

### Murgor Resources Inc. (TSX-V: MGR) – Initiating Coverage; Advanced Exploration in Prolific Flin Flon VMS Greenstone Belt

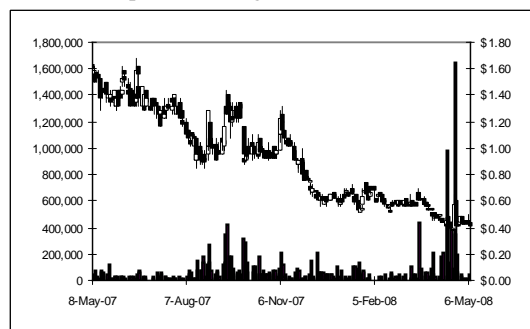
Sector/Industry: Junior Mining/Polymetallic

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

#### Market Data (as of May 8, 2008)

Current Price	C\$0.48
Fair Value	C\$1.00
Rating*	BUY
Risk*	5 (Highly Spec)
52 Week Range	C\$0.38- C\$1.68
Shares O/S	24,111,202
Market Cap	C\$11.57 million
Current Yield	N/A
P/E (forward)	N/A
P/B	0.56
YoY Return	-68.0%
YoY TSXV	-22.8%

\*see back of report for rating and risk definitions



#### Investment Highlights

- Murgor Resources is focused in Northern Manitoba and Saskatchewan, where they optioned three advanced exploration properties and two large grassroots projects from Hudbay Minerals Inc. (TSX: HBM) in late 2006.
- Murgor is advancing the Hudvam, Wim, and Fon deposits which have a combined NI 43-101 compliant inferred resource of 7,798,000 tonnes of ore, containing 143 million pounds of copper, 430 million pounds of zinc, 221,000 ounces of gold and 2.5 million ounces of silver.
- The company is advancing Hudvam and Wim through prefeasibility this year while exploration continues.
- The mining infrastructure in northern Manitoba is good. The prefeasibility studies are taking into account processing at Hudbay's mills in Snow Lake and Flin Flon.
- Manitoba is considered one of the best jurisdictions for mining in the world.

#### Risks

- The success of drilling, expansion and determination of favorable resource estimates are important long-term success factors for the company.

#### Key Financial Data (FYE - April 30)

(C \$)	2006	2007	2008 (9 mo)
Cash & Cash Equivalents	797,807	2,424,069	2,911,224
Working Capital	1,558,817	2,228,438	3,865,859
Mineral Assets	8,639,880	14,293,768	16,663,574
Total Assets	10,410,345	17,194,701	21,631,464
Net Income	(243,663)	338,815	1,612,084
EPS	(0.004)	0.004	0.083

**Note: FRC analysts have visited MGR's property in the past 12 months; see the back of this report for additional disclosures**

*Murgor is advancing the Hudvam, Wim, and Fon deposits which have a combined NI 43-101 compliant Inferred resource of 7,798,000 metric tonnes of ore, containing 143 million pounds of copper, 430 million pounds of zinc, 221,000 ounces of gold and 2.5 million ounces of silver. They also hold two large grassroots exploration properties in the Flin Flon Greenstone Belt. The company hopes to be in production in 2009.*

**Company  
Overview**

Murgor is focused on the Flin Flon greenstone belt of northern Manitoba and Saskatchewan, a mineral rich VMS and gold belt that remains underexplored. The company acquired a portfolio of properties ranging from historic resource delineation to grassroots exploration from Hudbay Minerals Inc (TSX: HBM). The company has made significant progress on the properties since acquisition, including the delineation of NI 43-101 compliant inferred resource estimates based entirely on historic exploration. New geological models, further drilling, and geophysical data acquired in 2007, suggest significant exploration potential and resource upside. The company's strategy is to continue resource expansion while advancing the properties through economic studies towards production. Murgor hopes to become a producer in 2009. Murgor has a very strong technical management team and board of directors comprised of experienced and well-respected geologists.

**Corporate  
History**

Murgor Resources was formed in 1969, and until 2006, focused on gold in eastern Canada. André Tessier joined the company as president in 2003. They held several properties in joint venture with Freewest Resources (TSXV: FWR) Canada Inc. The company acquired the Hudvam, Wim, Fon, Tyr, Snow H, and Flon D properties from Hudbay Resources in September 2006, and switched their focus to Northern Manitoba and Saskatchewan. They recently completed a share rollback on a 6:1 basis, and the company's ticker was changed from MUG to MGR. Murgor retains equity and participating interests in other properties in Ontario and Quebec that they have joint ventured.

**Mining  
Outlook-  
Manitoba**

According to a study recently conducted by the Fraser Institute, Manitoba is one of the world's top ten jurisdictions for policy potential, a composite index of many factors that attract mining investment. The government has favorable land use policies, taxation structure, and is very secure. We believe that Canada is a good place to conduct exploration and mining, due to its security, infrastructure, mining history, political stability, and mineral potential.

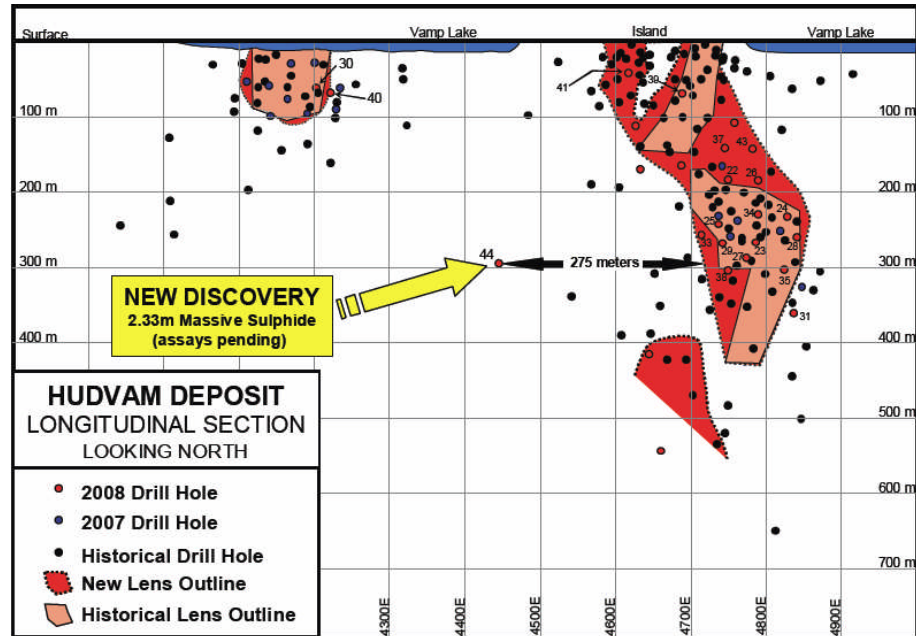
<b>Manitoba</b>	
<b>Category</b>	<b>World Rank</b>
<b>Policy Potential</b>	5
<b>Security</b>	6
<b>Mineral Potential</b>	7
<b>Best Practice Mineral Potential</b>	12
<b>Composite Policy &amp; Mineral Potential</b>	4
<b>Infrastructure</b>	29
<b>Political Stability</b>	1
<b>Regulatory Duplication &amp; Inconsistencies</b>	13
<b>Taxation Regime</b>	16

*Manitoba's rank for favorable mining investments in the world for 2007/2008.*

*Data Source: The Fraser Institute, an Economic Think Tank based in Canada*

The company is focused on the Flin Flon Greenstone Belt of northern Manitoba and Saskatchewan. The first significant discovery in this belt was made in 1916. The belt is known to contain over 200 million tons of ore, mostly of the base metal VMS type. When

Hudbay Minerals and their predecessor were actively exploring the belt, they were discovering new mines every 2.7 years on average. Per square kilometer, the Flin Flon belt is the richest greenstone belt in Canada, for base metals, with a value five times greater than that of the Abitibi Greenstone Belt in Ontario and Quebec.



Source: Murgor Resources Inc.

## Hudvam

**Property Overview:** The 1,714 hectare Hudvam property is the company's priority for permitting, feasibility, and development in the next year. The property was previously developed with a 320 meter exploration decline, but the project was abandoned prematurely due to low metal prices at the time.

**Ownership:** In September 2006, Murgor entered into an agreement with Hudbay Minerals Inc. (TSX: HBM) to earn a 100% interest in the Hudvam Property by spending \$2.25 million on exploration and making escalating cash/share payments of \$270,000 over 3 years. **The company completed its work expenditure obligation in February 2008.** Hudbay retains a back in right of up to 65% or a 2% net smelter return royalty.

**Historic Exploration/Production:** There is a long exploration history on the property since its discovery in the 1920s. More than 40,000 meters of diamond drilling has been completed by numerous companies. Drilling was focused on Zones 1, and 3, to a depth of 250 meters and 580 meters, respectively. There are at least two other mineralized lenses (1 and 4) on the property, and very little drilling has been done to test the rest of the property. The potential for finding additional mineralized zones is believed to be high.

The property was developed by Mingold Resources Inc. in 1988. It completed a 312 meter ramp for underground exploration, but the development and further exploration was abandoned due to low metal prices and lack of financing.

**2006-2007 Exploration:** The company has been aggressively exploring and drilling their properties under option from Hudbay since acquisition. Murgor began in early 2007 with technical reports to determine NI 43-101 compliant resource estimates, while drilling the Hudvam deposit. All of the properties acquired had historic resource estimates only.

They began a 20,000 meter drilling program primarily targeting Fon, Hudvam, and Wim in January 2007. Approximately 4,000 meters were completed at Hudvam, primarily targeting Zone 3, to upgrade resources from this zone. The results highlighted the continuity of mineralization of both zones. Several holes extended mineralization at depth and up plunge.

The 3D modeling of the deposit, supported by field observations, made an important discovery at Hudvam, providing a new geological interpretation of mineralization. Previously, the plunge of the Hudvam deposit was interpreted to be West/Southwest. The modeling and exploration now suggest that the ore horizons plunge East-Northeast. This suggests that these horizons remain open at depth in the new down-plunge extension.

**Accessibility and Infrastructure:** Hudvam is located approximately 47 kilometers northeast of Flin Flon, Manitoba. The property is accessible via Route 10 and by all weather unpaved road to Sherridon, Manitoba. The last 9 kilometers is along the Vamp Lake Road. The total driving time is about one hour. A railway line from The Pas to Lynn Lake is located 5 kilometers east of the Hudvam property and the Flin Flon-Snow Lake power line runs 2.5 kilometers south of the property. The company anticipates tying into the railway for future production.

**Mining Infrastructure:** On our site visit, we observed that the mining infrastructure at Flin Flon is excellent. The town is built around the local mining industry, and has an airport, hospital, hotels, and services for exploration including contractors, mining equipment sales and service. The town has a copper and zinc mill with a capacity of 2.18 million tonnes of ore/year, a copper smelter with a capacity of 90,000 tonnes/year, and a hydrometallurgical zinc plant with a capacity of 115,000 tonnes/year.

**Geology and Mineralization:** The Hudvam deposit is a steeply dipping subvertical VMS horizon, approximately 4-12 meters thick, depending on depth. Four polymetallic sulfide zones have been tested, known as 1, 2, 3, and 4. Zones 1 and 3 are the most significant and comprise 100% of the NI 43-101 compliant resource at Hudvam. Exploration and resource upside at Hudvam includes the down plunge extension of Zone 1, which could be a feeder zone, as well as a new target at the intersection of the main VMS horizon (Zone 1) and another zone known as the Broadhurst horizon.

**Current Status:** A 9,000 meter drilling program was completed in early April 2008, using three drill rigs. This program has three objectives:

1. Testing exploration targets on the entire property, including geophysical anomalies and surface targets identified through prospecting, sampling, and mapping in the summer of 2007.
2. Upgrading the NI 43-101 complaint resource estimate to Measured and Indicated status.

3. Providing geotechnical and metallurgical information for the prefeasibility study.

**Drilling Results:** The drilling results released to date from the Hudvam deposit have been very positive, especially in outlining the high-grade gold component of the deposit. Several holes extended the known area of mineralization in the known zones, and also confirmed the company's exploration target at the intersection of Zone 1, and Broadhurst horizon, by intersecting sulfides. A new sulfide lens was also intersected between Zones 1 and 3 at a vertical depth of 300 meters (assays are pending).

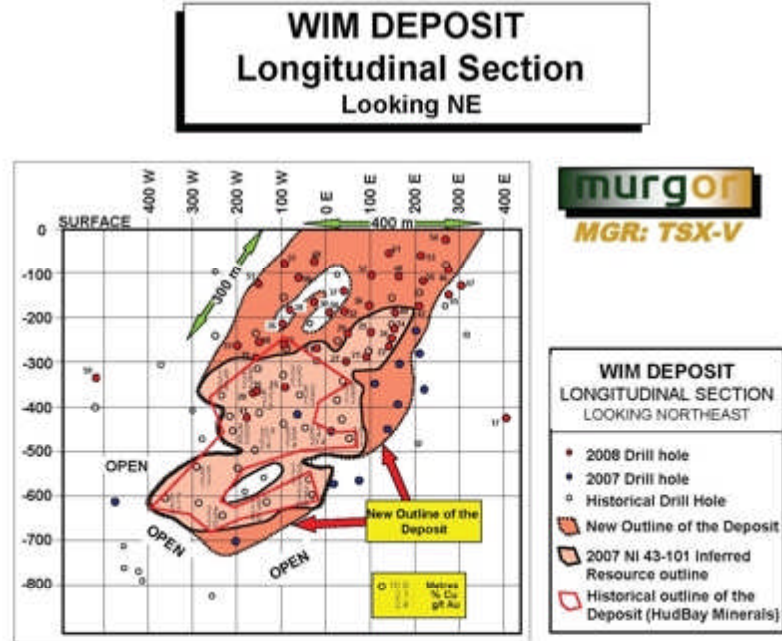
Drill Hole	Width	Grades (g/t gold, % copper, % zinc, g/t silver)
DDH HVS-08-22	2.84 m	8.46 g/t gold, 0.5% copper, 0.4% zinc, 4.84 g/t silver
DDH HVS-08-23	5.00 m	4.37 g/t gold, 4.66% copper, 5.79% zinc, 41.23 g/t silver
DDH HVS-08-24	1.14 m	12.90 g/t gold, 6.2% copper, 3.68% zinc, 46.36 g/t silver
DDH HVS-08-26	3.15 m	17.48 g/t gold, 0.34% copper, 0.79% zinc, 23.66 g/t silver
DDH HVS-08-27	6.33 m	7.07 g/t gold, 5.92% copper, 1.65% zinc, 48.16 g/t silver
DDH HVS-08-28	1.43 m	2.63 g/t gold, 1.76% copper, 0.14% zinc, 11.13 g/t silver
DDH HVS-08-29	3.04 m	7.95 g/t gold, 2.38% copper, 0.63% zinc, 22.51 g/t silver
DDH HVS-08-35	2.03 m	5.55 g/t gold, 1.29% copper, 2.07% zinc, 13.68 g/t silver
DDH HVS-08-41	22.5 m	9.76 g/t gold, 0.74% copper, 3.42% zinc, 18.91 g/t silver
including	7.00 m	25.56 g/t gold, 1.24% copper, 3.67% zinc, 35.97 g/t silver
DDH HVS-08-43	2.95 m	9.65 g/t gold, 2.72% copper, 3.4% zinc, 28.29 g/t silver

**Resource Estimates:** The company completed an NI 43-101 compliant resource estimate at Hudvam in March 2007. This inferred resource is calculated at a 2% copper eq. cut-off grade, assuming underground mining methods. An updated resource estimate is expected during the summer of 2008.

Category	Tonnes	Grade	Contained Metal
Inferred	1,193,000	1.17% Cu	30,778,000 lbs copper
	1,193,000	1.71% Zinc	44,720,000 lbs zinc
	1,193,000	2.94 g/t gold	111,000 ounces gold
	1,193,000	10.49 g/t silver	403,000 ounces silver

**Timeline:** Murgor has begun the process to move the project into development. A baseline environmental study was initiated in Fall/Winter 2007. Drilling was completed to upgrade the resource to measured and indicated to support a pre-feasibility study.

The company hopes to finalize a feasibility study by the end of 2008. Based on delays throughout the industry, and timelines observed in other projects, we believe this timeline may be optimistic.



*The deposit model and new targets at Wim.*

*Source: Murgor Resources Inc.*

## Wim

**Property Overview:** The 1,117 hectare Wim property is the second most advanced after Hudvam and is also in prefeasibility.

**Ownership:** In September 2006, Murgor entered into an agreement with Hudbay Minerals Inc. (TSX: HBM) to earn a 100% interest in the Wim Property by spending \$2.0 million on exploration and making escalating cash/share payments of \$320,000 over 3 years. **The company completed its work expenditure obligation in February 2008.** Hudbay retains a back in right of up to 65% or a 2% net smelter return royalty. The company has added claims around the Wim deposit through staking, which are 100% owned by Murgor and are not subject to the terms of the Hudbay option.

**Historic Exploration/Production:** Upon acquiring the properties, the company completed VTEM geophysical surveys on most of the company's properties, including Fon, Wim, Tyr, and the Flin-D, and Snow-H project areas. The company began drilling at Wim in August 2007, and completed over 7,000 meters of drilling in 14 holes during the fall season. This drilling program expanded the deposit 150 meters along strike, and 50 meters down dip. Notable as well were the consistent grades, and the number of holes that were higher grade than the resource estimate. Many holes resulted in >2% copper and 1-6 g/t gold. The company has added significant tonnage already at Wim that is not accounted for in the current resource estimate. Two holes intersected a new gold zone including 5.64 g/t Au over 0.65 meters and 31.41 g/t Au over 1.40 meters. Murgor completed over 11,000 meters of drilling in the first 3 months of 2008, and successfully expended the Wim deposit to surface

more than 300 meters up-plunge from the previously recognized limit of the orebody.

**Accessibility and Infrastructure:** We observed the accessibility and infrastructure of the Wim deposit. Wim is located 16 kilometers north of Snow Lake, Manitoba. It is accessible by road year round. The company plans to truck ore from Wim to Snow Lake for processing. Hudbay's Snow Lake copper and zinc mill is currently operating at 25% capacity. The copper circuit is unused.

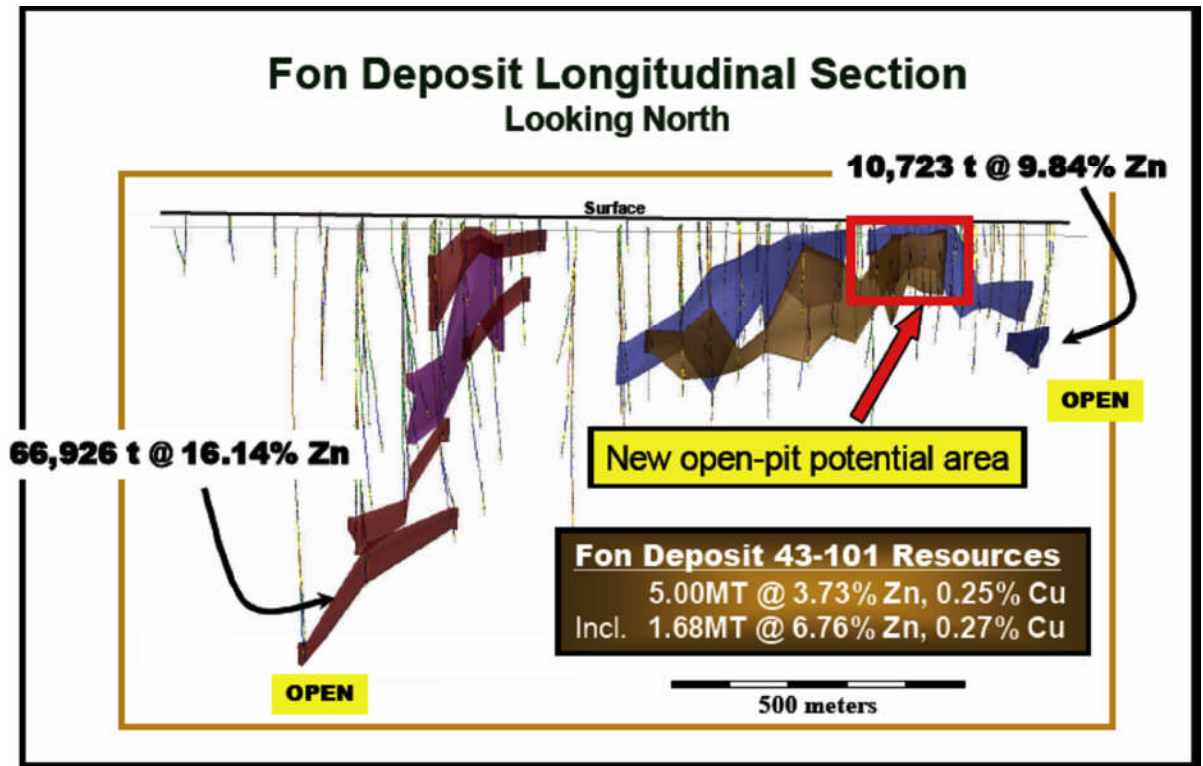
**Geology and Mineralization:** The main Wim deposit is a broad copper gold sulfide zone. The company has continued to expand the Wim deposit through drilling, especially through the discovery of the new upper part of the main zone that remained underexplored. This upper part was the focus of the recently completed drilling. The known dimensions of this deposit are 750 meters strike length, a dip length of 725 meters from surface. The average true thickness of the new upper part of the deposit is 5.50 meters.

**Current Status:** A 11,000 meter drilling program using two drill rigs was completed in late March 2008. This program focused on expanding the Upper Zone towards surface (up-dip). This program was successful in confirming and upgrading the confidence of the resource as well as expanding it. The Upper Zone has been determined to extend 300 meters updip and based on the current geological interpretation, may extend to surface. Further drilling to upgrade the NI 43-101 compliant resource estimate to Measured and Indicated by twinning historic holes is planned for the Summer of 2008.

**Resource Estimates:** The company completed an NI 43-101 compliant resource estimate at Wim in March 2007. This inferred resource is calculated at a 2% copper equivalent cut-off grade, assuming underground mining methods. An updated resource estimate is expected during the summer of 2008.

Category	Tonnes	Grade	Contained Metal
<b>Inferred</b>	2,062,000	1.92% Cu	87,333,000 lbs copper
	2,062,000	0.26% Zn	11,943,000 lbs zinc
	2,062,000	1.65 g/t Au	110,000 ounces gold
	2,062,000	5.58 g/t Ag	370,000 ounces silver

**Timeline:** The company hopes to complete a feasibility study of the Wim deposit in the middle of 2009, and bring it into production soon afterwards.

**Fon**

**Property Overview:** The 2,419 hectare Fon property is located in Saskatchewan and includes the Fon and Abbott Lake deposits.

**Ownership:** In September 2006, Murgor entered into an agreement with Hudbay Minerals Inc. (TSX: HBM) to earn a 100% interest in the Fon Property by spending \$3.5 million on exploration and making escalating cash/share payments of \$520,000 over 4 years. Hudbay retains a back in right of up to 65% or a 2% net smelter return royalty.

**Historic Exploration/Production:** The company completed a 12 hole 3,800 meter drilling program at Fon in Spring 2007. Six holes were infill holes to upgrade the resource to Measured and Indicated, and six holes were drilled to exploration targets outside the resource area.

**Accessibility and Infrastructure:** The Fon property is located 40 kilometers west of Flin Flon, Manitoba, in Saskatchewan. It is 15 kilometers away from Highway 106.

**Geology and Mineralization:** The Fon target is made up of at least five stacked VMS horizons named using colors: Red, Amber, Blue, Pink and Brown. These lenses have been traced over 1.3 kilometers along strike and drilled to a depth of 760 meters. They have not been tested in great detail, however. The company believes that the high grade, smaller Abbott Lake deposit may represent a feeder zone of a massive sulfide lens. A very large anomaly at 200 meters depth was identified near Abbott Lake by InfiniTEM in 2007.

**Current Status:** Murgor recently completed a detailed compilation of existing data and a re-interpretation of the deposit. This new compilation helped outline an area with open pit potential of 1.2 million tons to 3.9 million tons with an average grade of 2.1% zinc yielding a potential 51.3 million to 162.2 million pounds of zinc. Although low grade, this exploration target is open pitable and identifies potentially economic mineralization in what would previously have been waste. This exploration target is in addition to the inferred resource outlined below. The company intends to move a drill rig over to Fon in early 2008, to test this open pit potential as well as test high potential geophysical anomalies identified in 2007.

**Resource Estimates:** The company completed an NI 43-101 compliant resource estimate at Fon in March 2007. This inferred resource is calculated at two different zinc cut-off grades, assuming underground mining methods.

Category	Tonnes	Grade	Contained Metal
<b>Inferred</b>	4,543,126	3.73% Zn	373,588,445 lbs Zn
<b>(1% Zinc cutoff)</b>	4,543,126	0.25% Cu	25,039,440 lbs Cu
	4,543,126	0.35 oz/ton Ag	1,752,761 oz Ag
<b>Inferred</b>	1,677,377	6.79% Zn	227,787,797 lbs Zn
<b>(3.5% Zinc cutoff)</b>	1,677,377	0.27% Cu	9,057,836 lbs Cu
	1,677,377	0.54 oz/ton Ag	905,784 oz Ag
<b>Resource used in valuation</b>			

The smaller Abbott Lake deposit has a historic estimate of 177,000 tonnes grading 2.53% copper, 0.77% zinc, and 49 g/t silver.

### **Snow H**

The 105,586 hectare Snow H project is a very large grassroots project covering prospective geology for the discovery of new VMS deposits. This area incorporates some current mining properties, which cover an area of 8,500 hectares. Murgor can earn a 50% interest in the project from Hudbay Minerals, by spending \$2.5 million on exploration over three years. Murgor may carve out target areas in the project, where Murgor would have the right to earn a 100% interest, subject to a back in right of up to 65% or a 2% net smelter return royalty by HudBay. Murgor has acquired additional mineral claims through staking that have been added to the project area. These claims are 100% owned by Murgor and are not part of the Hudbay option agreement.

The company also has access to Hudbay's proprietary exploration database in the area, including the results of Anglo American's (LSE: AAL) electromagnetic Spectrem survey conducted in 1995. The project's western boundary is located 5 kms east of Snow Lake between the Snow Lake Mining District and the Thompson Nickel Belt. In 2007, Murgor completed a VTEM survey covering part of the Snow H project and the 100% owned claims acquired through staking. High priority anomalies will be tested by drilling in spring 2008.

### **Flin D**

The 80,000 hectare Flin D project is a very large grassroots project covering prospective geology for the discovery of new VMS deposits. The project's eastern boundary is located 10 kilometers northwest of Flin Flon Manitoba, over the border in Saskatchewan. This area

incorporates some current mining properties, which cover an area of 4,500 hectares. This project was optioned from Hudbay Mineral Inc. Murgor can earn a 50% interest in the project from Hudbay Minerals, by spending \$2.5 million on exploration over three years. Murgor may carve out target areas in the project, where Murgor would have the right to earn a 100% interest, subject to a back in right of up to 65% or a 2% net smelter return royalty by HudBay. Murgor has acquired additional mineral claims through staking that have been added to the project area. These claims are 100% owned by Murgor and are not part of the Hudbay option agreement.

The Flin D project includes the 58 hectare Tyr Property, which has a historic resource estimate of 108,860 tonnes grading 4.97 g/t gold, 7.15 g/t silver, 2.8% copper, and 1.2% zinc. The resource starts at surface and extends to a depth of 150 meters. Murgor can earn 100% interest in the property from Hudbay Minerals by spending \$300,000 on exploration and making escalating payments in cash and shares for a total of \$50,000 over three years. The standard back-in rights apply.

The company also has access to Hudbay's proprietary exploration database in the area, including the results of Anglo American's electromagnetic Spectrem survey conducted in 1995. In 2007, Murgor completed a VTEM survey covering part of the Flin D project and the 100% owned claims acquired through staking. High priority anomalies will be tested by drilling beginning in spring 2008.

#### ***Other Properties***

The company was previously exploring in Quebec and Ontario. Since the acquisition of the Manitoba/Saskatchewan properties and the shift in strategic focus, the company has optioned or sold its best assets in Eastern Canada.

#### ***Barry Gold Property***

The Barry Gold deposit in northwestern Quebec was sold to Metanor Resources (TSX-V: MTO) with all remaining interest in the Barry I and Barry United Properties. Metanor is also earning a 70% interest in Murgor's Nelligan property. Metanor paid C\$1.1 million in cash and issued 1.12 million shares of Metanor to Murgor, bringing the value of the transaction to approximately C\$2.2 million. Murgor will maintain a 1% net smelter return royalty on the claims.

Metanor is actively mining the Barry gold deposit and is processing the material at the Bachelor Lake Mill and Mine. Metanor has poured at least 3,000 ounces of gold to date and is ramping up to a targeted production rate of 25,000 ounces of gold/year. Metanor determined a NI 43-101 compliant resource estimate of approximately 5,300 ounces of gold indicated, and 126,600 ounces of gold inferred, at the Barry Gold deposit in May 2007. An aggressive resource expansion drilling program is underway.

#### ***Windfall Property***

The Windfall Gold Property consists of 213 mining claims held in 50:50 joint venture between Murgor and Freewest Resources Canada Inc. Murgor and Freewest optioned 29 claims of the Windfall property to Noront Resources Inc (TSX-V: NOT) in February 2007. Under the terms of the agreement, Noront can earn 50% interest in the 29 claims of the Windfall property that adjoin Noront's property by issuing 750,000 shares of Noront to the joint venture and spend \$4 million on exploration to earn a participating 50% interest.

Noront is the operator and can earn an additional 10% by completing a positive feasibility study. Murgor and Freewest retain 100% interest in the remaining 184 claims.

The Windfall property is advanced stage and Noront is in the process of building an exploration drift.

### ***Mishibishu Property***

The Mishibishu property near Wawa in northwestern Ontario has been optioned to Trelawney Resources (TSX-V: TRR), who is currently earning a 50% interest by spending \$1.5 million on exploration, paying \$200,000 and delivering 750,000 shares of Trelawney to Murgor. Trelawney can increase their interest to 75% by delivering 400,000 shares of Trelawney to Murgor as well as completing a feasibility study on the property.

Trelawney recently finalized an exploration drilling program designed to expand the preliminary NI 43-101 compliant resource estimate announced in October 2007. The resource is as follows: an indicated resource of 40,000 ounces of gold (780,000 tonnes grading 1.42 g/t Au) and an inferred resource of 180,000 ounces of gold (4,760,000 tonnes grading 1.19 g/t Au)

### ***Management***

The management and board of directors of Murgor Resources are very technically oriented and experienced in exploration, resource/reserve delineation, and economic geology.

#### **André C. Tessier, President and CEO, Director**

Mr. Tessier holds an engineering degree from Ecole Polytechnique in Montréal and a Master's degree in geology from Queen's University in Kingston. He has more than 20 years experience in the mineral industry and since 1994 has been an independent geological consultant specializing in structural geology and mineral exploration. Mr. Tessier has been involved in numerous exploration programs for major, and junior mining companies including regional surface exploration programs as well as underground and open-pit mine exploration projects. He has experience with a wide variety of deposit types in Canada, South America and Central Asia (Epithermal-Gold, Lode-Gold, Disseminated/VMS-Gold, Volcanogenic Massive Sulphide Cu-Zn-Pb, Ag-Au, Carbonate Replacement Zn-Pb-Ag, Polymetallic Skarn, Porphyry-Cu and Unconformity-Type Uranium deposits). Mr. Tessier has been President of Murgor Resources since 2003.

#### **Dr. Jean-Philippe Desrochers, Vice-President Exploration**

Dr. Desrochers holds a PhD in geology from University of Montreal and has more than 18 years experience in the mineral exploration industry in Canada, Central America and South America. He has been involved with intermediate and junior mining companies with exploration projects ranging from grassroots to mine-scale, at surface and underground. Dr. Desrochers specializes in the field of structural geology applied to ore deposits in the search for Archean lode gold, volcanogenic massive sulfides, porphyry copper, skarn, and epithermal gold deposits. Prior to joining Murgor, in 2005, he worked as a Principal Geologist with SRK Consulting in Canada.

#### **Mark Schneiderman, Corporate Secretary-CFO**

Mr. Schneiderman is a Chartered Accountant and a Certified Fraud Examiner. He has more

than 26 years of financial administration experience including partnership in an accounting practice and senior audit position at Via Rail Canada Inc. He has been with the Company since 1996.

**Neil W. Richardson, P. Geo, Manager of Exploration - Central Canada**

Mr. Richardson holds a Geological Engineering Technology diploma from Cambrian College in Sudbury, Ontario, and has more than 20 years experience in the mineral exploration sector. He is a member of the Association of Professional Engineers and Geoscientists of Manitoba and the Manitoba - Saskatchewan Prospectors Association. Prior to joining Murgor, Mr. Richardson was a Senior Exploration Geologist for HudBay Minerals Inc. in Flin Flon, Manitoba, where he was part of an exploration team that discovered a number of new mineralized zones throughout the Flin Flon Greenstone Belt. Mr. Richardson also worked as a Senior Mine Geologist for Hudson Bay Mining and Smelting Co. Ltd. He also worked for several companies throughout Canada such as: LAC Minerals, Renabie Gold Mines Ltd, Curragh Resources, North American Metals and Dynatec Mining. Murgor benefits from Mr. Richardson's in depth knowledge of the Flin Flon greenstone belt along with a wealth of experience in the exploration for gold, volcanogenic massive sulphides, magmatic nickel and skarn deposits. He joined Murgor in December of 2006.

**Board of  
Directors**

**Dr. C. Jay Hodgson, Chairman of the Board, Director**

Dr. Hodgson is a Research Exploration Geologist with more than 40 years of worldwide experience in base metal and precious metals exploration. He is a graduate of McGill University in Montreal and received his PhD from the University of California at Berkeley. From 1972 to 1995, Dr. Hodgson was Professor of Economic Geology at Queen's University where he collaborated very closely with the mining industry. During his tenure at Queen's he supervised over 50 graduate theses and published 45 scientific papers including several landmark articles on economic geology and exploration. Prior to joining Murgor, since 1996, Dr. Hodgson was Chief Geologist at Barrick Gold Corp. where he was in charge of designing and executing Barrick's worldwide exploration programs while ensuring that Barrick maintained its technical edge among the gold exploration world. During his mandate at Barrick, Dr. Hodgson was involved with the discoveries and acquisitions of several world-class gold deposits such as Pierina and Alto Chicama in Peru, Pascua-Lama in Chile, Valadero in Argentina, and Bulyanhulu in Tanzania. Dr. Hodgson will bring an invaluable wealth of experience at Murgor along with his passion and enthusiasm for exploration. He has been with Murgor since 2006.

**Mackenzie I. Watson, Director**

Mr. Watson has 40 years of exploration experience and has been involved in the discovery of numerous coal, base metals and gold deposits in Canada. He was awarded Canada's Prospector of the Year Award in 1991 for his participation in the discovery of a number of deposits in Canada including the Harker Holloway Au Mine (On), the Icon- Sullivan Cu Mine (Qc), the Long Lac Zn Mine (On), the Elephant Au deposit (Qc) and the Hébécourt Cu deposit (Qc). He was also awarded the Quebec Prospector of the Year Award in 1992 for his participation in the discovery of the Pusticamica and Verneuil Au deposits in Quebec. Mr. Watson is President of Freewest Resources Canada Inc and a former President of the Company. He has been involved with Murgor for the past 21 years.

**Dr. Michael D. Doggett, Director**

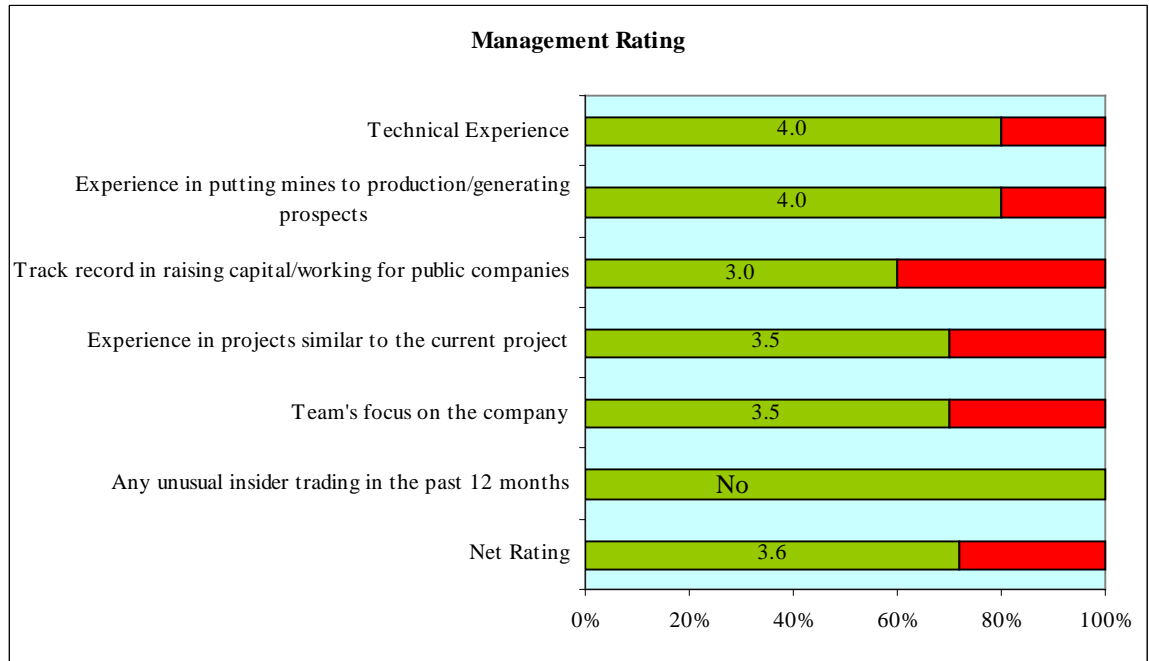
Dr. Doggett is a mineral economics consultant with more than 20 years of experience advising mining companies, governments and international agencies. He has also delivered short courses on mining project evaluation to more than 700 professionals in a dozen countries. Dr. Doggett is an Adjunct Professor at Queen's University, where he served as Director of the Mineral Exploration Master's Program from 1997 to 2007, and a visiting International Professor at the Western Australian School of Mines at Curtin University. He currently sits as a Director of the Prospectors and Developers Association of Canada and is a member of the Committee on Earth Resources at the US National Academy of Sciences.

**David W. Moore, Director**

Mr. Moore is an Exploration Geologist with more than 30 years worldwide experience in base and precious metals ranging from grassroots exploration to feasibility and development. He has great strength in project generation and management and has a proven track record of discovery. He was a key team member in the discovery and delineation of a number of mineral deposits including Kudz Ze Kayah (Yukon), Cerattepe (Turkey), Red Dog (Alaska) and Hackett River (Nunavut). Until recently, David was General Manager Exploration Business Development for Teck-Cominco Limited, where he led a group charged with the identification and acquisition of mining development projects and brown-fields opportunities. Prior to the merger with Teck, he was General Manager Global Exploration in which capacity he directed Cominco Ltd's worldwide exploration efforts outside of the United States. He is now President and CEO of Serengeti Resources Inc, a very successful junior exploration company based in Vancouver.

**Management Rating**

We believe that the most important aspect of a junior mining company is its management. Our management rating system is a quantitative way to rate management based on a number of factors, including technical experience, the ability to raise financing, and management's time commitment to the company. We also analyzed trading records to identify for evidence of unusual trading by management. **Our net rating for Murgor is 3.6, which we have rated above average.** We rated the company's management and advisory board highly for several aspects of our rating, due to their many years of technical experience in geology and mining.



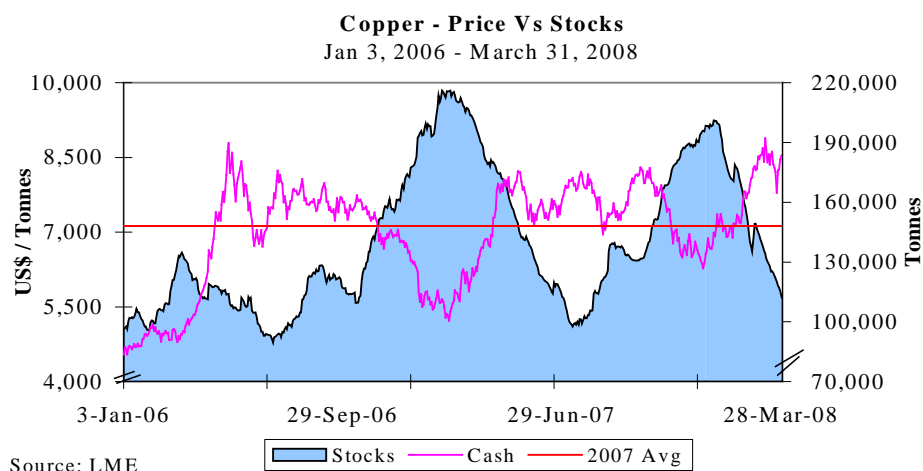
### ***Strength of Board***

The Toronto Stock Exchange recommends that the Board of Directors of every company include independent or unrelated directors who are free of any relationship or business that could materially interfere with the director's ability to act in the best interest of the company. An unrelated/independent director can be a shareholder. In this report, we introduce our strength of board rating for Murgor Resources, which uses information available from the company's annual "Management Information Circular" to ensure that the company has an independent Board of Directors, Audit Committee, and Compensation Committee. This report also identifies any non-arms length transactions and management's compensation.

Murgor's Board of Directors is made up of 5 individuals: Jay Hodgson (Chairman), André Tessier, Michael Doggett, Mackenzie Watson, and David Moore. None of the directors have filed for personal bankruptcy. Michael Doggett does not hold shares in the company. André Tessier is the only related/non-independent director, as he serves as an executive officer of the company and receives compensation. The Audit Committee is made up of André Tessier, Mackenzie Watson, and Michael Doggett. The Compensation and Corporate Governance Committee is made up of Jay Hodgson, Michael Doggett, and David Moore.

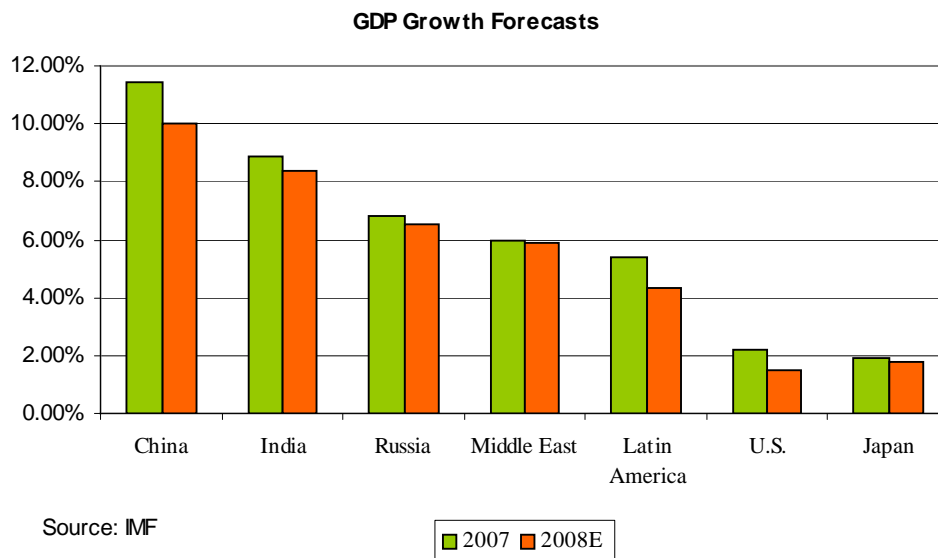
### ***Outlook for Copper***

As of April 28, 2008, copper was trading at US\$3.96/lb, which reflected a YOY increase of 13%.



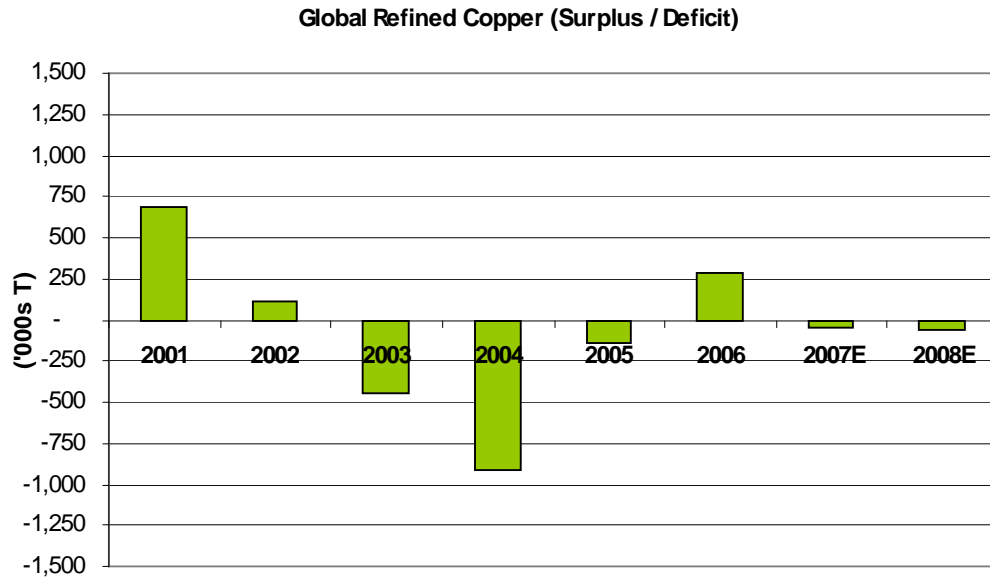
The recent increase in prices was due to a rapid drop in inventory levels. As of April 25, 2008, LME stocks were 110,775 tonnes, which reflects a YTD decrease of 44%.

We continue to believe that a slowdown in global economic growth in 2008 will soften demand growth for most base metals, including copper. As shown in the chart below, GDP growth rates in most regions worldwide are expected to drop in 2008.



According to the International Monetary Fund, global GDP growth is expected to drop to 4.1% in 2008 (down from 5.4% in 2006 and about 6.0% in 2007). China is currently experiencing inflation of 7.1% (in January 2008), its highest inflation in 11 years. As a move to counter inflation and overheating, the Chinese Central Bank raised their interest rates six times in 2007. We believe rising interest rates in China will put downward pressure on growth in the Chinese economy. Although we expect global copper demand growth to soften in 2008, we believe that a global GDP growth forecast of 4.1% in 2008, is healthy enough to keep global demand growth above their historic averages.

**Supply/Deficit:** Strong copper demand from China and India (both countries combined, account for 25% of global copper consumption), slightly offset by slower demand growth in the U.S., led the copper market from a supply surplus of refined copper of 0.23 million tonnes in 2006, to a deficit of 0.04 million tonnes in 2007. The chart below shows the refined copper supply/deficit since 2001.



Source: ICSG and FRC

According to the International Copper Study Group's (ICSG) estimates in October 2007, the copper market is estimated to move back to a supply surplus of 0.25 million tonnes in 2008, as growth in global production outpaces demand growth in 2008. However, we expect the copper market to continue to be in a small deficit in 2008 due to the following reason:

Global demand for refined copper grew by 6.6% in 2007, as global GDP grew by about 6%. As mentioned earlier, global GDP growth is estimated to drop to 4.1% in 2008. If we assume that copper demand growth will drop in the same degree as global GDP, global copper demand growth should soften to 4.5% in 2008. Based on that assumption, we expect the copper market to be in a small deficit of 0.06 million tonnes in 2008. It is worth noting that if copper demand grows at the historic average rate of 3.4%, the market will actually be in a surplus of 0.04 million tonnes in 2008.

Since we do not expect a major supply deficit in 2008, we expect copper prices to soften in 2008. However, copper prices are up by 27% since the end of 2007. We believe the sudden rise in prices was due to a significant drop in inventory levels, short-term disruptions in supply (power concerns in Chile and Zambia, and political risks in the DRC), a depreciating US\$ and speculative investing.

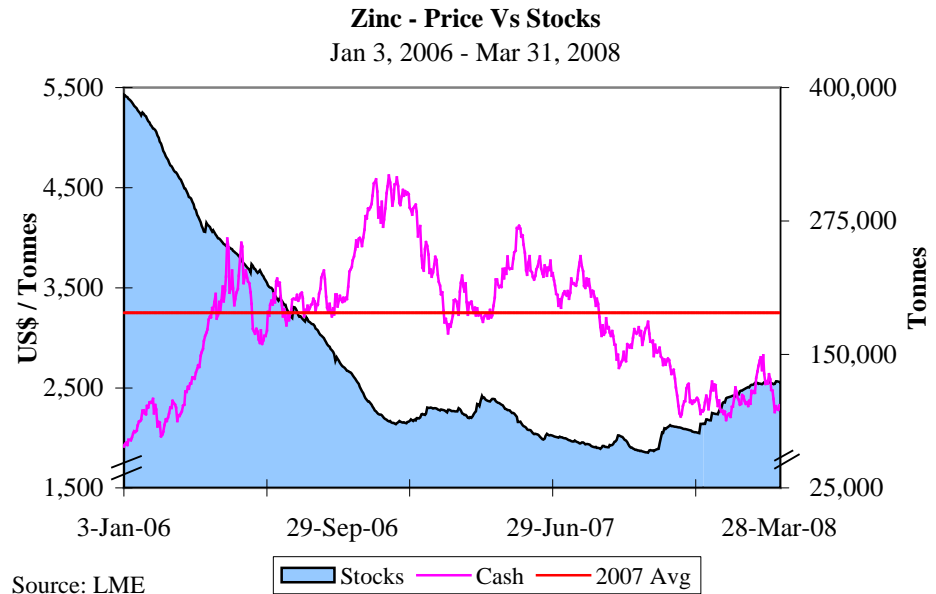
Over the long-term, we continue to expect prices to soften from current price levels based on slower growth in global GDP, and an increase in global production levels. However, we

believe that global economic growth rate forecasts are high enough to support above average historic prices for copper.

The average forecasts for copper prices are US\$3.15/lb in 2008, and US\$2.50/lb in 2009, which are significantly higher than the historical average prices of copper.

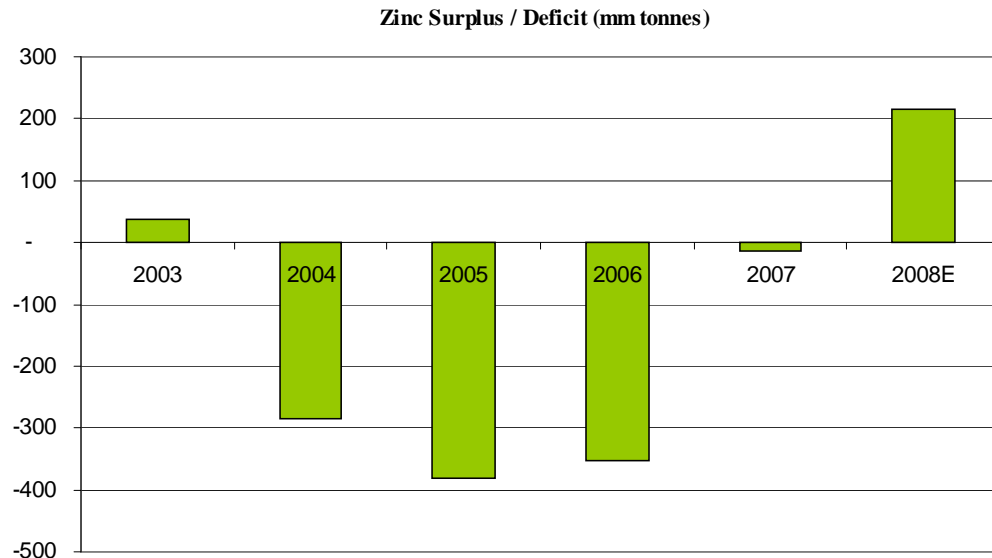
### **Outlook for Zinc**

As of April 28, 2008, zinc was trading at US\$1.03/lb, which represented a YOY decrease of 38.3%. The chart below shows zinc prices since January 2006.



One of the reasons for the drop in prices since mid 2007 is the increase in inventory levels. LME stocks as of April 25, 2008, were 128,775, up 46% YTD and 32% YOY.

The zinc market was in a small supply deficit of 0.02 million tonnes in 2007, versus 0.35 million in 2006. The zinc supply deficit decreased YOY as production growth of 7% outpaced consumption growth of 3.7%. Our study indicates that the market is expected to move to a surplus of 0.22 million tonnes in 2008, as production growth continues to outpace demand growth (as shown below). This is based on the average forecasts provided by the International Lead and Zinc Stud Group (ILZSG) and the Australian Bureau of Agricultural and Resource Economics (ABARE). The chart below shows the zinc supply/deficit since 2003.



Source: ILZSG, ABARE and FRC

UBS predicts a much higher surplus of 0.60 million tonnes in 2008, and 0.50 million in 2009.

Therefore, based on a supply surplus zinc market in 2008, and 2009, and a slowdown in global GDP growth, we expect zinc prices to soften going forward. In the long-term, we expect strong growth in demand for steel from China, Korea and Japan, and uncertainties regarding zinc supply beyond 2010, will keep long-term prices above historic lows. The average zinc price forecasts for 2008, and 2009, are US\$1.05/lb and US\$0.95/lb.

## Financials

**Operations:** At the end Q3 2008 (ended of January 31, 2008), the company had cash (and marketable securities) and working capital of \$4.53 million and \$3.87 million, respectively. The company had a net income of \$1.61 million for the 9-month period ended January 2008 (EPS: \$0.08), compared to \$0.69 million in the same period in the previous year (EPS: -\$0.01). The company recorded a net income in the 9-month period in FY2008, as they posted revenues from the gain on disposal of marketable securities, interest income and future income tax recovery. We estimate the company had a burn rate of \$0.49 million per month in the 9-month period ended January 2008. The table below shows the company's cash position and liquidity ratios.

	2006	2007	2008 (9 mo)
Cash + Marketable Securities	797,807	2,496,098	4,531,984
Working Capital	\$1,558,817	\$2,228,438	3,865,859
Current Ratio	8.37	4.31	4.82
LT Debts/ Assets	-	-	-
Burn Rate/Month (incl exploration costs)	(\$181,577)	(\$492,834)	(\$489,068)
Cash from financing activities	1,820,643	7,091,262	3,079,605

**Recent Financings:** In March 2008, MGR announced that it raised approximately \$0.85 million through a rights offering by issuing 1.41 million units at a unit price of \$0.60 (each unit consists of one common share and one common share purchase warrant)

In addition, on April 24, 2008, MGR announced that they intend to raise about \$2.3 million through a private placement by issuing up to 2.6 million flow-through shares at a price of \$0.50 per share, and 2.63 million units at a unit price of \$0.38 (each unit consists of one common share and one share purchase warrant).

**Stock Options and Warrants:** At the end of January 2008, the company had 1.26 million stock options outstanding with a weighted average exercise price of \$1.18. The company also had about 3.08 million warrants outstanding with a weighted average exercise price of \$1.77.

**Conclusion:** Based on our discussions with management, the company has a budget of about \$8.7 million in capital expenditures to the end of 2008. Based on their current cash position, we believe the company will have to raise close to \$2 million (in addition to the recently announced \$2.3 million financing) in the next 12 months.

## Valuation

We valued the company based on the company's three most advanced stage projects, namely the Hudvam, Wim and Fon projects. We valued the projects based on Discounted Cash Flow (DCF) and real options valuation models.

**Valuation on the Hudvam and Fon Projects:** The tables below show a summary of our valuation on the projects.

DCF Valuation Summary		
	Hudvam	Fon
Mineral Resources (in tonnes)	1,193,000	4,543,126
Average Copper Grade (%)	1.17%	0.25%
Average Zinc Grade (%)	1.71%	3.73%
Average Gold Grade (g/t)	2.94	
Average Silver Grade (g/t; oz/t)	10.49	0.35
Recovered Copper (lb)	47,440,233	
Recovered Zinc (lb)	313,925,416	
Recovered Gold (oz)	67,660	
Recovered Silver (oz)	1,195,468	
Mine Life (years)	11	
Capital Costs	\$70,000,000	
Operating Costs	\$0.90/lb	
Discount rate	11.63%	
<b>Net Present Value</b>	<b>\$12,940,099</b>	
No. of Shares	24,111,202	
<b>Fair Value per Share</b>	<b>\$0.54</b>	

Real Options Valuation					
	Resources	Category	Contained Metal	Price	Value (C\$)
	(in tonnes)		(lbs & troy oz)	(US\$/lb & US\$/oz)	
Copper	5,736,126	43-101	55,812,039	\$1.75	95,473,469
Zinc	5,736,126	43-101	418,567,225	\$0.75	270,760,674
Gold	5,736,126	43-101	112,766	\$600.00	46,685,195
Silver	5,736,126	43-101	1,992,447	\$11.00	15,122,672
<b>Recovery</b>					
Copper	85%				
Zinc	75%				
Gold	60%				
Silver	60%				
Total Value (C\$)					\$428,042,010
Operating Costs (C\$)					\$208,409,066
C\$/US\$ (long-term)	1.15	Net Value (C\$)			\$219,632,944
Inputs relating to the underlying asset					
Estd. Mineral Resources (in tonnes)					5,736,126
Estd. Value of Minerals if extracted today					\$184,664,667
Annualized Standard Deviation of Mineral prices					37.5%
Capital Investment					\$70,000,000
Estd. Mine Life (years)					11
Riskfree Rate					3.59%
Output					
Stock Price	\$184,664,667	T. Bond rate		3.59%	
Strike Price	\$70,000,000	Variance		0.14	
Expiration (in years)	11.0	Annualized div yield		10.7%	
d1 =	0.774				
N(d1) =	0.781	Value of Option		\$29,424,142	
d2 =	-0.468	No of outstanding shares (diluted)		24,111,202	
N(d2) =	0.320	<b>Value per share</b>		<b>\$1.22</b>	

All the inputs and assumptions used in our valuation models are presented above. Our DCF model gave a fair value estimate of \$0.54 per share, while our real options valuation gave a fair value estimate of \$1.22. For conservatism, we have set our fair value estimate on the Hudvam and Fon projects based on our conservative DCF valuation.

**Valuation on the Wim project:** Our DCF valuation and real options valuation gave \$0.22 per share and \$0.20 per share, respectively. The tables below show our valuation models.

<b>DCF Valuation Summary</b>	
Mineral Resources (in tonnes)	2,062,000
Average Copper Grade (%)	1.92%
Average Zinc Grade (%)	0.26%
Average Gold Grade (g/t)	1.65
Average Silver Grade (g/t)	5.58
Recovered Copper (lb)	74,189,608
Recovered Zinc (lb)	8,864,567
Recovered Gold (oz)	65,632
Recovered Silver (oz)	221,955
Mine Life (years)	6
Capital Costs	\$50,000,000
Operating Costs (\$/tonne)	\$40.0
Discount rate	11.63%
<b>Net Present Value</b>	<b>\$5,303,259</b>
No. of Shares	24,111,202
<b>Fair Value per Share</b>	<b>\$0.22</b>

<b>Real Options Valuation</b>						
	<b>Resources</b>	<b>Category</b>	<b>Grade</b>	<b>Contained Metal</b>	<b>Price</b>	<b>Value (C\$)</b>
	<b>(in tonnes)</b>		<b>(% &amp; g/t)</b>	<b>(lbs &amp; troy oz)</b>	<b>(US\$/lb &amp; US\$/oz)</b>	
Copper	2,062,000	43-101	1.92%	87,281,891	\$1.75	149,306,585
Zinc	2,062,000	43-101	0.26%	11,819,423	\$0.75	7,645,689
Gold	2,062,000	43-101	1.65	109,386	\$600.00	45,286,005
Silver	2,062,000	43-101	5.58	369,925	\$11.00	2,807,732
<b>Recovery</b>						
Copper	85%					
Zinc	75%					
Gold	60%					
Silver	60%					
				Total Value (C\$)		\$205,046,012
				Operating Costs (C\$)		\$90,775,656
				Net Value (C\$)		\$114,270,356
C\$/US\$ (long-term)	1.15					
<b>Inputs relating to the underlying asset</b>						
Estd. Mineral Resources (in tonnes)						2,062,000
Estd. Value of Minerals if extracted today						\$75,269,557
Annualized Standard Deviation of Mineral prices						30.9%
Capital Investment						\$50,000,000
Estd. Mine Life (years)						6
Riskfree Rate						3.59%
<b>Output</b>						
Stock Price	\$75,269,557			T. Bond rate		3.59%
Strike Price	\$50,000,000			Variance		0.10
Expiration (in years)	6.0			Annualized div yield		16.7%
d1 =	-0.118					
N(d1) =	0.453			Value of Option		\$4,846,013
d2 =	-0.875			No of outstanding shares (diluted)		24,111,202
N(d2) =	0.191			<b>Value per share</b>		<b>\$0.20</b>

Based on our DCF and real options valuation model, our average fair value estimate on the Wim project is \$0.21 per share.

Adding the company's working capital to our valuation on the three projects, we get a fair value estimate of \$0.98 per share on the company. A summary of our valuation is shown below.

Valuation Summary	Value	VPS
Hudvam & Fon	\$12,940,099	\$0.54
Wim	\$5,074,636	\$0.21
Working Capital - LT Debt	\$5,546,656	\$0.23
<b>Fair Value</b>	<b>\$23,561,390</b>	<b>\$0.98</b>

Our fair value estimate is highly sensitive to our long-term copper and zinc price assumptions. The table below shows the sensitivity of our fair value estimate to changes in our long-term copper and zinc price assumptions. As shown in the table, our valuation ranges between \$0.43 per share, to \$2.80 per share, as copper and zinc price assumptions change between US\$1.25/lb and US\$0.50/lb, and US\$3.00/lb and US\$1.50/lb, respectively.

Sensitivity									
Cu Price (US\$/lb)	Zn Price (US\$/lb)	\$1.25	\$1.50	\$1.75	\$2.00	\$2.25	\$2.50	\$2.75	\$3.00
\$0.50		\$0.43	\$0.62	\$0.92	\$1.23	\$1.55	\$1.88	\$2.21	\$2.55
\$0.75		\$0.48	\$0.68	<b>\$0.98</b>	\$1.29	\$1.61	\$1.94	\$2.27	\$2.61
\$1.00		\$0.53	\$0.73	\$1.04	\$1.35	\$1.67	\$2.00	\$2.33	\$2.67
\$1.25		\$0.58	\$0.79	\$1.10	\$1.41	\$1.73	\$2.06	\$2.40	\$2.74
\$1.50		\$0.63	\$0.85	\$1.16	\$1.47	\$1.79	\$2.12	\$2.46	\$2.80

### Conclusions & Rating

We believe Murgor has excellent projects in northern Manitoba, a prolific mineral belt, and a very favorable mining jurisdiction. The company's massive sulfide projects offer high grades and exploration/expansion potential from current levels. Murgor has a management team and board of directors comprised of experienced geologists.

**Therefore, based on our valuation models and analysis of the company's projects, we initiate coverage on MGR with a BUY rating and a fair value estimate of \$1.00 per share (Risk 5: Highly Speculative).**

### Risks

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

- The success of drilling, expansion of resource estimates, and economic studies are important long-term success factors for the company.
- The value of the company depends heavily on commodity prices.
- The company is subject to delays that are impacting the entire mining industry.

**Fundamental Research Corp. Equity Rating Scale:**

**Buy** – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk

**Hold** – Annual expected rate of return is between 5% and 12%

**Sell** – Annual expected rate of return is below 5% or the expected return is not commensurate with risk

**Suspended or Rating N/A**— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

**Fundamental Research Corp. Risk Rating Scale:**

**1 (Low Risk)** - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

**2 (Below Average Risk)** - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

**3 (Average Risk)** - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

**4 (Speculative)** - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

**5 (Highly Speculative)** - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.

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The distribution of FRC's ratings are as follows: BUY (80%), HOLD (7%), SELL (4%), SUSPEND (8%).

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