

## Update Report

May 30, 2008

### JET GOLD CORP.

(\$0.31: JAU -TSX-V)

#### Recommendation

Speculative Buy

#### Risk

High

#### Price (May 29)

\$0.31

#### 52-Week Range

\$0.51 - \$0.13

#### Target Price

1-Year: \$0.55

#### Potential Return

1-Year: 1.77x

#### Shares O/S

26.57 million

#### Market Cap

\$8.24 million

#### Average Daily Volume

20-day: 70,000

150-day: 42,000

#### Year-End

August 31

C\$	BVPS	EPS
2005A	\$0.05	(\$0.02)
2006A	\$0.07	(\$0.02)
2007A	\$0.04	(\$0.02)
2008E	\$0.05	(\$0.01)

BVPS: Book Value Per Share

EPS: Earnings Per Share

#### Analysts

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Data Source: www.BigCharts.com

### UPFRONT

Coal is all the rage right now but, with as yet no resource estimate on its Naskeena coal property, Jet Gold Corp. is not fully participating in the strong investor interest being shown in the shares of other Canadian coal companies.

### RECOMMENDATION

We are maintaining our Recommendation of Speculative Buy on Jet Gold Corp. ("Jet Gold" or the "Company") with a 12-month Target Price of \$0.55.

### PROFILE

Jet Gold Corp. is a junior mining company with coal properties in British Columbia and oil and natural gas properties in Texas and North Dakota, U.S.A.

### HIGHLIGHTS

- Completed a NI 43-101 compliant report on 2007 activities, with a recommendation to proceed with further exploration (Phase I cost estimate of \$550,000, and then, if merited, a Phase II whose costs are unknown, for additional drilling and bulk sampling, and including a resource estimate determination)
- An estimate of 240 million tonnes of coal was found in a 1914 report (G.F. Monckton) but the recent NI 43-101 Report on Naskeena did not provide a resource estimate
- Oil and gas interests in Texas, U.S. are generating revenues, albeit very small
- Closed a private placement of \$480,000 in April 2008, with funds to be used for exploration expenditures
- Substantial write-down of properties (over \$500,000) in Myanmar due to partners' inability to obtain financing (the recent tragedy in Myanmar has no impact on the Company).

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## THE COMPANY

Jet Gold Corp. is a junior mining company with coal properties in British Columbia and oil and natural gas properties in Texas and North Dakota, U.S.A. The Company generates some revenues from its Texas oil and gas interests jointly held with other companies on properties that were previously believed to be depleted. However, revenues are netted against the project cost and are, being insignificant, not shown in its financial statements.

Jet Gold was formed under the British Columbia Company Act on April 24, 1987 under the name "Veto Resources Ltd." The Company's name was changed several times over the years to the current Jet Gold Corp. on May 27, 2003. The shares trade under the ticker symbol JAU.

The Company is a reporting issuer in Alberta and British Columbia, with its headquarters and records office in Vancouver, B.C.

## PROPERTIES

The following are Jet Gold's current mineral exploration properties:

### 1. Naskeena Property

The Naskeena property is a large-scale coal property, which consists of three contiguous Coal Tenures located in the Skeena Mining Division of British Columbia. The Coal Tenures cover an area of 4,457 hectares.

In 2007, Jet Gold drilled sixteen diamond holes totaled 1215 metres. From the drilling, the fixed carbon content of the coal samples ranges from 4.86% to 43.69% and the ash percentage is from 52.15% to 94.94%. A NI43-101-compliant technical report, published September 2007 and revised in February 2008, suggests that the coal recovery is about 50%. The report also recommends a Phase I exploration program costing \$550,000. A NI43-101 compliant resource estimate will not be available until the end of Phase II (costs of Phase II are unknown).

### 2. Oil and Gas Interests

Jet Gold holds a 5% participating working interest (0.725% net revenue interest) in the Funk Prospect in Goliad County, Texas. The project is comprised of two tracts of land comprising 240 acres and 160 acres respectively in an area currently producing natural gas. The Company advanced \$136,356 for the share of the estimated costs to August 31, 2006 and has received \$2,188 in revenue to February 29, 2008.

The Company holds a 2% interest in the Harris #2 Prospect in Live Oaks County, Texas and has advanced \$27,564 for its share of the estimated costs to February 29, 2008.

The Company acquired a 1.5% back-in working interest in Stark County, North Dakota. The Company paid \$21,371 for its share of the estimated project costs to February 29, 2008.

## Recently abandoned or written down Projects

### 3. Atlin Property (B.C.)

The property is comprised of a block of 18 claims in the Atlin area of British Columbia. During fiscal 2007, the Company, due to poor exploration results, abandoned its exploration program and wrote down the carrying value of the Atlin property by \$94,018. As of August 31, 2007, the carrying cost of the property was \$17,587.

### 4. Set Ga Done Project (Myanmar)

In 2003, the Company and Leeward Capital Corp (Leeward) entered into agreement to earn a 75% interest in the property by committing US\$1.75 million over three years (2004-2006) and an additional US\$1.0 million on a feasibility study. During fiscal 2005, Leeward could not meet the minimum expenditure requirements. In 2007, a new joint venture was formed with Quad Energy SA (Quad). Quad was supposed to commit \$700,000 on the project but opted out of the joint venture agreement. The Company decided not to finance the project and wrote-off all of its \$503,907 of exploration and acquisition expenditures.

### 5. Stewart Prospect (Texas, USA)

Jet Gold has a 2.5% participating working interest (1.875% net revenue interest) in a drilling program for natural gas in a prospect located in Goliad County, Texas. The drilling program was abandoned in late 2006 and \$26,042 in exploration costs were written-off. The carrying value of the interest is \$10,316 as at November 30, 2007.

## FINANCIAL REVIEW AND OUTLOOK

**Fiscal Year-End:** August 31

**Revenue:** Jet Gold is an exploration company and, until this year, has not produced any revenue. However, with its recently obtained minority interests in a number of Texas gas wells, the Company has received \$2,188 in revenue to February 29, 2008 and this has been netted against the project costs.

**Burn Rate:** The Company's monthly burn rate for administrative and general expenses was approximately \$14,660 for the 6 months ending February 29, 2008. We estimate that the monthly burn rate will be approximately \$15,000 in F2008.

**Cash:** Jet Gold had a cash balance of \$46,737 as at February 29, 2008. On April 29, 2008, the Company issued 3,200,000 shares for \$480,000 through a private placement. Given the burn rate, we estimate the current cash outstanding of nearly \$500,000.

**Capital Expenditure:** The Company, under an agreement to obtain a 100% interest in three coal properties, has to make a commitment to incur exploration expenditures as follows:

Capital expenditure Commitment	Amount (\$)	Date
Naskeena Coal Project (\$600,000)	100,000	on or before March 31, 2007 (incurred)
	200,000	on or before March 31, 2008 (incurred)
	<u>300,000</u>	on or before March 31, 2009
	<b>600,000</b>	
Kshish Project (\$500,000)	50,000	on or before December 3, 2008
	100,000	on or before December 3, 2009
	150,000	on or before December 3, 2010
	<u>200,000</u>	on or before December 3, 2011
	<b>500,000</b>	

Source: Company

We estimate capital expenditures for the remaining of 2008 (From March 2008 to December 2, 2008) to be \$100,000.

**Financing:** All capital and operating expenditures to date have been financed with equity. To February 29, 2008, the Company has raised over \$300,000, including a private placement 900,000 flow-through units and 100,000 regular units resulting in net proceeds of approximately \$150,000. Debt financing is not expected since the Company is in the early stage of exploration. The Brian Simmons September 2007 report recommends the Phase I exploration costs of \$550,000 on the Naskeena Project. The Company is also required to make \$500,000 on the Kshish Project by December 2011.

On April 29, 2009, the Company issued 3,200,000 units at \$0.15 per unit for \$480,000. We believe the Company is in a strong liquidity position to carry on exploration expenditures through Phase I.

**Financial Statements:** Set out below are abridged financial statements, including Income/(Loss), Cash Flow, and the Balance Sheet.

Table 1: Selected Financial Information

	6 Months Ending Feb. 29		Year Ending August 31			
	2007	2008	2005	2006	2007	2008E
<b>Statement of Income/(Loss):</b>						
Revenues	0	0	0	0	0	0
Interest Income	4,690	35	5,581	6,855	11,806	50
General & Administrative Expense	(132,341)	(88,155)	(179,507)	(255,699)	(239,007)	(175,000)
Amortization	(318)	(356)	(1,056)	(836)	(758)	(720)
Stock-based Compensation	(16,499)	(116,060)	(105,062)	(73,265)	(207,250)	(164,060)
Other Non-Cash Items	0	0	0	0	45,755	0
Other Income/(Expenses)	0	0	0	0	(20,743)	0
Net Income/(Loss)	(144,468)	(204,536)	(285,625)	(329,800)	(410,197)	(339,730)
Property Expenses Recovered	0	0	5,007	(3,345)	0	0
Oil and Gas Interests written-off	0	0	0	(26,042)	0	0
Property Expenses written-off	(104,789)	0	(36,537)	0	(597,925)	0
Net Income/(Loss)	(249,257)	(204,536)	(317,155)	(359,187)	(1,008,122)	(339,730)
Total Shares Outstanding	21,433,755	23,368,755	15,138,755	20,223,755	22,013,755	26,568,755
Weighted Average Shares Outstanding	20,624,125	23,049,332	14,242,207	17,754,248	21,238,782	24,809,044
Earnings (Loss) Per Share	(\$0.01)	(\$0.01)	(\$0.02)	(\$0.02)	(\$0.02)	(0.01)
<b>Statement of Cash Flow:</b>						
Net Income (Loss)	(249,257)	(204,536)	(317,155)	(359,187)	(1,008,122)	(339,730)
All Non-Cash Items	110,836	116,416	142,655	100,143	760,178	164,780
Cash Flow from Operations	(138,421)	(88,120)	(174,500)	(259,044)	(247,944)	(174,950)
Capital Expenditures (Properties)	(124,334)	(34,230)	(147,116)	(224,238)	(474,545)	(100,000)
Other Investing & Non-Recurring	0	1,079	48,625	0	(870)	0
Free Cash Flow	(262,755)	(121,271)	(272,991)	(483,282)	(723,359)	(274,950)
Working Capital Changes	(32,335)	(5,455)	(108,637)	(2,202)	18,262	(26,374)
Equity Financing	175,250	133,000	405,000	767,150	225,250	613,000
Debt Financing	0	0	0	0	0	0
Change in Cash	(119,840)	6,274	23,372	281,666	(479,847)	311,676
Cash, Beginning of the Period	520,310	40,463	215,272	238,644	520,310	40,463
Cash, End of the Period	400,470	46,737	238,644	520,310	40,463	352,139
<b>Balance Sheet:</b>						
	<b>As At February 29</b>		<b>As at August 31</b>			
	<b>2008</b>		<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008E</b>
Cash	46,737		238,644	520,310	40,463	352,139
Other Current Assets	70,543		47,654	45,978	60,436	71,000
Mineral Properties	665,097		472,163	742,840	590,868	730,503
Oil & Gas Interest	194,049		29,234	107,061	196,238	190,000
Other Assets	3,678		3,648	2,811	2,923	3,504
Total Assets	980,104		791,343	1,419,000	890,928	1,347,146
Current Liabilities	37,764		18,878	35,807	33,112	60,000
Other Liabilities	0		0	0	0	0
Debt Obligations	0		0	0	0	0
Total Liabilities	37,764		18,878	35,807	33,112	60,000
Minority Interest	0		0	0	0	0
Shareholders' Equity	942,340		772,465	1,383,193	857,816	1,287,146
Total Liabilities & Equity	980,104		791,343	1,419,000	890,928	1,347,146
Book Value (S.E.) Per Share	\$0.04		\$0.05	\$0.07	\$0.04	\$0.05

Source: The Company and eResearch; E = Estimate

**COMMENT:** The Company is expected to generate a small amount of revenues from its investments in oil and gas properties in the U.S. However, all capital expenditures going forward will have to be financed by external funds. We do not expect the Company to have financing difficulties through Phase I. In addition, over the next three years, the Company could obtain further financing through exercises of in-the-money options and warrants, which would have a significant dilutive impact on the stock price.

**Warrants and Options:** The following warrants and options are outstanding:

**Table 2: Warrants and options are reported as at February 29, 2008**

**1. Warrants**

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>	<u>Comment</u>	<u>Potential Equity</u>
960,000	\$0.25	9-Jan-2009	In-the-Money	\$240,000

**2. Options**

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>	<u>Comment</u>	<u>Potential Equity</u>
25,000	\$0.15	27-Oct-2008	In-the-Money	\$3,750
200,000	\$0.20	29-Sep-2009	In-the-Money	\$40,000
50,000	\$0.20	31-Dec-2009	In-the-Money	\$10,000
40,000	\$0.10	1-Sep-2010	In-the-Money	\$4,000
100,000	\$0.13	6-Mar-2011	In-the-Money	\$13,000
75,000	\$0.13	9-Mar-2011	In-the-Money	\$9,750
100,000	\$0.17	30-Oct-2011	In-the-Money	\$17,000
75,000	\$0.20	24-Jan-2012	In-the-Money	\$15,000
823,000	\$0.25	18-Apr-2012	In-the-Money	\$205,750
<u>775,000</u>	\$0.19	15-Oct-2012	In-the-Money	<u>\$143,375</u>
2,263,000				\$461,625

*Note: the stock price is \$0.31 as of May 29, 2008.*

*Source: The Company*

**Recent Financing and new Issues of Options and Warrants**

On April 2008, through a private placement the Company issued 3,200,000 units for \$0.15 per unit for \$480,000. Each unit consists one common share and one share purchase warrant, exercisable at \$0.25 per share, expiring April 28, 2010.

As of May 12, 2007, total warrants outstanding are as follows:

**Warrants**

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>	<u>Comment</u>	<u>Potential Equity</u>
960,000	\$0.25	9-Jan-2009	In-the-Money	\$240,000
<u>3,200,000</u>	\$0.25	28-Apr-2009	In-the-Money	<u>\$800,000</u>
4,160,000				\$1,040,000

**COMMENT:** All options and warrants outstanding are in-the-money (as of May 29, 2008), and if exercised, would give the Company approximately \$1.5million, which would help to finance its exploration expenditure requirements beyond Phase I. However, the exercises of the outstanding warrants and options would increase the current shares outstanding by over 20%, which could have a significant dilutive impact on the current stock price.

## VALUATION

As a junior exploration mining company with a small amount of natural gas production, Jet Gold's value is inherent in the exploration potential of its properties.

The Company's strength is its prospective early-stage Naskeena coal property. The Company has initiated a three-phase program:

- Acquisition of air reconnaissance and satellite photos and the review of Ministry of Mines Reports for the property and surrounding area.
- Begin excavator trenching to expose the outcropping coal beds so that a drilling program can be laid out.
- Start a drilling program to outline open pit mineable beds along with their thickness characteristics and potential open pit mining attributes.

For valuation purposes, we are comparing Jet Gold to the following mining companies which have coal reserves and resources, some of which are also in production:

**Hillsborough Resources Limited (HLB:TSX)** is a coal mining company that operates the Quinsam underground thermal coal mine in Campbell River, British Columbia serving the local and west-coast U.S. cement industry, and the Crossville underground coal mine in Tennessee serving the regional power utility and industrial markets. The Company is also developing substantial metallurgical coal properties near Tumbler Ridge in the northeast of British Columbia, as well as the Bingay Creek coal project in the Elk Valley region of southeast British Columbia.

**Grande Cache Coal Corp. (GCE:TSX)** is an Alberta based company, was formed in 2000 for the purpose of reactivating coal mining in the Grande Cache area. Coal production from the Grande Cache Mine started in August 2004 and sales commenced in October 2004. GCC's coal leases cover over 22,000 hectares of the Smoky River Coalfield located in west-central Alberta, within the inner foothills of the Canadian Rocky Mountains. The mine is located approximately 20 kilometers north of the Town of Grande Cache and 360 kilometers west of Edmonton. Metallurgical coal has been produced in the Grande Cache area since 1969.

**Fortune Minerals Ltd. (FT:TSX)** is a natural resource company. Fortune has interests in mineral deposits and exploration projects in Canada providing exposure to diverse commodities including coal, specialty, base and precious metals, diamonds and industrial minerals. Fortune has 100% interest in Mount Klappan anthracite coal deposits in northwestern British Columbia undergoing evaluation for open pit mine development.

**West Hawk Development Corp. (WHD:TSX-V)** is a western-based junior mining company which is focusing on the development and commercialization of its coal assets in western Canada. Through its newly formed subsidiary, Northern Clean Fuels Inc., West Hawk aims to be the first company to employ Coal Gasification/Liquefaction technology to produce ultra-clean transportation fuels and electric power in British Columbia.

## Analysis

Our property valuation methodology is to compare the market capitalization of each of the coal companies in our peer group to their reserves and resources to determine the value the market has placed on these assets (see table below). The above noted companies trade in a range of \$0.03 to \$3.05 per tonne of total coal reserves and resources, averaging \$0.74 per tonne. Jet Gold is trading at the low end of the range.

**Table 3: Peer Comparison**

Name of Company	Year End	Stock Symbol	Proven & Probable	Measured & Indicated	Resources (000s) tonnes	Resources (000s) tonnes	Resources (000s) tonnes
Hillsborough Resources Ltd.	December 31, 2007	HLB	23,090	85,918	109,008	35,246	144,254
Grand Cache Coal Corp.	June 29, 2007	GCE	58,520	129,700	188,220	13,530	201,750
Fortune Minerals Ltd.	December 31, 2007	FT	149,934	165,098	315,032	17,320	332,352
West Hawk Development Corp.	January 3, 2008	WHD	16,800	28,000	44,800	67,270	112,070
Jet Gold Corp.*	January 5, 2008	JAU					240,000
* Estimated to hold							
	As at	Stock Price (1)	Shares o/s	Market Cap (\$000s)	per tonne Reserves + Resources	per tonne Inferred	per tonne Total
Hillsborough Resources Ltd.	December 31, 2007	\$1.64	64,521,118	\$105,815	<b>\$0.84</b>	\$3.00	\$0.73
Grand Cache Coal Corp.	December 31, 2007	\$8.50	72,349,000	\$614,967	<b>\$3.64</b>	\$45.45	\$3.05
Fortune Minerals Ltd.	March 31, 2008	\$1.77	5,448,000	\$9,643	<b>\$0.05</b>	\$0.56	\$0.03
West Hawk Development Corp.	January 31, 2008	\$0.30	75,062,598	\$22,519	<b>\$0.33</b>	\$0.33	\$0.20
Jet Gold Corp.	April 29, 2008	\$0.31	26,568,755	\$8,236			<u>\$0.03</u>
Weighted Average					<b>\$1.15</b>		<b>\$0.74</b>

(1) Share price is at close on May 29, 2008

Using a value of \$0.20 per tonne, which is more than a 70% discount from the group weighted average at \$0.74

Total Resources/Reserves (tonnes)	Assumption of Recovery	Recoverable Resources/Reserves	Value per share (\$)
240,000	20%	48,000	<b>\$0.36</b>
<b>240,000</b>	<b>30%</b>	<b>72,000</b>	<b>\$0.54</b>
240,000	40%	96,000	<b>\$0.72</b>
240,000	50%	120,000	<b>\$0.90</b>
240,000	60%	144,000	<b>\$1.08</b>

Source: eResearch

Jet Gold's property is estimated to hold 240 million tonnes of coal based on a 1914 study which is not NI 43-101 compliant. Presently, Jet Gold's total market capitalization is \$8.24 million (as at May 29, 2008), which means the stock is trading at nearly \$0.03 per tonne of the 1914 estimated resource. Upon completion of a resource estimate (which is estimated to be produced at the end of Phase II), we conservatively assume that only 30% of the estimated amount will be either a reserve or a resource, with the balance being inferred.

We notice that the type of coal the Company expects to encounter (high grade smokeless thermal coal) is now trading for \$150/tonne an increase from \$65/tonne in 2007.

For valuation purposes, we have chosen a value of \$0.20 per tonne which is just slightly more than 25% of the peer group average valuation of \$0.74 per tonne (the Company's market value/total estimated tonnes). Accordingly, as shown in the table above, we value the Company's estimated coal deposit (in the ground) at \$0.54 per share.

The write-offs of the Set Ga Done property and the Atlin property in August 2007 have no impact on our valuation since we did not take into consideration resource estimates from these properties in our valuation model.

The oil and gas properties are not expected to contribute significant revenues going forward (only about \$2,100 was generated in F2007). 2008 revenues from oil and gas properties are expected to be \$25,000 and, in valuing the oil and gas contributions at 10x, we get a value of approximately \$0.01 per share.

### **Conclusion**

In determining the Target Price, we have looked primarily at the Naskeena coal project which we estimate to have a value of \$0.54 per share and have added \$0.01 per share for the oil and gas properties in Texas, resulting in a Target Price of \$0.55. The shares are recommended to risk-tolerant investors as a Speculative Buy.

## **MANAGEMENT AND DIRECTORS**

**Note:** *Core Management Team has not changed from our Initiating Report dated May 24, 2007. The Company is led by:*

### **(1) Robert L. Card, BA (Econ/Comm), President and Director**

Robert Card of Vancouver, B.C. is a successful business owner with many years' experience in building start-up companies and financing their development and growth. Most of his management expertise and experience has been in the natural resource sector, where he has helped to raise funding for various junior exploration and development projects. Mr. Card has been a financial consultant and has served as an officer and/or director of several public companies over the years. In addition to Jet Gold, he is a director of Gulfside Minerals Ltd.

### **(2) Blaine Bailey, Chief Financial Officer**

Blaine Bailey received his Bachelor of Commerce degree (Honours) from the University of Manitoba in 1977, and qualified for the CGA designation in British Columbia in 1983. He has served in the capacity of accountant for Molson Brewery B.C. Ltd. and controller for Nabob Coffee Co., and is currently CFO and Director of Qumana Software Inc. (formerly ThoughtShare Communications Inc.). He is a management consultant specializing in providing financial and administrative services for small to mid-size public and private companies.

## 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: Eric Eng, BA (Acct., Econ.), MBA.** Eric Eng worked at DBRS as a Analyst/Vice President for 10 years. He obtained a BA in Accounting and Economics and an MBA in Finance at the University of Toronto. He joined eResearch in January 2008.

**Bob Weir, B.Sc., B. Comm, CFA.** 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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Nigel Heath

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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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## eResearch Disclosure Statement

eResearch accepts fees from the companies it researches (the "Covered Companies"), and from financial institutions or other third parties. The purpose of this policy is to defray the cost of researching small and medium capitalization stocks which otherwise receive little or no research coverage.

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