

Fundamental

Research Corp.

Investment Analysis for Intelligent Investors

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Molycor Gold Corporation (TSX.V: MOR) – Initiating Coverage; Two fold commodity approach in North America

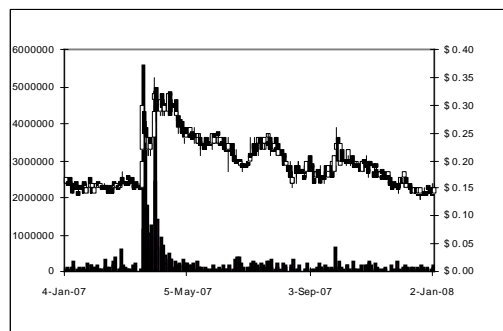
Sector/Industry: Junior Mining

www.molycor.com

Market Data (as of January 8, 2008)

Current Price	C\$0.14
Fair Value	N/A
Rating*	N/A
Risk*	N/A
52 Week Range	C\$0.130 – C\$0.345
Shares O/S	61,189,235
Market Cap	C\$8.57 mm
Current Yield	N/A
P/E	N/A
P/B	2.23
YoY Return	-17.6%
YoY TSX.V	-0.4%

*see back of report for rating and risk definitions



Investment Highlights

- Molycor Gold's 11 molybdenum and gold properties are located in British Columbia and Nevada.
- The company's flagship molybdenum property, Crowrea, is a high-grade deposit. The company hopes to delineate a resource amenable to a small mining operation. They have also identified a potential porphyry deposit.
- The company plans to drill the Crowrea molybdenum property and work on several of their Nevada properties this year. They are well funded for exploration.
- The company also holds a number of interesting gold properties on the Battle Mountain-Eureka Trend of Nevada. They hope to discover a new Carlin style gold mine.
- In 2007, the company completed three separate private placements totaling \$2.8 million. Two of the private placements raised \$1.1 million from the MineralFields Group in May and December 2007.
- Molycor has a good management team, with notable experience in molybdenum exploration.
- Due to the early stage nature of its projects, we are initiating coverage on Molycor with no Rating or Fair Value.

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 - October 31) (C \$)

	2004	2005	2006	9 mo Q3-2007
Cash	42,992	92,015	326,014	1,469,194
Working Capital	(109,621)	36,575	290,727	1,887,465
Mineral Assets	636,786	956,220	1,520,142	1,885,458
Total Assets	716,397	1,086,258	1,960,372	3,968,709
Net Loss	(154,582)	(657,012)	(766,529)	(918,443)
Loss per share	(0.01)	(0.02)	(0.02)	(0.02)

Molycor Gold Corp holds 5 molybdenum/precious metals properties in British Columbia and 5 gold properties in the Battle Mountain-Eureka Trend of Nevada. The company is actively exploring the Crowrea and Empress properties in British Columbia, and continues exploration in Nevada.

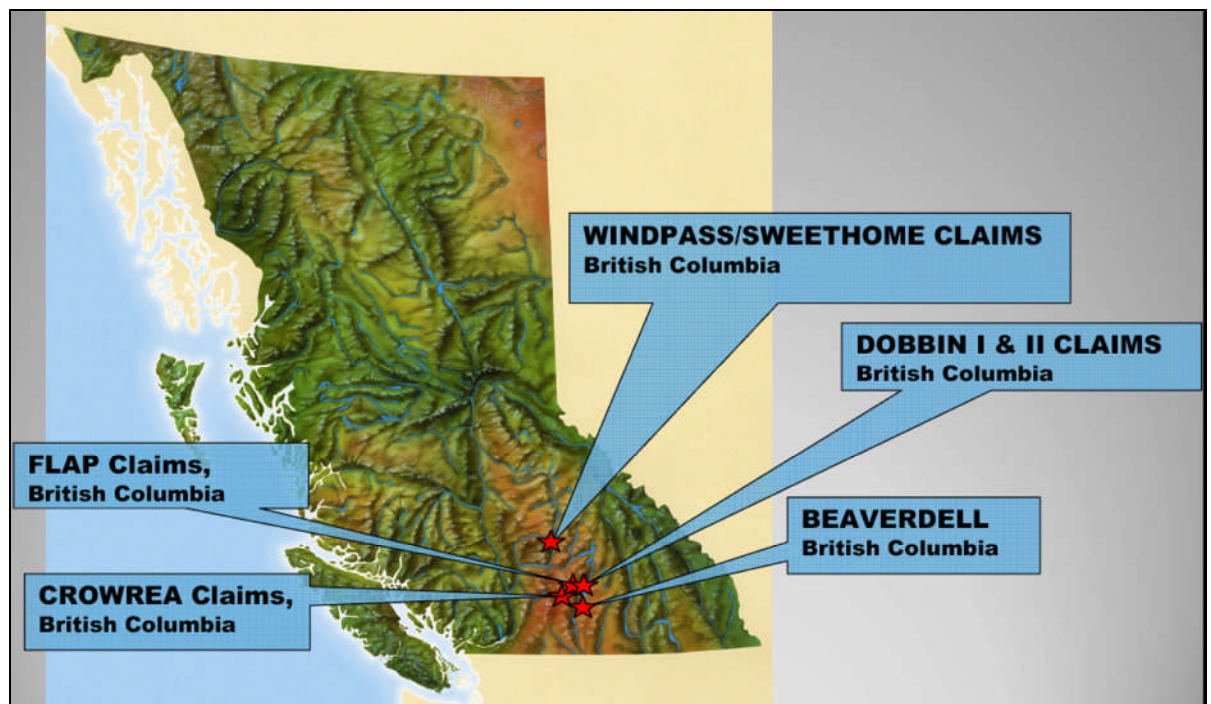
Company Overview

Molycor Gold Corp's name reflects their two-fold approach with regards to commodities. The company is exploring 11 properties in British Columbia, and Nevada, for molybdenum and gold, as well as platinum group metals, copper, and silver. Recently, their focus has turned to the exploration of their molybdenum properties, due to the strong molybdenum market. They hope to delineate a small, high-grade resource at their Crowrea property to put into production. However, they have significant gold potential in Nevada as well.

Corporate History

Molycor Gold has been exploring for molybdenum and gold since its current inception in 1995. The company shares common management with Adanac Molybdenum (TSX:AUA) and Goldrea Resources (formerly known as Verdstone Gold). Several of Molycor's molybdenum properties are held in equal joint ownership with Goldrea Resources (TSX.V:GOR).

BRITISH COLUMBIA



Crowrea & Empress Molybdenum

Property Overview: The 9,721 hectare Crowrea property and the adjacent Empress property are the company's primary focus at this time. The Crowrea property has significant historic exploration by the company, including trenching, drilling, geophysics, and geochemistry. Recent magnetic surveys and sampling has suggested that the high grade molybdenum veins may be associated with a large porphyry body on the property similar to the Brenda Mine 15 kilometers to the north. The company has staked new claims encompassing three magnetic lows identified through geophysical surveys.

Ownership: This property is held in equal joint ownership between Molycor and Goldrea Resources. They equally fund exploration on the property.

Historic Exploration/Production: The Crowrea property is the joint venture's oldest property and was an original discovery in 1995. The two companies aggressively explored the property in 1996, including surface sampling, trenching, and drilling to calculate a small resource on the Webb Site Zone. The 1996 drilling program included 8,200 meters of diamond drilling and 2,700 feet of percussion drilling. The drilling results from that program are summarized below. They indicate high-grade molybdenum potential over good widths.

Drill Hole	Interval (m-m)	Width (m)	% MoS ₂
Webb Site Zone			
96-12-50	23 - 26	3	0.048
96-12-52	41 - 49.5	8.5	0.59
96-12-53	55 - 56.5	1	0.048
and	74.4 - 76.5	1.2	0.073
96-14-56	33 - 37.57	4.57	3.39
96-15-57	61 - 68	7	0.338
and	90.0 - 91.0	1	4.075
96-5-58	45.4 - 55.4	10	0.196
PD-96-50	15.2 - 24.4	9.2	0.206
DDH 96-97	29 - 35.7	6.7	0.663
And	50.9 - 51.8	0.9	0.122
DDH 96-92	159.1 - 160	0.9	0.14
And	161.8 - 162.8	1	0.087
And	167.3 - 168.3	1	0.053
And	186.5 - 192.5	6	0.121
And	182.9 - 183.8	0.9	0.635
And	193.9 - 196.6	2.7	0.049
96-99	48.5 - 49.4	0.9	0.1
96-107	31.4 - 45.1	13.7	0.1
Includes	32.3 - 36.0	3.7	0.266
96-109	44.5 - 50.9	6.4	0.046
96-110	28.0 - 31.7	3.7	0.333

The property remained dormant until 2005, when molybdenum hit record highs of \$30+ and the company completed 26 diamond drill holes in the Webb Site and Noranda Zones, each approximately 35 meters deep. The results were similar to the previous drilling program, and are listed below.

Drill Hole	Interval (m-m)	Width (m)	% Mo
Webb Site Zone			
05-01	16.7-24.4	7.7	0.075
05-03	1-6	5	0.096
And	6-12	6	0.04
05-04	0-6	6	0.066
and	9-12	3	0.079
05-06	10.6-21.3	10.7	0.292
including	15.2-18.3	3.1	0.732
05-07	18.3-29.5	11.2	0.084
05-10	5.9-9.0	3.1	0.149
And	16.0-18.3	2.3	0.131
05-11	19.8-33.5	13.7	0.085
05-14	24.4-28.0	3.6	0.145
05-15	4.9-7.3	2.4	0.275
05-16	1.0-1.8	0.8	0.254
05-18	23.0-26.0	3	0.087
And	28.6-32.9	4.3	0.133
05-29	18.6-22.0	3.4	0.091
Noranda Zone			
05-21	16.7-20.0	3.7	0.442
	22.7-26.0	3.2	0.089

In April 2007, the company announced the addition of the HP claims to the Crowrea property. The HP property was once held by the joint venture in 1995-1997. The HP claims were explored by Cominco Inc. in the 1980's. Cominco drilled 8 percussion holes totaling 783 meters, including 1 hole with a maximum grade of 0.091% molybdenum. The joint venture completed geochemical and geophysical surveys in 1997, but subsequently dropped the claims due to the low price of molybdenum. They identified more molybdenum soil anomalies beyond those identified by Cominco in 1979. Molycor's previous exploration on the property will benefit their work now, in this excellent molybdenum market.

The property is located 15 kilometers south of the former Brenda copper/moly Mine, operated by Noranda (now Xstrata plc – LSE: XTA). The Brenda Mine produced 182 million tonnes of ore grading 0.183% copper and 0.049% molybdenum from 1970-1990. It is one of the lowest grade copper mines in Canadian history. However, it managed to remain profitable in its 20 year history through very careful grade control of the open pit.

Accessibility and Infrastructure: The property is located near Summerland, British Columbia, in the Okanogan region. Accessibility and infrastructure is generally good, with power, water, and road access available.

Geology and Mineralization: The Webb Site Zone at Crowrea is a high-grade molybdenum deposit, contained in narrow mineralized veins within a 1 kilometer long dike. The company believes that there is potential for a large tonnage, low-grade orebody as well as additional high-grade dike zones on the property.

Current Developments: The company completed a Phase I drilling and trenching program in July 2007 for an estimated cost of \$105,000. This program consisted of 10 holes totaling 712 meters. This program was successful in extending the Webb Zone an additional 100 meters along strike. 4 of the 10 holes were not mineralized, weakly mineralized, or missed their intended target. The drilling that did reach its target was high grade. The significant assays from the drilling program are summarized in the table below. The deposit is still open along strike, as well as to depth and a number of soil anomalies remain to be tested. A Phase II drilling program has been planned to follow up on these results, and the company is currently awaiting receipt of the permit.

Hole	Meters	Mo%
DDH 07-01	1.21-1.37	0.148
And	16.4-17.0	1
And	30.7-31.4	0.412
And	33.5-34.1	0.046
And	44.5-45.1	0.152
DDH 07-03	20.4-21	1.11
DDH 07-05	50.6-53.6	0.148

The company is completing a geochemical survey on three magnetic lows on the Crowrea property. Soil samples will be analyzed for molybdenum to identify potential copper-moly deposits.

The company completed a magnetometer survey over the Empress property in October, which assisted in defining drill targets by identifying magnetic lows. A drilling program to test the Empress porphyry deposit over a 250 by 250 meter area commenced in October 2007. Nine holes were completed. The company has announced assay results from three holes, which were low grade for molybdenum (0.6-0.08% Mo) over wide intervals.

Further drilling is planned for 2008.

Resource Estimate: Upon completion of the 1996 drilling program, the company estimated a “drill indicated” resource of 500,000 tonnes grading 0.320% MoS₂. This resource was calculated before the implementation of NI 43-101 in 2001, and is thus not compliant with these regulations.

The company intends to complete an NI 43-101 compliant resource estimate when sufficient drilling has been completed to support an estimation. We do not believe the summer 2007 program was sufficient for this goal. They hope to delineate a resource amenable to a small-scale mining operation.

***Dobbin I and II
(Tadpole Lake)
Contiguous
Properties***

Property Overview: The Dobbin properties have been significantly advanced as well, including geophysics, surface sampling, and drilling. They host polymetallic mineralization.

Ownership: The Dobbin property was acquired in 1996, and is jointly held by Molycor and Goldrea Resources. It has been separated into two separate properties: Dobbin I, a copper/platinum/palladium target, and Dobbin II, also known as Tadpole Lake, a molybdenum target.

Historic Exploration/Production: Mineralization was first discovered at Dobbin in the 1950s and has been explored by many companies since. The property was acquired by Cominco in 1977, and they conducted mapping, soil geochemistry, geophysics, and a small drilling program before dropping the property. They drilled 2 holes at Dobbin I and 9 holes at Tadpole. The Dobbin I drilling intersected 0.18% copper in the last 20 feet. Platinum group elements at Dobbin I returned values below 100 ppb.

The Dobbin properties are 17 kilometers northeast of the Brenda Mine, discussed in the Crowrea property section. There is very little recorded production of platinum from British Columbia. The only recorded production was from placer mining in the Tulameen River.

The company completed a large drilling program in 1997. This drilling program confirmed copper-platinum-palladium mineralization within a small area known as the “Central Anomaly”. The grades were low for copper and medium to high grade for platinum group metals. It included some high-grade intersections, including 0.4 g/t platinum + palladium. In 2000, the company conducted a drilling and trenching program that identified the Kenny 2000 prospect as well. The trenching results were high-grade.

Accessibility and Infrastructure: Exploration at the Dobbin properties is significantly impacted by the weather. The company has had to curtail two drilling programs, in 1997 and 2006, due to the onset of winter.

Geology and Mineralization: The company’s target at Dobbin I is bulk tonnage, low-grade porphyry style copper/platinum/palladium mineralization. The Dobbin I property hosts alkalic mafic suite hosted copper-platinum-palladium “porphyry” mineralization. It is not a typical “porphyry” deposit but shares a similar geologic setting and characteristics. The company has identified several separate mineralized zones, including Kenny 2000 and Central Anomaly. The property’s geology is very complex and unusual, and has been studied by the Ministry of Energy and Mines and by a graduate student at the University of Manitoba for his master’s thesis.

Current Developments: The company is planning a \$100,000 exploration program at Dobbin I & II this year. They announced the commencement of drilling at Tadpole Lake/Dobbin II in October 2005, but the results have not been released.

Resource Estimate: This property does not have any historic or NI 43-101 compliant resource estimates at this time.

Flap Claims

Property Overview: The 3,466 hectare Flap Claims lie directly east of the Dobbin I and II properties. The Flap property was acquired in 1996, and is jointly held by Molycor and Goldrea Resources. The company has not completed any work on this property since their preliminary mapping and sampling announced with the property acquisition.

Historic Exploration/Production: The company acquired the property based on historic exploration that defined a small mineralized area (300 meters by 300 meters) with surface grades of up to 0.770 oz/ton gold and 8.7 oz/ton silver.

Geology and Mineralization: The target at the property is disseminated gold mineralization and/or a copper porphyry deposit.

Current Developments: The company is not planning any work at the Flap property this year.

Resource Estimate: This property does not have any historic or NI 43-101 compliant resource estimates at this time.

Beaverdell

Property Overview: The Beaverdell property is made up of claims within and around the former Beaverdell/Highland Bell Mine and satellite deposits, which produced silver, lead, and zinc.

Ownership: This 100% owned property, consisting of 27 crown granted claims, was acquired by the company in 2003. They have added to their land position through staking.

Historic Exploration/Production: This property is a past producer. The Beaverdell property includes claims from Teck Cominco's (TSX:TCK-B, NYSE:TCK) former Beaverdell/Highland Bell Mine. This mine operated from 1913-1991 and produced 34.6 million ounces silver, 16,700 ounces gold, 25.6 million pounds lead, 30.6 million pounds zinc, 128,200 pounds cadmium and 25,700 pounds of copper from 1.32 million tons of ore. Teck Cominco purchased the mine in 1969, and operated the mine until its closure. From 1906, to 1961, 8 of Molycor's additional claims saw production of 8,942 tons grading 183 oz/ton silver, 8.67% zinc, 6.06% lead, and 0.049 oz/ton gold.

The company has completed preliminary mapping, sampling, and geophysics to define exploration targets. Chip sampling in 2005 returned very good silver grades, ranging from 192 g/t to 4,805 g/t silver.

Geology and Mineralization: Mineralization is contained in high-grade silver-base metals quartz veins. These veins are found in swarms, associated with several faulting events.

Current Developments: The company is not planning any work on this property at this time.

Resource Estimate: This property does not have any historic or NI 43-101 compliant

resource estimates at this time.

**Sweethome/
Windpass
Properties**

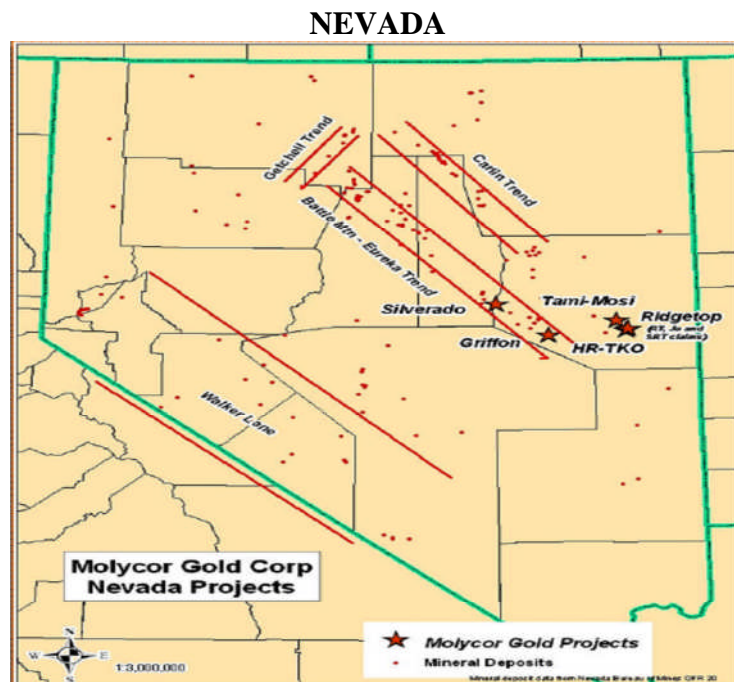
Property Overview: The adjacent Sweethome and Windpass properties are named after the historic mines located on these properties. These properties are 100% owned by the company.

Historic Exploration/Production: The Windpass and Sweethome Mines produced 34,500 ounces gold, 1,719 ounces silver, and 174,000 pounds of copper from 81,206 tons. The grades are hard to estimate. The mines produced at very high grades, but recovery from gravity separation was very poor at less than 50%. It is likely that the head grade of the mine was maintained above 1.0 oz/ton gold. At the time, cyanidation was not as common, but it has been shown to increase recovery on this ore significantly.

Geology and Mineralization: The mineralized veins on the property are categorized as low sulphidation gold bearing epithermal veins. There are a large number of separate veins and shear zones that have been mined/sampled in the past. Many of these hold interesting exploration potential, based on the independent technical report on the property.

Current Developments: The company is not planning any work on these properties at this time.

Resource Estimate: In 2003, a small NI 43-101 compliant indicated mineral resource was calculated for the tailings dumps left at the Sweethome and Windpass Mines. This resource totals 164,163 tonnes at 0.054 ounces/tonne gold.



The company's properties in Nevada are located around the southern extension of the Battle Mountain-Eureka Trend. (Source: Molycor Gold Corp.)

***Ridge Top TKO
Hot Dog Ridge
Contiguous
Gold Properties***

Property Overview: The TKO and Hot Dog Ridge claims are the company's flagship claims in Nevada, due to their geologic similarity to the Alligator Ridge Mine. The Alligator Ridge Mine was in production from 1980 to 1989, and used heap leaching for gold recovery. It produced just over 1 million ounces of gold.

Ownership: The company owns 100% of this property group, which was acquired in November 2004. These claims were acquired by staking, and are subject to a 2.25% net smelter royalty (NSR).

Historic Exploration/Production: The TKO property claims were drilled by Alto Gold in 1993. The company acquired the claims and conducted a mapping and sampling program in 2006. This program identified two north-south trending gold bearing structures, associated with the contact between rock units. These two structures have a combined strike length of approximately 2 kilometers.

Accessibility and Infrastructure: Due to its location in Nevada, accessibility and infrastructure are generally good.

Geology and Mineralization: The company is targeting Carlin style mineralization located at the Chainman Shale/ Joanna Limestone contact and at the Pilot Shale/ Guilmette Limestone contact.

Current Developments: The company plans to drill this property in the late summer of 2008. The estimated cost of this program is \$200,000.

Resource Estimate: This property group does not have any historic or NI 43-101 compliant resource estimates.

***Tami-Mosi
Property***

Property Overview: The Tami-Mosi property is early stage, as no drilling results have been released yet.

Ownership: In January 2007, the company acquired an additional 78 unpatented claims at Tami-Mosi by staking. These claims were acquired based on a biogeochemical survey in 2006 that suggested this area hosted an intersection of several mineralized trends. They own a total of 119 claims.

Historic Exploration/Production: The Tami-Mosi property is located in the Tamberlaine district. The Tamberlaine Mine produced gold, silver, and manganese intermittently from the late 1800s until the 1950s.

Geology and Mineralization: The company conducted a biogeochemical survey on the property in 2006. This survey tested for anomalies in the overburden layer that may indicate mineralized trends below. This program identified four targets: the Mosi zone, the Champion zone and the North and South Tamberlaine zones. The geologists believe the property hosts a number of north-east and north-west trending mineralized zones that

converge.

Current Developments: A 25 hole, 15,000 feet drilling program has been completed at Tami-Mosi. As of October 2, 2007, the company had completed two drill holes totaling 1,420 feet. These holes were designed to test for extension of the Tamburlaine Zone along strike. No assay results have been released to date. This program had an estimated budget of \$350,000.

Resource Estimate: This property does not have any historic or NI 43-101 compliant resource estimates at this time.

Silverado Property

Property Overview: The 3,395 acre Silverado property is located in the Pinto Mining District in the southern portion of the Battle Mountain-Eureka Trend, near to Barrick Gold's (NYSE: ABX) Ruby Hill (Archimedes) Mine.

Ownership: The company owns 100% of the 169 unpatented mining claims that make up this property, which they acquired in April 2006. They have purchased 6 patented mining claims as well.

Historic Exploration/Production: The Silverado Property is a historic producer, with small-scale mining activity. The Pinto Mining District is well known as a historic producer of gold, silver, and lead, and is undergoing increased exploration activity for Carlin style gold mineralization.

The company took several samples during their preliminary assessment of the property that indicated good silver and base metals grades.

Geology and Mineralization: The mineralization identified at Silverado is silver-base metals bearing vein mineralization. The company believes there is potential for Carlin style gold mineralization as well.

Current Developments: The company completed a mapping and sampling program in the summer field season of 2007.

Resource Estimate: This property does not have any historic or NI 43-101 compliant resource estimates at this time.

Griffin Gold Claims

Property Overview: The Griffin Gold property is a historic producer, like many of Molycor's properties. The company has not completed any work on the property since it was acquired. They own 100% of this property.

Historic Exploration/Production: This property has been explored since 1988. Billiton Minerals and Westmont Gold discovered mineralization and established a resource of 1.71 million tons grading 1.08 g/t at Discovery Ridge. In 1994, Alta Gold established a resource of 1.32 million tons grading 0.77 g/t at the Hammer Ridge Deposit. Alta Gold produced

approximately 100,000 ounces of gold from 1998-2000. The mine produced approximately 1,000 ounces per week at a cost of US\$145/ounce.

Accessibility and Infrastructure: Due to its location in Nevada, accessibility and infrastructure is good.

Geology and Mineralization: The company is looking for new discoveries of Carlin style mineralization at Griffon Gold. The mineralization is contained in Mississippian sedimentary rocks, which contain shale, limestone, and jasperoid formations known to host Carlin style gold mineralization in Nevada.

Current Developments: The company has not completed any work on this property since it was acquired. The company completed a mapping and sampling program in the summer field season of 2007. If warranted, they intend to follow up this work with a drilling program.

Resource Estimate: This property does not have any historic or NI 43-101 compliant resource estimates at this time.

Davis Property

Property Overview: The Davis gold property is located on the Walker Lane Gold Trend in southwestern Nevada. This property is a historic producer and has seen limited historic exploration.

Ownership: The property consists of 25 unpatented mining claims. The company acquired 100% interest in the property from two private individuals for \$80,000 and 400,000 shares in September 2007. The underlying owners maintain a 2% NSR on the property.

Historic Exploration/Production: There were three small producing gold mines on the property that operated intermittently from 1905 to 1940. These mines are called Davis, Butler, and Goldyke. No production data is available at this time.

US Mining & Smelting Co. (USSRAM) has been working on the property since the 1970s. This exploration has been focused on the Davis vein. Kennecott drilled 2 holes and USSRAM drilled 9. Six drill holes on a Davis vein identified 400 feet of strike, 500 feet depth, and 20-30 feet width. The average grade of the six holes drilling on the Davis vein are 0.11 oz/ton gold and 0.9 oz/ton silver. USSRAM's technical report from 2000 suggests that part of this resource would be open pit, and that there is a potential strike length of over 3,000 feet on the Davis vein. In 1995, Kennecott drilled nine RC holes totaling 5,280 feet around the Goldyke Mine, but no results are available. According to the press release, Kennecott dropped the property in 1995 due to cuts in their exploration budget.

This property is located 5 miles east of the former Paradise Peak Mine, which operated from 1985 to 1995 under FMC Gold. The Paradise Peak open pit mine produced 12 million tonnes of ore grading 0.098 oz/ton gold and 3.53 oz/ton silver.

Geology and Mineralization: The targets identified to date are classic high grade gold-silver veins.

Current Status: The company is compiling data on the property and plans to begin a preliminary exploration program this year.

Resource Estimates: Historic drilling has suggested potential for 300,000 tons grading 0.11 oz/ton gold and 0.9 oz/ton silver. This resource is based on the known dimensions of the deposit identified through drilling and is non NI 43-101 compliant.

Management & Board

Ed Lee - President/Director

Mr. Ed Lee is a Director and Executive Vice President of Adanac Moly Corp and Director of Goldrea Resources Corp. Mr. Lee has 14 years experience with corporate development and financing of public companies. For 20 years prior, Mr. Lee was in private practice in northern B.C.

Larry W. Reaugh - Chairman & CEO/Director

Chief Executive Officer from March 12, 1981 to present. Mr. Reaugh has 41 years experience in the mining industry with the past 25 years directly involved in mineral exploration with junior resource companies. Mr. Reaugh is credited with several producing mines and has raised more than 60 million dollars for the exploration and development of mining properties.

Kenneth Wright, CGA - Chief Financial Officer

Mr. Wright comes to the Company with over 37 years of accounting experience, with the last 18 years as an associate with BDO Dunwoody LLP. His extensive experience has seen him as Coordinating Board Member for C.G.A. courses with the University of Caledonia and past auditor of the Okanagan Chapter of C.G.A. Association of British Columbia.

Dr. William Pfaffenberger – Director

Dr. Pfaffenberger is Professor of Mathematics in the Mathematics and Statistics Department at the University of Victoria. He is presently President of the Faculty Association at the University of Victoria. He is a past Chair of his Department. He served on the Pension Board for Administrative and Academic Staff at the University of Victoria for over 20 years and was Chairman of that Board for 11 years. The assets of that Plan now exceed \$400 million. He serves as a Director of three public companies, including Goldrea, Molycor Gold, and Beau Pre Explorations Ltd. He is the President and CEO of Torch River Resources. He is also President of a private minerals company, Fundamental Resources Corporation.

Dr. David Madill – Director

Dr. Madill is a medical doctor in private practice and has 15 years of experience being a director and in financing of the Company. Dr. Madill is also a director of Goldrea Resources Corp.

Dan Koyich – Director

Mr. Koyich has been involved as a director of public companies since 1997. Most recently he was a director of Adanac Moly Corp., and is now Vice-President, Corporate Development for Adanac Moly Corp. As president of his private corporation, JeanDan Management Ltd., since 1977, he has provided consulting services regarding investor relations, business administration and financing for publicly listed companies. Mr. Koyich will be a valuable addition to the board.

Teresa Piorun - Corporate Secretary

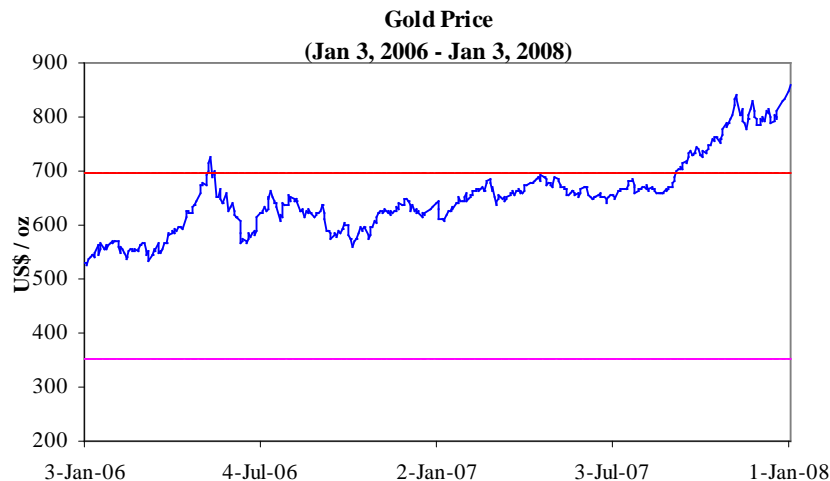
Ms. Piorun has been with the group of companies for 20 years she holds the position of Corporate Secretary, she is a senior corporate officer with wide-ranging responsibilities, she serves as a focal point for communication with the board of directors, senior management and the company's shareholders, and she occupies a key role in the administration of critical corporate matters. She is the confidant and advisor to the Chief Executive Officer and other members of senior management, especially on corporate governance affairs.

Kenneth Wright, CGA – Chief Financial Officer

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Outlook for Gold

The chart below shows gold prices since January 2006. Gold prices are currently trading at record highs, and as of January 10, 2008, and were trading at US\$893/oz, which reflects a YOY increase of 46%.



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

Gold is traditionally viewed as a capital preservation asset and regarded as a better hedge

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

The U.S. housing industry is not expected to recover before the end of 2008, and recently, the U.S. economy reported job losses for the first time in four years. Both these factors further signal a slowdown in the U.S. economy. Even though the U.S. Federal Reserve cut interest rates from 5.25% to 4.25% in their last three meetings, we expect to see further rate cuts in the first half of 2008, to tackle the ongoing credit crunch problems and the softening U.S. housing industry. The rate cuts in turn will add to inflationary pressures and simultaneously depreciate the value of the U.S. dollar, which we believe is an ideal condition for gold prices to move higher.

We have also noticed a positive correlation between gold and oil prices, in times of high oil prices. High oil prices create inflationary expectations among investors and lead them to drift towards gold. Oil is currently at its 2007 highs, and prices are expected to stay above \$80.00/bbl till at least 2010, which we believe will also have a positive effect on the demand for gold.

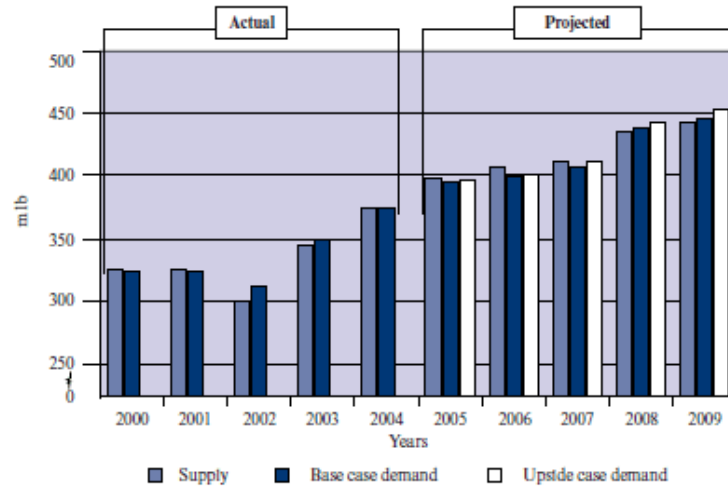
Therefore, based on a forecasted depreciation in the U.S. dollar, higher inflationary expectations, relatively lower U.S. real interest rates, and high oil prices, we continue to be bullish on gold prices. Although we do not expect prices to move up as fast as they did in the past few months, we expect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

Outlook for Molybdenum

Existence and Characteristic: Molybdenum occurs primarily as molybdenite (MoS_2) in porphyry deposits in the USA, Canada, Chile, China and Greenland both as a primary deposit and also associated with copper. Based on Mo production in 2006, Canada was ranked fourth in the world behind the U.S, China and Chile. Canada's production was 5% of global production (according to the USGS). Molybdenum has a very high melting point, making it ideal for alloys used in aircraft engines, missiles and petrochemical plants.

Demand for Molybdenum: Demand for Molybdenum comes primarily from the steel industry. According to the International Molybdenum Association (IMO), demand from the **manufacturing of tools, high-speed steel, stainless steel and low alloy steel accounts for about 80% of total molybdenum consumption.** Demand for molybdenum has also increased recently because of its use as a reducer of sulfur in crude oil. One of the applications, which we believe is very pertinent in current market conditions, is the **use of molybdenum in the pipework for the offshore oil and gas industry.** According to the IMO, most corrosion resistant stainless steels contain about 6.0% - 7.3% molybdenum. High growth in the energy sector has contributed to the growth in global demand of molybdenum, due to increased demand for the metal for new and replacement pipelines.

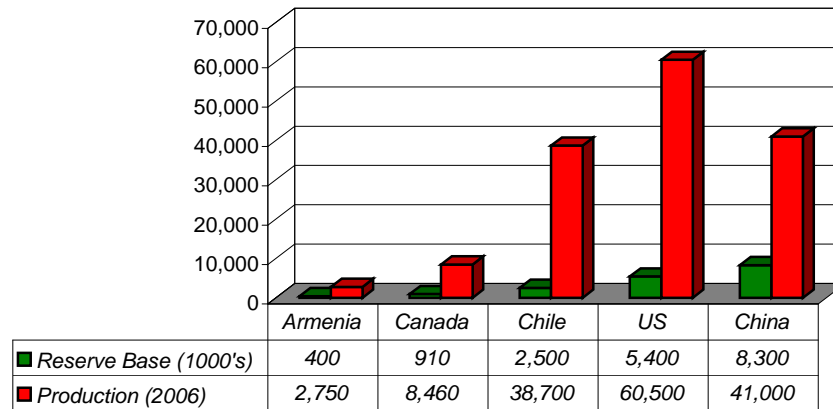
Global demand is expected to outpace supply: The chart below shows historic world molybdenum supply and demand for the period 2000 to 2004, along with CRU Group’s projections. As the chart shows, demand is expected to exceed supply in 2008, and 2009. CRU projects a molybdenum deficit of 6 million lb by 2009 in their base case scenario.



In the next section, we illustrate the major factors that, we believe, will impact molybdenum prices going forward.

Increasing demand for steel from the BRIC: The increasing demand for steel has been one of the major drivers of demand for molybdenum. According to the International Iron and Steel Institute, global demand for steel is expected to grow by 6.8% in 2008. Brazil, Russia, India and China (BRIC) accounted for 41% of global steel demand in 2006, and are expected to be the primary growth drivers moving forward. Steel demand from the BRIC is expected to grow by 11.1% in 2008.

Global supply from China is expected to drop: The chart on the next page shows the top five countries ranked based on total identified resources of molybdenum.

Mo Reserve Base and Annual Production

Source: USGS

China has the world's largest molybdenum reserve base. According to the USGS, identified resources amount to about 8.3 million metric tons of molybdenum in China, which is approximately 43.7% of the total identified molybdenum resources in the world. However, when it comes to production, China contributed only 25.2% of world production in 2006. As shown in the chart, annual production in China is much lower compared to the U.S. The low production rate in China results from **China shutting down one-third of its production capacity** for an indefinite period, due to environmental and other reasons.

Additionally, China's molybdenum exports are expected to decrease further as the country imposed (in November 2006) a 10% export duty on molybdenum oxide and ferromolybdenum. In order to conserve molybdenum, China is also planning to introduce a quota system for molybdenum. According to China Nonferrous Metals News, China's molybdenum exports are expected to decrease by 10%, and export permission will now only be granted to exporters with export volumes of over 3,000 tonnes in the past 3 years and traders in at least 1,000 tonnes in the past 3 years.

Tight roasting capacity: Molybdenite concentrate has to be roasted to convert it into molybdic oxide / ferromolybdenum – the form in which molybdenum is normally supplied to end users. Currently, there is a shortage in global roasting capacity. The major limitations of roasting molybdenum ores are that the process is not environmentally friendly, and roasters are very expensive to build. Even though molybdenum supplies are estimated to be abundant, roasting capacity has not kept pace with increasing molybdenum production. Tight roasting capacity is expected to be a bottleneck in molybdenum production worldwide.

Molybdenum prices: The chart on the next page shows molybdenum prices since January 1998.



Molybdenum prices were highly volatile in 2004 and 2005, and have been less volatile since the beginning of 2006. As of January 8, 2008, molybdenum was trading at US\$32.5/lb. Current prices have increased more than tenfold since the beginning of the century. In January 2000, the price of molybdenum was only US\$2.68/lb.

Forecast: Based on our review of the factors affecting molybdenum prices, we believe that prices, though expected to gradually decline throughout our forecast period, will stay higher than their historical average of US\$10.8/lb (average of prices during Jan 2000 –September 2006) in this decade, due to the following:

- Strong demand from Brazil, Russia, India, China and the rest of the global market for stainless steel
- Expected decrease in Mo exports by China
- Increasing demand from the oil sector
- Longer lead times to build new molybdenum mines
- Tight roaster capacity
- Increasing investment demand
- Molybdenum is not easily substitutable due to its unique characteristics, availability and versatility

Financials

In the first nine months of FY2007 (ended July 2007), the company had a net loss of \$0.92 million (EPS: -\$0.02) compared to a net loss of \$0.51 million (eps: -\$0.01) in the comparable period in the previous year. We estimate the company had a burn rate (cash spent on operating and investing activities) of \$0.13 million per month in the first nine months of FY2007, versus \$0.08 million per month in FY2006 (12 – month period).

The table below shows the company's cash and liquidity position at the end of Q3-2007.

Cash and working capital at the end of Q3-2007 were \$1.47 million and \$1.89 million, respectively, compared to \$0.33 million and \$0.29 million at the end of FY2006.

	2004	2005	2006	Q3-2007
Cash	42,992	92,015	326,014	1,469,194
Working Capital	(109,621)	36,575	290,727	1,887,465
Current Ratio	0.4	1.4	3.8	16.1
LT Debt / Assets	-	-	-	-
Cash from financing activities	256,800	724,943	1,211,687	2,281,088
Burn Rate (including exploration costs)	(18,702)	(56,327)	(81,474)	(126,434)

Stock Options and Warrants: At the end of July 2007, the company had 7.67 million stock options outstanding (5.32 million are currently ‘in-the-money’ – assuming that none of the options were exercised since the end of June 2007), with exercise prices ranging between \$0.10 - \$0.31, and maturity periods between June 2008 and April 2012. The company also had 12.17 million warrants outstanding (all of them are currently ‘out-of-the-money’), with exercise prices ranging between \$0.20 and \$0.25, and maturity periods between February 2008 and July 2008.

Recent Financing: In December 2007, the company completed a non-brokered private placement of 2.61 million units at a price of \$0.23 per unit to the MineralFields Group for aggregate proceeds of \$0.60 million. Each unit consists of one flow-through common share and one-half of one non-flow-through common share purchase warrant. Each warrant entitles the holder to purchase one non-flow-through common share at a price of \$0.30.

In July 2007, the company closed a non-brokered private placement of 8.52 million units at a price of \$0.20 per unit for gross proceeds of \$1.70 million.

In May 2007, the company completed a non-brokered private placement of 2 million flow-through units at a price of \$0.25 per unit to the MineralFields Group for aggregate proceeds of \$0.50 million.

Conclusion: We expect the company to spend a total of \$0.9 million in 2008 for exploration. Based on its current cash position, we believe the company is in a sound cash position to fund its exploration expenses for the next 12 months.

Conclusions

Molycor represents an interesting early stage exploration play with upside potential. They have good management, and have diversified their projects by commodity, region, and level of work. We believe some of the success will depend on the price of molybdenum going forward. However, the long term supply/demand fundamentals are strong and we believe molybdenum prices will stay above historic averages.

At this time, we have not assigned a fair value to the company. We intend to assign a value when we are in a position to determine the size of the ore body at the Crowrea. The results are promising so far; however the project is at a very early stage. There is potential for discoveries at the Nevada properties as well.

Molycor may appeal to investors who already hold a diversified portfolio, and are looking to participate in an early stage project.

Risks

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

- The company has not defined any NI 43-101 compliant resource estimates and does not currently have any operating mines.
- The success of drilling, expansion and determination of favorable resource estimates are important long-term success factors for the company.
- The value of the company depends on commodity prices.

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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