Inc. on the GEM claim at Rice Lake has been extended to December 31, 2008. This is an early-stage exploration property that is being explored further in the summer/fall of 2008.

### **April 15, 2008: Grandview Gold Announces New Board Member - Harold Wolkin.**

Mr. Wolkin has extensive experience as an investment banker in Toronto, and was previously at BMO Capital Markets. See Appendix 1 for Mr. Wolkin's biography.

## PROJECTS

The Company's properties are set out in the following table. For detailed information on these properties, see our October 17, 2007 Initiating Report, subsequent Bulletins, and the Recent Developments section of this report (page 3).

Region	Properties	Area (hectares)	Direct Interest	Mineralization
Carlin Trend, Nevada	Pony Creek/Elliott Dome	7,285	80%	Gold
Red Lake Gold District, Ontario	Sanshaw-Bonanza	355	Option to earn 60%	Gold
	Dixie Lake Property	1,664	Option to earn 51%	Gold
	Loisan Property	60	100%	Gold
Rice Lake Gold District, Manitoba	Banksian/Gem/GVG Property	2,824/3,975/1,594	100%/100%/Option 50%	Gold
	Bissett Property	79	100%	Gold
	Angelina Property	235	100%	Gold

Source: Grandview Gold

Figure 1. Property Location Map



Source: Grandview Gold

## CORPORATE GUIDELINES

- To differentiate Grandview Gold from the numerous other junior gold explorers, management has adopted the following principles:
- Maintain a well-financed exploration program and accrue no debt.
- Maintain strong institutional, retail broker and private shareholder participation.
- Focus on mid- to advanced-stage high-profile gold exploration properties.
- Maintain a seasoned management team and blue chip advisors.
- Support an aggressive value appreciation strategy.
- Reduce exploration risk and increase economic viability.
- Engage leading-edge field and boardroom intelligence.

*COMMENT: In our opinion, the Company appears to be meeting these objectives, with the exception of being well-financed. With regard to shareholder participation, we would prefer to see greater shareholdings by management and insiders.*

## STRENGTHS AND CHALLENGES

### 1. Strengths:

- **Attractive Mining Regions:** Grandview is operating in some of North America's pre-eminent gold mining camps: the Carlin Trend in Nevada and Red Lake, Ontario. Where better to look for the next large gold deposit than nearby existing large producers?
- **Carlin Land Position:** Excluding the major producers, Grandview controls the largest consolidated land position on the Carlin Trend, totalling 7,285 hectares. The Pony Creek South Property has an Inferred Resource of 1.4 million ounces of gold (NI 43-101 compliant).
- **Advanced Technology Usage:** Grandview's geological team is highly experienced in the areas of geology, and geochemical and geophysical science.

### 2. Challenges:

- **Market Downturn:** Investors have been cool towards junior mining companies. This has resulted in significant pressure on stock prices, and difficulty in raising new equity, despite reasonable precious metal prices. Grandview has new board members who may help raise funding.
- **Lack of Investor Awareness:** Grandview Gold needs to create increased investor awareness and improve the liquidity of the Company's shares.
- **Management Ownership:** Current officers and directors of the Company control less than 1% of the non-diluted outstanding shares. This is low for a junior exploration company.

## FINANCIAL REVIEW AND OUTLOOK

**Fiscal Year End:** May 31

**Currency:** The Company reports its financial results in Canadian dollars. Given that precious metals are priced in U.S. dollars, producing mining companies are negatively impacted by the strong Canadian dollar. However, Grandview is currently benefiting from the strength of the currency, given that its exploration spending in Nevada is in U.S. dollars.

**Revenue:** As a mineral-exploration company, Grandview is not currently generating revenue, earnings, or cash flow.

**Cash:** The Company currently has cash and investments of approximately \$600,000. Cash is held in bank deposits or investment certificates, and there is no exposure to asset-backed commercial paper (ABCP) investments. The entire junior resource sector faces a potential cash crisis during market downturns (such as the current environment), when access to funding is shut off.

**Exploration Spending:** Capex is expected to drop sharply in F2009, following \$3.5 million of spending in F2008. We are currently forecasting capex in the range of \$0.5 million to \$1.5 million in F2009; this is a wide range, but it is clearly dependent on the extent of fund raising (a large unknown), if any, throughout the year.

**Burn Rate:** The Company's (non-exploration) non-discretionary expenses - i.e., salaries, office and administrative, accounting fees, etc. for F2008 were \$119,000 per month, up from \$110,000 per month through F2007. To reflect the need to conserve cash in the current difficult market, we are forecasting a reduced cash burn in F2009 of \$80,000 per month. With cash of approximately \$600,000, the Company has sufficient funding for the next seven months, assuming no exploration spending and no further fund raising.

**Financing:** With funding in the equity markets currently closed to junior explorers, we expect to see the Company focusing on less-capital-intensive activities. As is always the situation in market downturns, the key uncertainty is the duration of the downturn. eResearch believes Grandview may have some access to the private placement market through supportive investors, but any issuance at the current depressed share price would be dilutive.

**Debt Funding:** Grandview has no debt outstanding.

**Capital Structure:** The Company currently has 36.3 million shares issued and outstanding, and 53.3 million on a fully diluted basis. Management and directors control less than 1% of Grandview's outstanding shares. Together with the shares of other insiders, this number increases to approximately 18%.

***COMMENT:** Current directors and officers of the Company continue to control only 0.47% of the non-diluted outstanding shares, which is low for a junior exploration company. We would like to see this number increase as a demonstration of management's confidence in the future of the Company.*

**Options and Warrants:** The Company has the following warrants and options outstanding:

**Warrants**

\$1.00	250,000	11/29/2008	Out-of-the-money	\$250,000
\$1.40	1,199,999	12/22/2008	Out-of-the-money	\$1,679,999
\$0.65	240,000	12/22/2008	Out-of-the-money	\$156,000
\$0.70	350,000	2/28/2009	Out-of-the-money	\$245,000
\$0.65	1,698,937	3/16/2009	Out-of-the-money	\$1,104,309
\$0.45	177,125	3/16/2009	<i>Out-of-the-money</i>	\$79,706
\$1.75	1,992,987	3/27/2009	Out-of-the-money	\$3,487,727
\$1.10	398,597	3/27/2009	Out-of-the-money	\$438,457
\$0.65	4,357,000	7/6/2009	Out-of-the-money	\$2,832,050
\$0.40	687,120	7/6/2009	<i>Out-of-the-money</i>	\$274,848
\$0.70	656,000	12/21/2009	Out-of-the-money	\$459,200
\$6.00	153,360	12/21/2009	Out-of-the-money	\$920,160
\$1.40	200,000	2/8/2010	Out-of-the-money	\$280,000
Total	<u>12,361,125</u>			<u>\$12,207,456</u>

**2. Options**

<u>Exercise Price</u>	<u>Number</u>	<u>Wted Average</u>	<u>Comments</u>	<u>Potential Equity</u>
<u>Options</u>		<u>Life (yrs)</u>		
\$1.10	600,000	1.33	Out-of-the-money	\$660,000
\$1.00	75,000	1.55	Out-of-the-money	\$75,000
\$0.50	700,000	1.87	Out-of-the-money	\$350,000
\$1.80	150,000	2.60	Out-of-the-money	\$270,000
\$1.00	550,000	2.84	Out-of-the-money	\$550,000
\$1.00	500,000	3.42	Out-of-the-money	\$500,000
\$0.45	2,000,000	4.33	Out-of-the-money	\$900,000
Total	<u>4,575,000</u>			<u>\$3,305,000</u>

Note: The entries in italics are within our 12-month forecast period, and total:

864,245 additional shares, and potential new equity of: \$354,554

**COMMENT:** For our financial forecasts, we include all options and warrants that are expected to be in-the-money based on our Target Price and expire within our 12-month forecast period. Accordingly, as shown in italics in the above table, we are calculating that at best an additional 864,000 options may be exercised, adding \$354,000 to shareholders' equity.

**Financial Statements:** Set out overleaf are the Company's financial statements:

Table 1. Selected Financial Statements

	Year Ended May 31				
	2005	2006	2007	2008	2009E
<b>Statement of Income/(Loss):</b>					
Operating Income	0	0	0	0	0
Non-Operating Income	0	0	21,682	59,887	5,000
General & Administrative Expense	(709,951)	(990,946)	(1,314,505)	(1,430,787)	(1,000,000)
Stock-based Compensation	(775,613)	(573,700)	(1,358,687)	(1,322,125)	(250,000)
Flow-Through Interest Expense	0	0	(141,366)	(44,688)	0
Gain (loss) on marketable securities	0	0	(9,766)	0	0
Other Income/(Expenses):fees	0	(170,000)	0	(528,376)	0
Income Taxes Recovery/(Expense)	0	<u>731,430</u>	<u>563,472</u>	<u>260,255</u>	<u>0</u>
Net Income/(Loss)	(1,485,564)	(1,003,216)	(2,239,170)	(3,005,834)	(1,245,000)
Total Shares Outstanding (basic)	11,851,494	19,086,892	24,841,890	36,288,765	47,152,765 <sup>▼</sup>
Weighted Average Shares O/S	7,561,246	15,469,193	21,964,391	30,565,328	41,720,765
Earnings (Loss) Per Share	(\$0.20)	(\$0.06)	(\$0.10)	(\$0.10)	(\$0.03)
<b>Statement of Cash Flow:</b>					
Net Income (Loss)	(1,485,564)	(1,003,216)	(2,239,170)	(3,005,834)	(1,245,000)
All Non-Cash Items	<u>775,613</u>	<u>(157,730)</u>	<u>804,981</u>	<u>1,553,836</u>	<u>550,000</u>
Cash Flow	(709,951)	(1,160,946)	(1,434,189)	(1,451,998)	(695,000)
Capital Expenditures (Properties)	(407,899)	(2,556,530)	(3,477,602)	(3,506,343)	(1,100,000)
Other Investing Activities	<u>0</u>	<u>(271,977)</u>	<u>(130,514)</u>	<u>(675,599)</u>	<u>0</u>
Free Cash Flow	(1,117,850)	(3,989,453)	(5,042,305)	(5,633,940)	(1,795,000)
Working Capital Changes	64,591	168,210	(234,417)	(108,455)	433,714
Equity Financing (net)	1,325,919	7,279,976	2,773,199	4,527,974	1,354,000 <sup>▼</sup>
Debt Financing	<u>(28,594)</u>	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in Cash	244,066	3,558,733	(2,503,523)	(1,214,421)	(7,286)
Cash, Beginning of the Period	1	244,067	3,802,800	1,299,277	84,856
Cash, End of the Period	244,067	3,802,800	1,299,277	84,856	77,570
<b>As at May 31</b>					
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009E</b>
<b>Balance Sheet:</b>					
Cash and equivalents	244,067	3,802,800	1,299,277	84,856	77,570
Marketable securities	9,766	9,766	0	1,011,410	0
Other Current Assets	30,658	422,911	693,114	190,830	200,000
Mineral Properties	659,236	3,415,766	7,134,618	10,282,950	11,382,950
Other Assets		0	<u>90,000</u>	<u>103,090</u>	<u>100,000</u>
Total Assets	<u>943,727</u>	<u>7,651,243</u>	<u>9,217,009</u>	<u>11,673,136</u>	<u>11,760,520</u>
Current Liabilities	133,016	421,502	416,774	131,616	110,000
Debt Obligations	0	0	0	0	0
Shareholders' Equity	<u>810,711</u>	<u>7,229,741</u>	<u>8,800,235</u>	<u>11,541,520</u>	<u>11,650,520</u>
Total Liabilities & Equity	<u>943,727</u>	<u>7,651,243</u>	<u>9,217,009</u>	<u>11,673,136</u>	<u>11,760,520</u>
Book Value (S.E.) Per Share	\$0.07	\$0.38	\$0.35	\$0.32	\$0.25

Source: Company and eResearch

## VALUATION

Junior mineral exploration companies create value through the skill and competence of management in evaluating, acquiring, exploring and developing properties. In addition to making an assessment of these activities and management itself, eResearch is valuing Grandview using a Share Value Per Attributable Resource analysis and Peer Comparison analyses.

### (1) Mineral Resource Comparison

In the table below we compare Grandview's gold resource estimates with those of other gold exploration/development companies. Certain of the companies are close to production, while for others production is many years in the future, if at all.

Symbol	Company	Stock Price	# Shares (millions)	Market Cap. (\$ millions)	Oz. Gold (millions)	Market Cap./ Oz.
OSK	Osisko Exploration	\$2.73	160.4	437.9	6.5	67.4
QMI	Queenston Mining	\$1.51	50.7	76.5	1.4	54.6
WGI	Western Goldfields	\$1.32	136.2	179.8	4.2	42.8
GBU	Gabriel Resources	\$1.50	254.9	382.4	14.6	26.2
TDC	Tyhee Development Corp	\$0.18	159.8	28.8	1.6	18.0
NG	Novagold Resources	\$4.78	105.2	502.7	28.1	17.9
CBR	Committee Bay Resources	\$0.11	96.1	10.6	0.7	15.1
RDS	Radisson Resources	\$0.13	49.1	6.4	0.4	16.0
KRY	Crystallex International	\$0.97	294.7	285.8	21.1	13.6
YNG	Yukon Nevada Gold Corp	\$0.16	175.2	28.0	3.8	7.4
CCM	Canarc Resource Corp.	\$0.17	71.7	12.2	1.2	10.2
GSL	Greystar Resources	\$1.20	46.0	55.2	13.6	4.1
<b>GVX</b>	<b>Grandview Gold Inc.</b>	<b>\$0.16</b>	<b>36.3</b>	<b>5.8</b>	<b>1.4</b>	<b>4.1</b>
SK	Skyline Gold Corporation	\$0.07	71.9	5.0	2.6	1.9

This table indicates that the market is undervaluing the gold resource estimates at the Pony Creek Property in Nevada, compared with the industry. The market capitalization per ounce of gold resource is only 4.1x for Grandview, compared with the peer group average of 21x, considerably undervaluing the gold resource at the Company's property. Furthermore, if we had included the potential resources at Grandview's other properties that are not NI 43-101 compliant, the ratio would be even lower.

If we were to back into a market capitalization for Grandview based on the average premium of 21x, we arrive at a market capitalization of \$30 million, or \$0.82 per share. We apply a 50% discount to this figure, given that Grandview's gold resource is in the Inferred category, whereas most of the other companies have Measured and Indicated resources. Thus, this methodology provides an estimated valuation of \$0.41 per share.

**(2) Share Value Per Attributable Resource**

<b>Pony Creek - Indicated Resource - Value Per Attributable Resource Ounce</b>							
Per Attributable							
<b>Gold Resource Ounce</b>		\$50.00	\$60.00	\$70.00	\$80.00	\$90.00	\$100.00
Market Cap (C\$1=US\$0.93)							
Using Resource Ounce of	65,000	\$3,494,624	\$4,193,548	\$4,892,473	\$5,591,398	\$6,290,323	\$6,989,247
Value Per Share							
Number of Shares	36,288,765	\$0.10	\$0.12	\$0.13	\$0.15	\$0.17	\$0.19
<b>Pony Creek - Inferred Resource - Value Per Attributable Resource Ounce</b>							
Per Attributable							
<b>Gold Resource Ounce</b>		\$10.00	\$20.00	\$30.00	\$40.00	\$50.00	\$60.00
Market Cap (C\$1=US\$0.93)							
Using Resource Ounce of	1,426,040	\$15,333,763	\$30,667,527	\$46,001,290	\$61,335,054	\$76,668,817	\$92,002,581
Value Per Share							
Number of Shares	36,288,765	\$0.42	\$0.85	\$1.27	\$1.69	\$2.11	\$2.54
				TOTAL	\$1.83		

The Share Value Per Attributable Resource analysis outlined above provides an intrinsic value calculation for Grandview Gold shares based on the estimated value of the Indicated and Inferred Mineral Resources at its Pony Creek property in Nevada.

This is derived using “in the ground” prices of gold prices ranging from \$50/oz to \$100/oz (figures in U.S. dollars) for the Indicated Resource and \$10/oz to \$60/oz for the Inferred Resource. The mineral resource estimates are taken from the NI 43-101 Technical Report entitled “Evaluation of the Gold Resource on the Pony Creek Property”, dated March 18, 2004.

**COMMENT:** *This Technical Report was prepared by Rick H. Russell, M.Sc, Licensed Geologist, for the previous property owner, Mill City Gold Corp. (formerly Mill City International Corporation). The report can be found on [www.sedar.com](http://www.sedar.com), filed under Mill City Gold Corp.*

The value of the calculated resources per share in the table above gives an estimated valuation per share of \$1.83 for the Pony Creek property. However, this resource value is unrealizable without cash resources to explore, develop and mine the gold. Accordingly, this methodology is being discounted by 50% to \$0.91 to reflect the challenging capital market conditions.

This analysis excludes other “historic” mineral resource estimates at other Grandview properties that are not NI 43-101 compliant, which could provide additional value for shareholders.

**(3) Peer Comparison - Book Value Property Ratio**

The Property Ratio below measures the premium the market currently places on a company’s mineral property book values. All else being equal, a higher premium indicates the market is anticipating greater future value from the assets in the ground, while a lower premium may indicate a lower future value from the assets, or represent an undervalued asset.

For the Peer Comparison analysis, we have selected several junior mineral resource companies with precious metals exploration on the Carlin Trend, Nevada, and at Red Lake, Ontario.

Table 2. Corporate Comparison

	<b>Grandview Gold Inc. GVX: TSX-V May-08</b>	<b>Harvest Gold Corporation HVG: TSX-V March-08</b>	<b>Sage Gold Inc. SGX: TSX-V June-08</b>	<b>U.S. Gold Corp. UXG: TSX June-08</b>
<b>Corporate:</b>				
Share Price	C\$ 0.16	C\$ 0.10	C\$ 0.13	C\$ 1.05
Shares O/S	36,300,000	31,661,975	145,200,000	96,700,000
Market Cap	C\$ 5,808,000	C\$ 3,166,198	C\$ 18,876,000	C\$ 101,535,000
<b>Mineral Properties:</b>				
Book Value (Cost)	C\$ 10,282,950	C\$ 5,432,000	C\$ 13,641,000	C\$ 258,381,000
Market Value	C\$ 4,417,814	C\$ 1,401,198	C\$ 15,406,000	-C\$ 39,868,000
Difference	-C\$ 5,865,136	-C\$ 4,030,803	C\$ 1,765,000	-C\$ 298,249,000
Property Ratio	0.43	0.26	1.13	-0.15
	<b>King's Bay Gold Corp. KBG: TSX-V June-08</b>	<b>Premier Gold Mines Ltd. PG: TSX June-08</b>	<b>Rubicon Minerals Corp. RMX: TSX June-08</b>	<b>Skyharbour Resources Ltd. SYH: TSX-V March-08</b>
<b>Corporate:</b>				
Share Price	C\$ 0.15	C\$ 2.06	C\$ 1.82	C\$ 0.13
Shares O/S	41,200,000	69,200,000	147,900,000	99,900,000
Market Cap	C\$ 6,180,000	C\$ 142,552,000	C\$ 269,178,000	C\$ 12,987,000
<b>Mineral Properties:</b>				
Book Value (Cost)	C\$ 4,932,000	C\$ 38,866,000	C\$ 74,538,000	C\$ 2,115,000
Market Value	C\$ 4,843,000	C\$ 120,680,000	C\$ 243,580,000	C\$ 10,087,000
Difference	-C\$ 89,000	C\$ 81,814,000	C\$ 169,042,000	C\$ 7,972,000
Property Ratio	0.98	3.11	3.27	4.77
Average Ratio (Peers)		1.91		
Adjusted Book Value (Cost)	(1)	C\$ 11,282,950		
Adjusted Property Ratio		0.39		
Selected Ratio		1.91		
<b>Common Equity (Per Statements)</b>		C\$ 11,541,520		
<b>Adjusted Common Equity (Selected Ratio)</b>	(1)	C\$ 22,809,005		
<b>Equity Per Share (Per Statements)</b>		C\$ 0.32		
<b>Adjusted Equity Per Share (Selected Ratio)</b>	(1)	C\$ 0.63		

Note (1): Mineral Properties and Shareholders' Equity are adjusted for estimated capex of \$1.0 million over the next 12 months.

Source: eResearch

eResearch has calculated the book value of Grandview's mineral property portfolio 12 months forward by adding the anticipated capital expenditures for the forecast period to the existing mineral property value. Then we apply, to the Adjusted Book Value of the Mineral Property, the selected Mineral Property Ratio, as determined by analyzing and comparing the relative merits of the peer companies with the subject company. In this case, we have applied the peer group Average Ratio of 1.91x, to arrive at an estimated valuation for Grandview of \$0.63.

This is sharply lower than the valuation provided in our initial report of October 2007, due to the significant decrease in Mineral Property Ratios as a result of the dramatically lower share prices of the comparable companies since that time. The Mineral Property Ratio used at that time was 3.99, compared to 1.91 today.

### Investment Conclusions

- The Mineral Resource Comparison provides an estimated value of \$0.41.
- The Share Value per Attributable Resource analysis provides an estimated value of \$0.91.
- The Peer Comparison Based on Book Value analysis gives an estimated value of \$0.63.
- An average of the results from the three valuation methodologies gives Grandview an overall intrinsic value of \$0.65, which we are choosing as our 12-month Target Price.
- eResearch recommends the shares of Grandview as a Speculative Buy, suitable for risk- tolerant investors.
- Along with most other junior explorers, Grandview's share price has lost significant value over the last several months. If the Company is able to raise funding to advance exploration by the drill bit, and is successful with its exploration, the current share price of \$0.18 may appear undervalued. However, if cash availability proves to be prolonged challenge, and more dramatic cost cutting is required, then the current share price would appear fully valued.

### Investment Risk Factors

- **Commodity Price Risk:** The volatility of the price of gold will impact the value of precious metals in the ground being pursued by the Company.
- **Revenues:** The Company has no source of operating revenue, and significant additional expenditures will be required before meaningful operating revenues can be generated - if any.
- **Capital Raising:** Significant ongoing capital will be required to conduct exploration, maintain ownership interest in the mineral claims, develop the properties, establish mining operations, and operate a mine. Access to the capital markets may be limited or unavailable for periods of time.
- **Stock Price Volatility:** The stock price will be heavily influenced by the results of exploration.
- **Future Production:** If mineral resources are developed, there is no guarantee that production will be profitable.
- **Regulatory Risk:** Government regulations could change, particularly environmental requirements.
- **Competition:** The resource industry is highly competitive, and the Company competes with many companies with greater financial resources, management resources and technical facilities than itself.
- **Uninsurable Risks:** The Company may become subject to liability for accidents, pollution and other hazards, against which it cannot insure, or it may choose not to insure due to high insurance premiums.

## APPENDIX 1: MANAGEMENT AND DIRECTORS

### **Michael Hitch, M.Geol, Ph.D., P. Geo - Chairman**

In his role as Chief Operating Officer and Managing Director of Golden China Management (GCM) - consulting to TSX-V listed Golden China Resources Corp - Michael Hitch focuses on gold exploration and development, and merchant banking in the evolving precious metals mining industry of the People's Republic of China. Prior to joining GCM, Dr. Hitch held positions as mining analyst for Clarus Securities Inc. and Octagon Capital Corporation, and served as Vice President Corporate Development for Ivanhoe Mines Ltd, AngloGold Ashanti, Echo Bay Mines Ltd, and Teck Cominco. Dr. Hitch holds a Master's degree in Geology and a Ph.D. in Environmental and Resource Studies, and is an Assistant Professor with the Norman B. Keevil Institute of Mining Engineering at the University of British Columbia.

### **Paul Sarjeant, B.Sc, P.Geol - President, CEO, Director**

After graduating B.Sc. Honours, Geological Sciences, from Queen's University in 1983, Paul Sarjeant began his career with Echo Bay Mines Ltd. as a project geologist working on projects in the Northwest Territories, Archean greenstone belts, Lupin Mine peripheral project, and skarn properties in B.C. and Ecuador. He became Senior Geologist, International Exploration Group, responsible for project evaluation outside North America, including precious and base metals projects in South America, East Africa, Southeast Asia, Russia, Mongolia, Australia, New Zealand and Europe. From 1993 until 1996, he was President and CEO of Auric Resources - a precious metals exploration company focused on Peru. From 1999 until his November 2006 appointment to the office of President and CEO of Grandview Gold, Mr. Sarjeant operated a successful securities business focused on strategic planning and investment analysis.

### **Harold Wolkin, MA (Econ.), CFA - Director**

Until February 2008, Harold Wolkin was a Managing Director in the Diversified Industries Group of BMO Capital Markets, a major Canadian investment dealer. He is a successful investment banker and financial analyst, with over 30 years' experience. Mr. Wolkin entered the investment industry in 1976 as a Financial Analyst and Economist. In 1983, he joined BMO Nesbitt Burns as a Senior Research Analyst responsible for Management and Diversified Companies. In 1992, he moved to BMO Nesbitt Burns' Investment and Corporate Banking Group. Over the next 15 years, he represented the firm as a lead underwriter for a number of Canada's largest equity offerings. He was also responsible for the origination and the successful marketing of a large number of Initial Public Offerings and equity financings for a wide range of issuers and advised numerous corporations on mergers and acquisitions. Mr. Wolkin received a Bachelor of Arts (Economics) from York University and a Master of Arts (Economics and Finance) from the University of Toronto. He is a Chartered Financial Analyst and a former president of the CFA Society of Toronto.

**Ken Hight - Director**

Ken Hight is known in the capital markets in North America and abroad for his 35 years' experience, most recently as the CEO of Liquidnet Canada, a U.S.-based institutional marketplace. From 2005 through early 2008, Mr. Hight served as Executive Vice President Capital Markets of E\*Trade, New York, responsible for global equity trading and market making. He was responsible for the management of the Company's institutional equity business, including market-making, global institutional brokerage, electronic trading products (DMA), wholesale execution and the securities lending operations. Prior to E\*Trade, Ken served as (founding) CEO and President of ITG Canada Inc, responsible for the implementation of competitive products and services, and charged with establishing the subsidiary in the Canadian market. Concurrently, he was a member of the Executive Committee of Investment Technology Group, Inc., New York. Before joining ITG, Mr. Hight spent seven years with TD Securities, where he served as Deputy Chair, responsible for Global Institutional Equities and as a member of the Executive Committee. In addition, he held several senior management positions with TD Bank in Australia, Canada and the United States.

**Ernest M. Cleave, B.Comm, B.Acc.Sc, MBA - Chief Financial Officer**

Ernest Cleave is also Managing Partner for Lannick Consulting and was recently responsible for leading the Sarbanes-Oxley compliance projects at Falconbridge Ltd. and Goldcorp Inc. Mr. Cleave directed corporate planning and analysis, treasury, internal control and regulatory compliance at Goldcorp Inc. from 2001 to 2005. From 1997 to 2001, he worked with Bata Limited in various financial roles, including Controller for Bata South Africa and Chief Financial Officer, Bata International - Africa region. Mr. Cleave began his career with PWC in South Africa in 1993.

**Richard D. Brown, B. Comm, M. Fin. - Director**

Richard Brown brings over 15 years' experience in public company financing, and corporate capital structuring and development to Grandview Gold. Following a successful career as Vice President, Scotia Capital Markets, Mr. Brown has served on the boards of several junior mining companies. He is a partner in Osprey Capital, a Toronto-based investment banking firm. Mr. Brown holds a Master's degree in finance, and a Bachelor's degree in economics.

**Dr. Peter Born, P.Geo - Director**

Peter Born has over 30 years' experience exploring and evaluating mining properties for senior and junior Canadian and U.S. resource companies. Dr. Born worked previously in Archean terrains in Ontario and the Northwest Territories, and is therefore familiar with opportunities presented to Grandview in the exploration and development of the Red Lake and Rice Lake greenstone belts. He was Senior Geologist and then Resource Geologist for Western Mining, and also modelled the Aquarius orebody for Echo Bay Mines. Dr. Born is currently working from his Ottawa-based consulting firm for select Canadian and U.S. resource companies.

**Toby Hughes, P.Geo - Vice President Exploration**

Toby Hughes has been involved in minerals exploration and discovery projects throughout the world, with particular emphasis on Archean greenstone geology, including time spent in the Red Lake gold camp as a consultant to Goldcorp Inc. As Chief Geologist for Grandview Gold from 2006 through February 2007, Mr. Hughes was instrumental in developing the initial drill programs for the successful Dixie Lake Project in Red Lake, Ontario as well as the initial compilation work done on the Rice Lake gold belt in Manitoba.

## ANALYST CERTIFICATION

Each Research Analyst who was involved in the preparation of this Research Report hereby certifies that: (1) the views, opinions, and recommendations expressed in this Research Report reflect accurately the Research Analyst's personal views concerning any and all securities and issuers that are discussed herein and are the subject matter of this Research Report; and (2) the fees, earnings, or compensation, in any form, payable to the Research Analyst, are not and will not, directly or indirectly, be related to the specific views, opinions, and recommendations expressed by the Research Analyst in this Research Report.

**eResearch analysts on this report: Bob Weir, B.Sc., B. Comm, CFA. Director of Research.** Bob Weir has 42 years of investment research and analytical experience in both the equity and fixed-income sectors, and in the commercial real estate industry. He was at Dominion Bond Rating Service (DBRS) from 1994 to 2001, latterly as Executive Vice-President responsible for conducting the day-to-day management affairs of the company. He joined eResearch in 2004.

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## eResearch Recommendation System

<b>Strong Buy:</b>	Expected total return within the next 12 months is at least 40%.
<b>Buy:</b>	Expected total return within the next 12 months is between 10% and 40%.
<b>Speculative Buy:</b>	Expected total return within the next 12 months is substantial, but Risk is High (see below).
<b>Hold:</b>	Expected total return within the next 12 months is between 0% and 10%.
<b>Sell:</b>	Expected total return within the next 12 months is negative.

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## eResearch Risk Rating System

A company may have some, but not necessarily all, of the following characteristics of a specific risk rating to qualify for that rating:

<b>High Risk:</b>	<i>Financial</i> - Little or no revenue and earnings, limited financial history, weak balance sheet, negative free cash flows, poor working capital solvency, no dividends. <i>Operational</i> - Weak competitive market position, early stage of development, unproven operating plan, high cost structure, industry consolidating, business model/technology unproven or out-of-date.
<b>Medium Risk:</b>	<i>Financial</i> - Several years of revenue and positive earnings, balance sheet in line with industry average, positive free cash flow, adequate working capital solvency, may or may not pay a dividend. <i>Operational</i> - Competitive market position and cost structure, industry stable, business model/technology is well established and consistent with current state of industry.
<b>Low Risk:</b>	<i>Financial</i> - Strong revenue growth and earnings over several years, stronger than average balance sheet, strong positive free cash flows, above average working capital solvency, company may pay (and stock may yield) substantial dividends or company may actively buy back stock. <i>Operational</i> - Dominant player in its market, below average cost structure, company may be a consolidator, company may have a leading market/technology position.

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Grandview Gold Inc. paid eResearch a fee of \$20,000+GST to conduct research on the Company on an Annual Continual Basis.

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