



**Bulletin**

**April 14, 2009**

**KOLA MINING CORP.**

**\$0.085; KM: TSX-V**  
**52-Week Range: \$0.54-\$0.02**

**Recommendation:** Speculative Buy (No Change)  
**Target Price:** Temporarily Withdrawn (No Change)

**RECENT DEVELOPMENT:**  
**AGREEMENT TO ACQUIRE BOGUNAY GOLD PROJECT IN RUSSIA**

Kola Mining Corp. has signed an agreement to acquire a Russian company named OOO Artel Staratelei Angarskaya Proizvodstvennaya Kompania, owner of a 100% interest in the Bogunay gold property in Krasnoyarsk Territory, South Siberia, Russia.

Kola will pay about 24,000,000 Russian rubles (approximately US\$700,000). The Russian company has an outstanding US\$1.1 million loan with a third party, of which US\$550,000 must be repaid by January 2010 and the balance by October 2010. Kola will also be paying a finder's fee of US\$25,000 to a third party.

Based on non-compliant (thus not disclosed) Russian resource estimates and other historic information, Kola has estimated tonnage of 5,800,000-9,400,000 tonnes, with grades of 2-10 g/t gold - for total contained gold of 22.2-40.1 tonnes (648,000-1,171,000 ounces). The area includes the Bogunay mine area, old mine tailings and other exploration targets.

For further details, see Kola's April 13, 2009 news release, available at [www.kolamining.com](http://www.kolamining.com) (available soon on SEDAR at [www.sedar.com](http://www.sedar.com)).

**ANALYSIS**

The acquisition has increased the Company's property value and has also diversified the property portfolio from concentrating largely in nickel into a balance of nickel-gold potential as follows:

<b>The Souker property:</b>	898,000 tonnes of nickel resource (Indicated and Inferred) 218,000 tonnes of copper resource (Indicated and Inferred)
<b>The Bogunay property:</b>	5.8 million tonnes of gold resource (the lower end of the estimate)

**COMMENT:** *This resource estimate is based on Russian historical resource estimates, which are not NI 43-101 compliant. Based on the Company's estimate that the property contains at least 22.2 tonnes (648,000 ounces) of gold, the acquisition cost is approximately US\$2.78 per ounce.*



The Company's liability has risen with the acquisition, due to the assumption of a US\$1.1 million loan with a third party. As of November 30, 2008, the Company had \$1.3 million in net cash (net of the current portion of long-term debt). Based on the current monthly cash burn of approximately \$200,000, we estimate the net cash balance to be in the range of \$600,000-\$700,000 at the time of the Bogunay acquisition, which would be fully utilized by the cash component of the acquisition.

As a result, we believe that the Company will require external funds within the next six months to continue to maintain its properties in good standing and meet its obligations.

**COMMENT:** *In our opinion, the acquisition is positive for the Company's stock price. We also believe that the impact on the stock price will be dependent on the ability of the Company to obtain financing in a timely fashion to meet its obligations and continue to develop its properties.*

## THE COMPANY

Kola Mining Corp. is engaged in the exploration and development of precious and base mineral properties in Russia and Central Asia. The Company's primary focus is on the nickel-copper Souker project in the Kola Peninsula in Russia.

## RECOMMENDATION

We continue to recommend Kola Mining Corp. as a Speculative Buy for long-term risk-tolerant investors. As is the case with most of the junior mining companies that we cover, there is currently no Target Price for the shares of Kola Mining. We are waiting for an end to the extreme volatility in junior mining company share prices and for the prices to better reflect the underlying intrinsic values before setting target prices.

## RATINGS HISTORY

<u>Date</u>	<u>Report Type</u>	<u>Recommendation</u>	<u>Stock Price</u>	<u>Target Price</u>
Oct. 20, 2008	Initiating	Speculative Buy	\$0.11	None
Apr. 14, 2009	Bulletin	No Change	\$0.085	None

**High-Low Since Initiating:** \$1.98-\$0.02

**NOTE:** *eResearch reports on Kola Mining Corp. and other companies are available FREE on our website at [www.eresearch.ca](http://www.eresearch.ca).*

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