

### Opawica Explorations Inc. (TSX: OPW) – Initiating Coverage; Advanced Bulk Tonnage Exploration in Mining Friendly Ontario

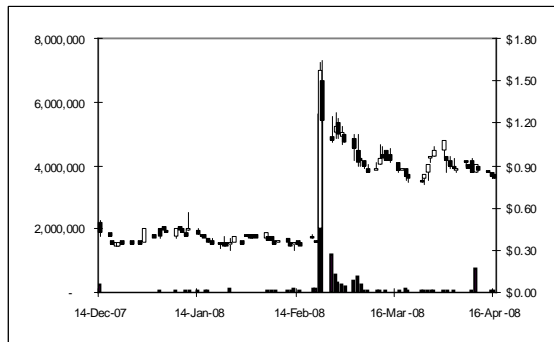
Sector/Industry: Junior Mining/Gold and Copper

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

#### Market Data (as of April 17, 2008)

Current Price	C\$0.89
Fair Value	<b>C\$1.41</b>
Rating*	<b>BUY</b>
Risk*	<b>5 (Highly Spec)</b>
52 Week Range	C\$0.30 - C\$1.64
Shares O/S	15,695,868
Market Cap	C\$13.97 million
Current Yield	N/A
P/E (forward)	N/A
P/B	2.42
YoY Return	N/A
YoY TSX	2.9%

\*see back of report for rating and risk definitions



#### Investment Highlights

- Opawica is focused on two advanced stage exploration properties in Ontario, Canada.
- The company is delineating a large potential bulk tonnage open pit gold and copper deposit at the Atikwa Lake property near Kenora, Ontario. Recent drilling about 300m north, and on strike to the southern portion of the Maybrun zone, returned 1.54 g/t gold and 0.38% copper over 60 meters true width within the Maybrun zone.
- The southern portion of this zone has a historic inferred resource estimate of 3.0 million tonnes grading 1.18% copper and 2.5 g/t gold. A NI 43-101 compliant resource estimate bringing the entire 500m long by 70m wide by 100m deep Maybrun open pit zone to a measured and indicated resource is expected in the fall of 2008, following an in-fill drilling program.
- The advanced stage Dingman property is an open pit bulk tonnage gold zone near Toronto with good accessibility.
- This deposit has a historic resource estimate of 12.6 million tonnes grading 0.7 g/t gold. An NI 43-101 compliant resource estimate is expected in May 2008, and a preliminary economic assessment is underway.
- The company completed a 10:1 reverse split in December 2007, reducing the number of shares outstanding

#### Key Financial Data (FYE - August 31)

(C \$)	2006	2007	2008 (6 mo)
Cash & Short-term Investments	598,369	850,515	701,005
Working Capital	596,734	1,391,540	791,502
Mineral Assets	2,134,238	2,732,488	4,943,834
Total Assets	2,927,501	4,479,909	6,020,905
Net Income (Loss)	(1,694,799)	(1,134,228)	(745,475)
EPS	(0.03)	(0.01)	(0.06)

Opawica Explorations is focused on two advanced exploration properties in Ontario. The Atikwa Lake property is a bulk tonnage open pit copper gold deposit, and the Dingman project is a bulk tonnage open pit gold deposit. Both properties have historic resource estimates that will be upgraded to NI 43-101 compliance in 2008. The company is aiming to build over a million ounce gold resource and 100 million pound copper resource between these two properties in 2008.

**Company Overview** Opawica Explorations is focused on two advanced exploration properties in Ontario. The Atikwa Lake property is a bulk tonnage open pit copper gold zone, and the Dingman project is a bulk tonnage open pit gold deposit. Both properties have historic resource estimates that will be upgraded to NI 43-101 compliance in 2008. There is still potential for resource expansion at the Dingman property and a number of exploration targets exist outside of the Maybrun Zone on the Atikwa Lake property. The Maybrun Zone is also open on-strike, laterally and to depth.

**Corporate History** Opawica Explorations Inc. was formed in 1978, went public in 1982, and has always been focused on mineral exploration. Shares of the company were consolidated on a 10:1 basis in December 2007. The company's president, Donald (Dan) Clark, has been with the company since 1994. They have explored in Ghana, Argentina, Botswana, Brazil, and Canada, partnering with companies including Barrick Gold (NYSE: ABX), AngloGold Ashanti (NYSE: AU), INCO (GVRD) and Falconbridge (Xstrata – LSE: XTA). The company shares common management and directors with International Kirkland Minerals (TSX-V: IKI).

**Atikwa Lake Property Overview:** The 890 acre Maybrun-Atikwa Lake property is a historic copper-gold producer on which the company is delineating a bulk tonnage open pit copper-gold resource. A number of exploration targets, including nickel, remain to be tested.

**Ownership:** Opawica entered into an option agreement to earn 100% interest in the Atikwa Lake property from privately held Consolidated Maybrun Mines Ltd. in September 2005. Under the terms of the agreement, Opawica can earn the interest by paying \$700,000 and issuing 10 million shares over a four-year period. To date, the company has issued all 10 million shares and paid \$500,000. The underlying owner will maintain a 3 to 5% net smelter return royalty, of which half can be repurchased for \$1.0 million.

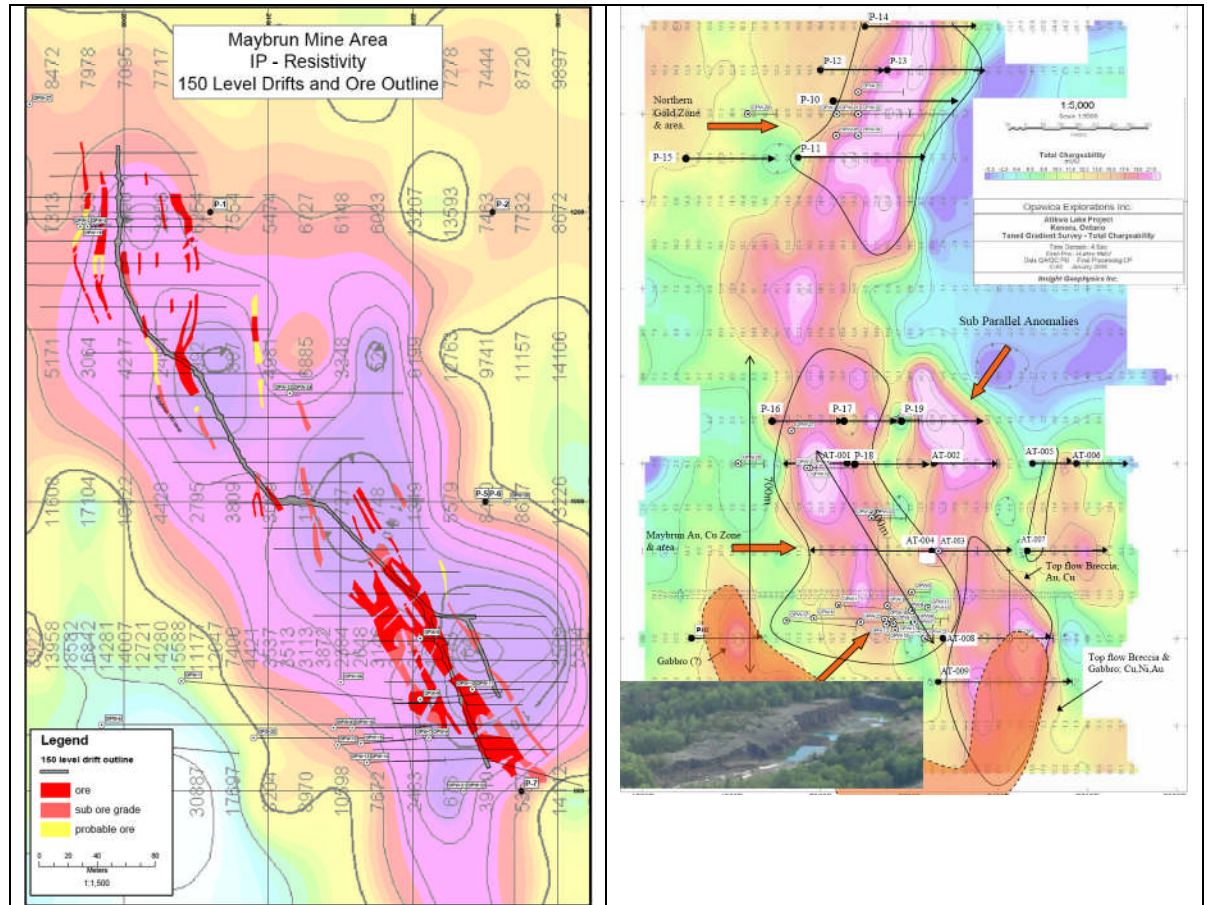
**Historic Exploration/Production:** Since the discovery of the property, approximately 36,000 meters of drilling and 300 meters of underground development have been undertaken by two property owners, primarily on the Maybrun Zone. This zone was discovered by Noranda Mines Ltd in 1951, who completed multiple drilling programs but ultimately decided the deposit was not economic at that time. The property was sold to Consolidated Maybrun Mines in 1955. Maybrun commenced underground development, including a shaft and two underground levels, in 1957 for exploration purposes. They delineated a resource of approximately 2.5 million tonnes grading 1.18% copper and 0.08 oz/ton gold, but production never commenced and the property went dormant. In 1965, the company, under new management, recommenced work on the property to evaluate its open pit potential. A 500 tpd mill was constructed in 1970, and approximately 200,000 tons of material was mined before the project was put on care and maintenance due to weak copper and gold prices.

Upon acquisition of the property in 2005, Opawica commenced an 11 hole drilling program with the purpose of confirming historic mineralization. This program was successful and also identified areas of high-grade copper-gold mineralization outside of the resource area. Further small drilling programs were completed in the summer of 2006, and spring 2007. Following these programs, the company completed a deep induced polarization survey covering most of the property. This program generated at least 16 targets outside of the Maybrun zone.

**Adjacent Properties:** Canadian Arrow Mines Ltd. (TSXV: CRO) is advancing the Kenbridge Nickel deposit directly adjacent to the Atikwa Lake property towards production. A preliminary economic assessment was completed in January 2008, that anticipates constructing a flotation mill with nickel and copper circuits. The Kenbridge deposit has an indicated resource of 3.7 million tonnes grading 0.64% nickel, and 0.34% copper, and an inferred resource of 0.8 million tonnes grading 0.86% nickel and 0.46% copper. We believe the advantages of infrastructure development and improved accessibility for Opawica's future plans at Atikwa Lake are many. The Atikwa Lake property has potential for nickel mineralization as well, and the Maybrun copper-gold zone could be processed at the prospectively planned Kenbridge Mine if a gold circuit is added and a custom milling arrangement can be reached between Canadian Arrow and Opawica. No such arrangement exists at this time.

**Accessibility and Infrastructure:** Opawica's Maybrun deposit is accessible by gravel logging roads from Highways 17 and 71 in Ontario. The total driving distance from Kenora, Ontario, is 120 kilometers, with the final 30 kilometers being developed and well maintained logging roads. Currently, power is not available. The nearest power station is 18 kilometers away.

**Geology and Mineralization:** Copper mineralization on the Atikwa Lake property is associated mostly with pillowed metavolcanic units. Historically, five copper-gold zones had been delineated on the property. Previously, the most strongly mineralized portion of the Maybrun Zone was at the southern end within an area of 200m long, 60m wide and 90m deep, where the Inferred Mineral Resources of 3 million Tonnes of 1.18% Cu and 2.6 g/t is situated. Deep IP geophysics completed in January 2008 outlined a 500 meter long, +100 meter wide and over 400 meter deep resistivity and chargeability anomalies that outline the Maybrun Zone. Limited historic drilling greater than 100 meters depth has outlined significant potential at depth that remains underexplored. Hole AT-08-001, was drilled 300 meters north of the Maybrun Southern open pit zone, establishing at least a 500 meter strike length for the zone. The Maybrun zone is open on strike primarily to the north, laterally and to depth for at least 400 meters vertically.



Source: Opawica Explorations Inc.

**Metallurgy:** Conventional flotation was used to recover copper and gold, historic recovery rates have been reported to 85% for copper. The exact recovery rates for gold and residual silver credits are not known at this time.

**Current Status:** The company commenced a drilling program in January 2008 consisting of at least 3,000 meters of drilling in 19 holes targeting geophysical anomalies and other exploration targets on the property generated from the results of the IP survey and review of historic exploration data. The focus of this program was the larger geophysical signature incorporating the entire Maybrun Zone and targets outside of Maybrun. Hole AT-08-001, released in February 2008, sent the company's stock soaring. The hole intersected 183 meters of 1.54 g/t gold and 0.389% copper in the northern portion of the Maybrun zone. The true width of this intersection is approximately 60 meters and the hole ended in mineralization. Hole AT-008-18 has been collared on the same line as hole AT-08-001 and drilled West, in the opposite direction to hole AT-001. Assays for 18 of the initial 19 holes are expected shortly.

Drill Hole	Interval (m-m)	Width (m) Not True	Gold Grade (g/t)	Copper Grade %
AT-08-001	39-222	183	1.54	0.389
including	41.25-157	115.75	2.4	0.511
including	41.25-88	46.75	4.02	0.866
including	60-87	27	6.43	1.317
including	65-74	9	10.24	2.396
and	94.4-108	13.6	4.71	0.737

The company has just completed drilling the Northern Gold Zone, 800 meters north of hole AT-08-001, to test for copper-gold mineralization. Previous drilling in 2006, intersected near surface gold intersections including 5.1 g/t gold over 4 meters, 7.33 g/t gold over 3 meters, and 5.75 g/t gold over 5.75 meters. The geophysical survey outlined a coincident resistivity and chargeability anomaly over a strike length of 500 meters. This drilling is part of the initial 19 hole drilling program previously mentioned.

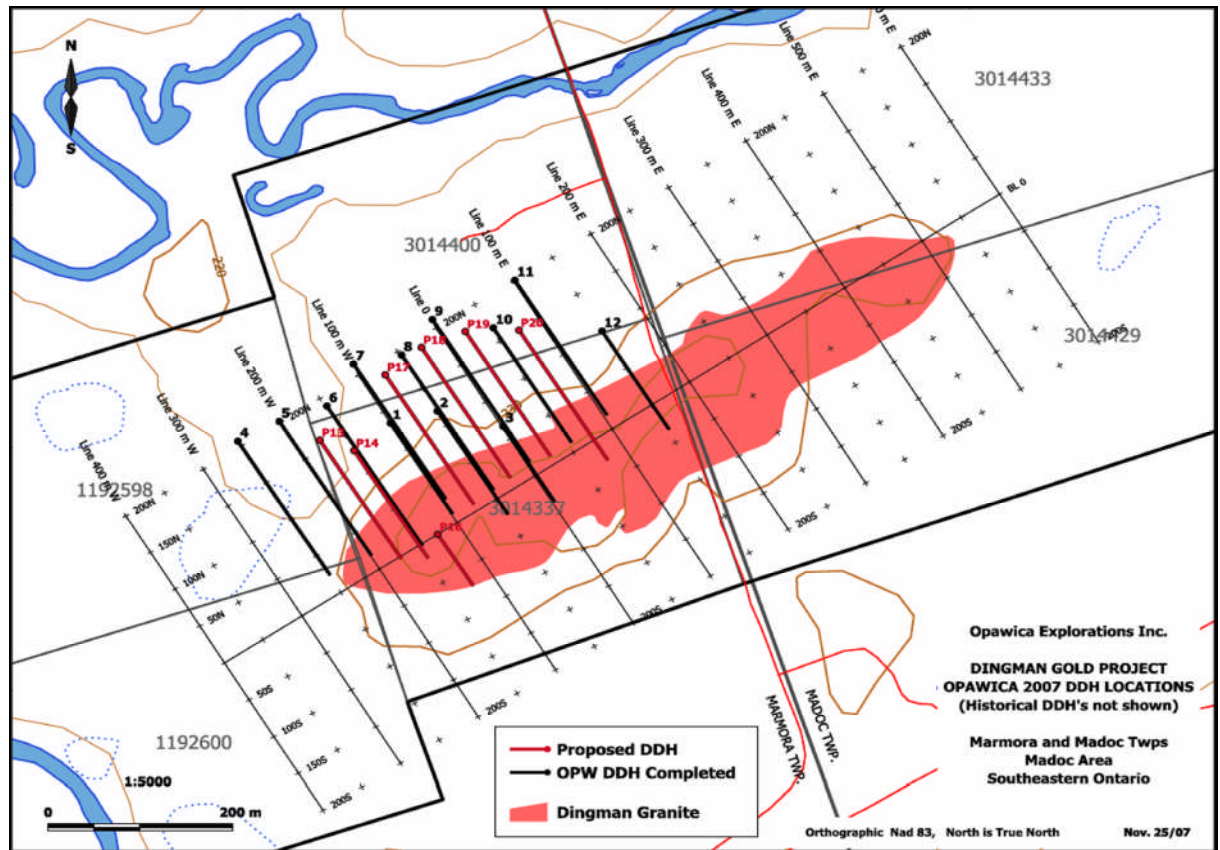
A further 60 infill drill holes of about 150m each are planned on the entire Maybrun open pit zone. This drilling will take at least 3 months to complete. This program will commence this month to initially upgrade the main Maybrun zone to measured and indicated resources, and will eventually test an area at the Maybrun Zone of 700m long by up to 200m wide by up to 175 deep.

**Resource Estimates:** A NI 43-101 compliant resource study is expected by October 2008. This study will include measured, indicated and inferred resources, a potential increase of overall resources, and a preliminary scoping study addressing the economics of the resource. The historic inferred resource estimate outlined below was completed on the property in 1973, and we believe has been confirmed by Opawica drilling between 2005 and 2007. It is based on closely spaced drilling to a vertical depth of only 90 meters (open pit depth) and covers only the southern 200 meters of the current 500 meter long Maybrun Zone.

Resource	Tonnage	Grade (% Cu)	Grade (g/t gold)
Historic Inferred (1973)	3.0 million tonnes	1.18% copper	2.5 g/t gold

Opawica has stated that based on hole AT-08-001 and the 265 holes drilling on the Maybrun Zone that the historic inferred resource is materially understated. We believe this to be true and expect a larger NI 43-101 compliant resource.

**Development Timeline:** If warranted, the company intends to pursue a final scoping study immediately following the completion of the above NI 43-101 resource study.



Source: Opawica Explorations Inc.

### Dingman/ Madoc

**Property Overview:** The Dingman property is a bulk-tonnage, low-grade, gold deposit contained in a granitic stock. The project is located 2 hours drive northeast of Toronto, and has excellent accessibility.

**Ownership:** The company entered into an option agreement to acquire 100% interest in the Dingman property in August 2006. The company has finalized its 100% interest as of December 2007. This agreement is subject to a 2% net smelter royalty, half of which can be purchased for \$250,000 cash. Upon completion of a bankable feasibility study, the company must pay the vendors either \$250,000 in cash, or the equivalent in cash, and shares based on the company's trading price.

The company has secured property surface rights through an option agreement signed in September 2006. This agreement gives the company the right to conduct exploration activities until September 2011, by paying \$62,000 in staged installments. The company will have to pay \$8,000 by September 2008, \$16,000 by September 2009, and \$32,000 by September 2010. An additional fee of \$500 will be paid for each drill hole completed on the vendor's portion of the property. Along with the surface rights option agreement, the company has also retained the right to purchase 100% of the surface rights to the 162 acres by paying three times the appraised land value for the property as a farm. This payment will not exceed \$1.5 million.

**Historic Exploration/Production:** The main Dingman zone was significantly drilled by Noranda in the 1980s, and Deloro Minerals previously explored and developed resources at Dingman when Gold was about US\$350/oz in the 1990s. The only mining activity in the area is quarrying operations extracting precious stones, sand and gravel. The company completed a 19 hole drilling program on the property in the fall of 2007. This program confirmed and expanded resources from historic drilling, notably along strike and to a greater depth. Holes were drilled at 50 meter spacings to support a higher degree of geologic certainty. The results of this drilling program are outlined in the table below.

Drill Hole	Interval (m-m)	Width (m) Not True	Gold Grade g/t
DI-07-001	52-142.1	90.1	0.67
DI-07-002	63-169.25	106.3	1.54
including	75-76	1.0	20.50
DI-07-003	21-106	85.0	0.92
DI-07-004	---	---	---
DI-07-005	154-164	10.0	1.40
DI-07-006	143-210	67.0	0.59
DI-07-007	124.1-240	115.9	0.53
DI-07-008	145-241	97.0	0.81
DI-07-009	143-235	92.0	0.81
DI-07-010	160-181	21.0	0.50
DI-07-011	219-248	29.1	1.08
DI-07-012	89-124	35.0	1.04
DI-07-013	76-182	106.0	0.63
DI-07-014	53-154	101.0	0.69
DI-07-015	114-212	98.0	0.70
DI-07-016	135-233.12	97.1	0.77
DI-07-017	120-192.50	72.5	0.29
DI-07-018	147-208.50	61.5	0.60
DI-07-019	223-332	109.0	0.59
including	277-278	1.0	9.14

*Source for data: Opawica Explorations Inc.*

**Accessibility and Infrastructure:** The Dingman project is located near Madoc, Ontario, approximately 2.0 hours drive from Toronto. The land use in the region is primarily agricultural. The accessibility for the project is good, as a road runs right through the Dingman granite. The nearest power line is 3 kilometers away. The company has secured surface rights in the area that will provide them with necessary land for production.

**Geology and Mineralization:** The host rocks on the property are low grade metamorphic rocks of the Grenville Subprovince. The Dingman granite is an elongated intrusive that has been altered and deformed. It contains gold mineralization associated with quartz veining.

The whole granite intrusive is mineralized at a level of <1 g/t gold, and five higher-grade (+2 g/t gold) narrower zones have been identified within the Dingman Granite. At least one of these high-grade zones has been shown to be five meters wide and extends to a depth of at least 275 meters. The known dimensions of the Dingman Gold Zone are 400 meters long, 80+ meters wide (may be widening at depth), and 275 meters deep. The deposit is open on strike to the east and at depth, where there may be potential for an underground mining opportunity exploiting at least one of the high grade core zones.

**Metallurgy:** The geology and mineralization of the Dingman property make the metallurgy simple. It is readily amenable to cyanidation with very high recoveries of +95% gold. Previous testing by Roscoe Postle Associates showed that the ore was free of any deleterious elements, such as arsenic, mercury, antimony, or uranium. Opawica has confirmed this through their own testing. The company is evaluating conventional milling and cyanidation as well as heap leaching of the higher-grade core zones.

**Current Status:** The company completed a 19 hole drilling program in the Fall of 2007, to confirm and expand the historic resource. A preliminary NI 43-101 compliant resource estimate on the top 275 meters of the Dingman granite deposit is expected in May 2008. The company plans to drill six holes in June 2008, to test 600 meters along strike of the Dingman gold zone, which may add significantly to the NI 43-101 compliant resource.

**Resource Estimates:** A NI 43-101 compliant resource estimate is expected in May 2008. Three historic resource estimates prepared by Roscoe Postle Associates (independent valuation report), Noranda, and Deloro Minerals are presented in the table below. These historic resource estimates are based on approximate dimensions of 300 meters long and 100 meters deep (open pit). The company has delineated the Dingman gold zone to be 400 meters long, 80+ meters wide, and 275 meters deep. The top 175 meters of the Dingman gold zone has been delineated through more detailed drilling.

Resource Category	Tonnage (short tons)	Grade (oz/ton Au)	Contained Gold
Deloro Minerals (98): Historic Measured & Indicated	12.6 mm	0.70 g/t gold	283,600
RPA '97: Historic Indicated 0.01 oz/t cut-off	5.64 mm	0.034 oz/ton	191,700
RPA '97: Historic Inferred 0.01 oz/t cut-off	1.42 mm	0.035 oz/ton	49,700
Noranda Resource (89): 0.02 oz/t cut-off	4.05 mm	0.048 oz/ton (1.48 g/t)	194,400
<b>Calculated by FRC</b>	<b>22.96 mm</b>	<b>0.99 g/t gold</b>	<b>730,762 ounces</b>

width	strike	depth	volume	SG	1000 kg	% ore grade	tonnes ore	avg. grade	Au grams	Au oz.
m	m	m	m <sup>3</sup>	1000kg/m <sup>3</sup>				g/t Au		
73.5	600	190	8,379,000	2.74	22,958,460	100%	22,958,460	0.99	22,728,875	730,762

For conservatism, we have discounted this resource estimate by 50% for valuation purposes.

**Development Timeline:** Following the completion of a NI 43-101 compliant resource estimate in May 2008, the company intends to commence a preliminary economic assessment considering the economics of the project as a heap leach operation or as a closed circuit with crushing to -200 mesh. Preliminary pit planning is underway. The company is evaluating the project in a similar manner to a simple quarrying operation, and is planning to market waste rock from stripping and mining operations to the local quarrying operations in the area.

### ***Matchewan***

**Property Overview:** Opawica's Matchewan Ontario properties are directly adjacent to Northgate Mineral Corporation's (TSX: NGX) advanced stage Young-Davidson Mine. The two companies formed a joint venture in May 2007 whereby Northgate can earn 55% interest in the mineral rights of Opawica's Matchewan properties. Northgate and Opawica are exploring for additional gold resources to process at the Young-Davidson Mine. Northgate also acquired surface rights to 14 of Opawica's claims to site their tailings pond and footprint for Northgate mine buildings.

**Ownership:** The two companies entered into an option agreement in March 2007, whereby Northgate can earn up to 55% interest in the mineral rights and 100% interest in the surface rights on 14 of the 66 claims that are held by Opawica. Northgate can earn their interest by paying \$200,000 in cash, spending \$0.75 million on firm exploration commitments, and spending \$1.25 million on optional exploration within 3 years of the agreement date. All firm commitments have been made by Northgate.

**Historic Exploration/Production:** Northgate Minerals is advancing the Young-Davidson property, located directly south of Opawica's Matchewan properties, towards production. Northgate has reported measured, indicated and inferred reserves and resources of approximately 2.1 million ounces of gold at Young-Davidson.

Opawica commenced exploration at the Matchewan properties in early 2007, using geophysics, trenching, and sampling. Opawica, as operator of the joint venture during Northgate's earn-in, commenced a 24 hole drilling program in the summer of 2007 to test anomalies identified through the geophysical survey. These holes contained no significant gold values.

**Accessibility and Infrastructure:** As part of the option agreement, Northgate has agreed to mine and mill at cost plus 15%, any ore discovered on Opawica's Matchewan properties.

**Current Status:** Northgate is planning to drill two to three holes in 2008 to test a near surface gold anomaly discovered by trenching and coincident with an IP geophysical anomaly. Two grab samples taken from this trench returned 5.28 g/t gold and 3.15 g/t gold. In the event that the upcoming 3 hole program does not intersect significant gold mineralization, we believe that Northgate would not exercise its right to vest a 55% interest in the mineral rights, as previous drilling has not encountered any economic gold mineralization.

**Resource Estimates:** This project does not have any historic or NI 43-101 compliant

resource estimates at this time.

**Development Timeline:** It is too early to estimate a development timeline on the property, as economic mineralization has not been discovered to date on these properties.

### **Chance**

**Property Overview:** The Chance property in Kidd Creek, Ontario, is under joint ownership whereby Opawica holds 41% and Xstrata holds 59%. This property has a small, historic high grade resource estimate and the terms of the option agreement allow for the Chance deposit to be processed at Xstrata's Kidd Creek Mine and Mill located 1,850 meters southeast of the Chance deposit, subject to metallurgy and other considerations.

**Ownership:** In 1999, Opawica entered into an option and joint venture agreement with Falconbridge Limited (Now Xstrata PLC) on several properties in the general area of Xstrata's Kidd Creek Mine property. In 2001, Opawica earned 42% interest, and Falconbridge and Opawica established a 58:42 joint venture, which was later diluted to 59:41. Under the terms of the agreement, any feasibility study that returns a 15% or greater Internal Rate of Return is to be placed into commercial production on a reasonable and timely basis using Xstrata's Kidd Creek Mine and Milling Complex in the immediate area. An IRR of less than 15% requires further production approvals by the management committee of the JV.

**Historic Exploration:** 10,217 meters of drilling in 11 holes was completed in 1999, and 2000, by Opawica as operator of the joint venture. In general, the results of deep drilling on the Chance property well below the historic resource were not significant. One hole intersected sulfides at 1500 meters depth, but no holes intersected economic silver, lead, or zinc. Further holes were drilled to test electromagnetic anomalies and other targets, but no economic mineralization was encountered. Following drilling in the fall of 2001, Falconbridge became operator of the joint venture. In January 2002, Falconbridge drilled one more hole on an adjacent property to Chance under the joint venture agreement, diluting Opawica's interest to 41%, but this hole failed to intersect economic mineralization.

Falconbridge commenced another drilling program on the Chance property in May 2003, and completed one hole well outside the historic Chance resource. This hole failed to intersect economic mineralization and exploration ceased. During 2004, The Company wrote down the properties due to unsuccessful exploration results and no future plans to continue exploration at that time.

**Geology and Mineralization:** The Chance deposit consists of two closely spaced sulphide lenses that start at a vertical depth of about 40m and extend to approximately 350m in vertical depth. The lenses reside in a zone of about 250m vertical by 80m long by about 5m wide. Significant exploration was put into this property from 1999-2003 to discover new mineralized zones but no economic mineralization has been identified elsewhere on the property.

**Current Status:** Due to the significant rise in zinc, lead, and silver prices, Opawica has proposed that the joint venture complete a minimum 10 hole in-fill drill program on the

Chance deposit to determine a 43-101 compliant resource estimate. According to management, drilling is scheduled to commence by May 2008.

**Resource Estimate:** The Chance property has a historic inferred resource estimate of 176,900 Tonnes grading 12.8% Zinc, 3.24% Lead and 178 g/t Ag. This resource was determined by Falconbridge in 1999. At these very high grades, the Chance property may be suitable for a small mining operation and processing at Xstrata's Kidd Creek Mine. Further discussion between the JV parties may be required to determine the potential economics of the Chance resource.

**Development Timeline:** In the event that the above historic inferred resource is upgraded to an Indicated and Measured Resource, then a scoping and feasibility study will ensue to determine if the Chance Deposit may be mined and milled economically at Xstrata's Kidd Creek Mine and Milling facilities located 1850 meters southeast of the property. Management has estimated approximately 4 months of the completion of a scoping study following drilling.

**Management &  
Board of  
Directors**

**Donald (Dan) M. Clark - President, CEO, Director  
(Vancouver, BC)**

Founder, Director or Senior Officer of seven resource issuers between 1982 to present: two of which have been ranked as top 1,000 public companies in Canada ('88-'90)

**Paul Antoniazzi - Director, Field Manager and Project Coordinator  
(Kirkland Lake, ON)**

Currently President of Antoniazzi Consulting, Former Vice-President for Golder Paste Technologies, Environmental Engineers, Former Senior Project, Manager, Lac Minerals, North America 1983 to 1994.

**Alexander (Sandy) Bain - Director  
(Vancouver, BC)**

22 years experience as a registered representative (BC) specializing in resource issues and commercial real estate leasing.

**Jonathan Samuda – Director, Controller  
(Vancouver, BC)**

Mr. Samuda has extensive experience and training in the field of information and computer technology, and has advanced knowledge of business financial software. He serves as an independent member of the Company's Audit Committee.

**Frederick Kiernicki - Director  
(Kirkland Lake, Ontario)**

Over 30 years field experience in the exploration and mining industry. Director Hinterland Metals Inc.

**Sylvia McLeod - CFO**

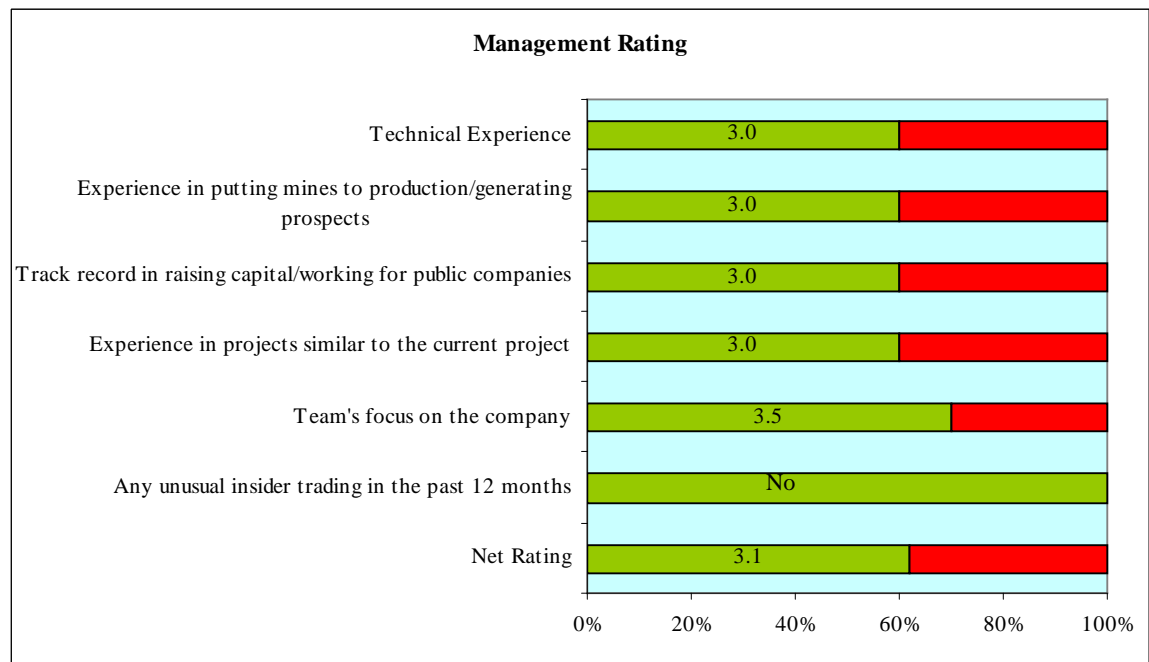
Ms. McLeod has over 25 years of financial accounting experience. She also consults on

financial accounting and corporate business organizations as well as conducts seminars for liability companies. In 1983 she was founder and president of Nationwide Business Centre Ltd., with offices in Vancouver and Richmond B.C. She is also president of Newcorp Enterprises Ltd., which conducts business in Canada and the United States.

### **Fred Sharpley: P. Geo, Qualified Person, Consultant**

#### **Management Rating**

We believe that the most important aspect of a junior mining company is its management. Therefore we have developed a management rating system as 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 Opawica Explorations (see below) was 3.1, which we have rated average.** We believe Opawica has a good management team, heavily weighted with technical personnel, which is typical of a junior exploration company.



#### **Strength of Board**

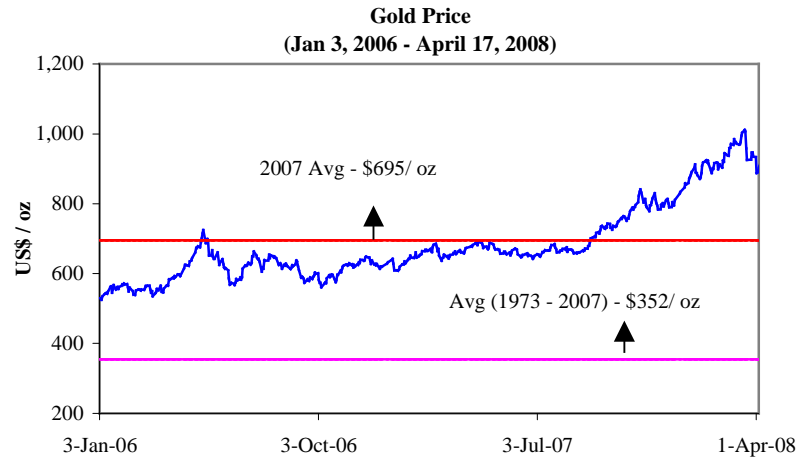
The Toronto Stock Exchange recommends that the Board of Directors of every company include independent or unrelated directors who are free of any relationship or business that could materially interfere with the director's ability to act in the best interest of the company. An unrelated/independent director can be a shareholder. We have rated Opawica Explorations' board based on 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.

Opawica's Board of Directors is made up of 5 individuals: Donald (Dan) Clark, Paul

Antoniazzi, Alexander Bain, Jonathan Samuda, and Fred Kiernicki. None of the directors have filed for personal bankruptcy. Alexander Bain, Jonathan Samuda, and Fred Kiernicki do not hold shares in the company, but all hold options. The related/non-independent directors are Dan Clark and Paul Antoniazzi, as they are executive officers of the company and receive compensation. The Audit Committee is made up of Alexander Bain, Jonathan Samuda and Fred Kiernicki.

### **Outlook on Gold**

The chart below shows gold prices since January 2006. Gold is currently trading at about US\$945/oz.



Source: KITCO

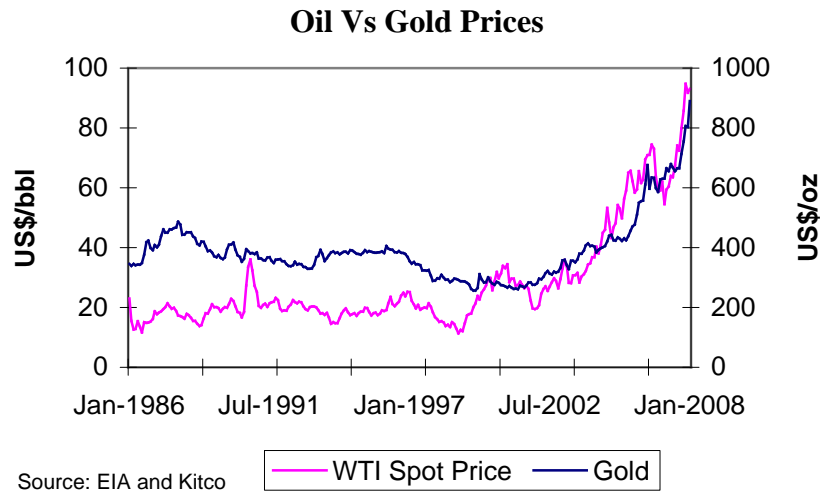
Although gold prices have risen considerably in the second half of 2007 and early 2008, and have achieved record highs, we have maintained our positive outlook on gold due to the following macro economic conditions:

**a) The US\$ is expected to continue to depreciate with respect to other global currencies,** based on an expected slow down in the U.S. economy, relatively lower real interest rates in the U.S., and persisting inflationary expectations.

The International Monetary Fund (IMF) expects U.S. GDP to grow at 1.5% in 2008, versus 2.2% in 2007, and the Federal Reserve predicts unemployment rates to increase YOY from 4.6% to 5.2% in 2008. The U.S. Fed cut interest rates from 5.25% to 2.50% in their last six meetings. These rate cuts imply that there is a possibility that real interest rates in the U.S. could possibly go negative, which is very unfavorable for the US\$. The rate cuts in turn, we believe, will add to inflationary pressures and simultaneously depreciate the value of the U.S.\$. The Fed recently raised their forecasts for inflation in 2008 up from 1.8 – 2.1% to 2.1 – 2.4%.

**b) High Oil Prices:** 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. The chart below shows oil and gold prices since 1986. We noticed that the positive correlation between monthly log changes in oil and gold prices

increased during January 2006 – January 2008, when oil prices were high, from the historic correlation (1986 – 2006) of 0.18 to 0.53, which is a significant jump.



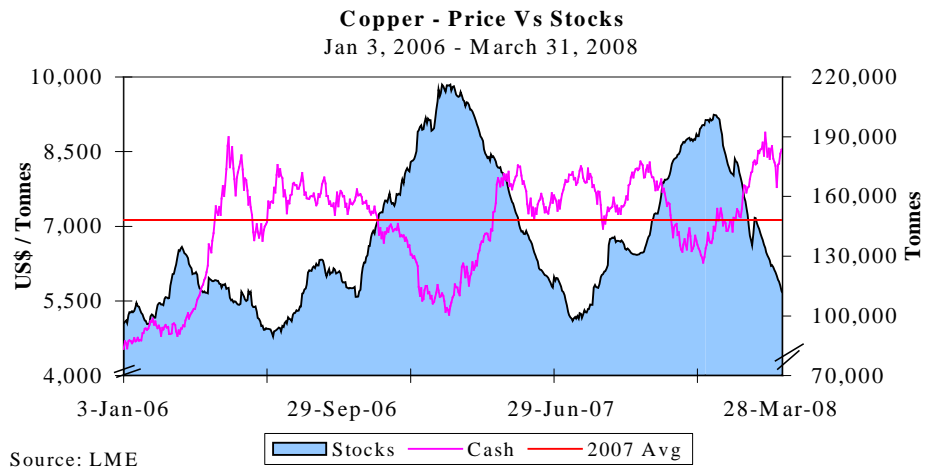
Oil is currently trading close to US\$114/bbl, and prices are expected to stay above \$80/bbl through at least 2010, which we believe will also have a positive effect on the demand for gold.

**c) Investment demand continue to stay strong:** Currently, total ETG (exchange traded gold) assets held by the New York Stock Exchange (NYSE) and the London Stock Exchange (LSE) are up 28% YOY. We believe continued strength in investment demand reflects the fact that gold continues to hold its status as a ‘capital preservation asset’.

Therefore, based on a depreciating U.S dollar, high oil prices and strong investment demand, we continue to be bullish on gold prices. The average consensus forecasts for gold prices are US\$960/oz in 2008, and US\$915/oz in 2009.

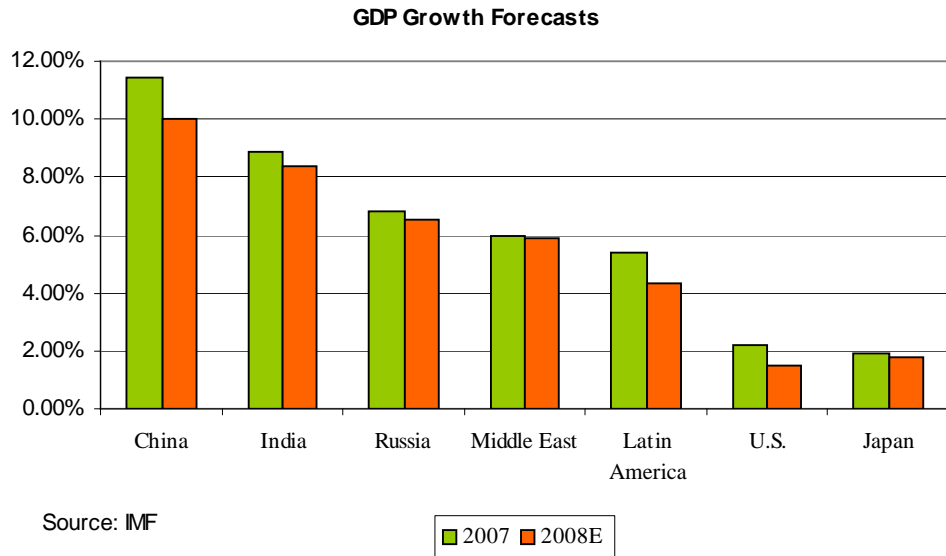
### **Outlook on Copper**

As of April 17, 2008, copper was trading at US\$3.97/lb, which reflected a YOY increase of 8.7%.



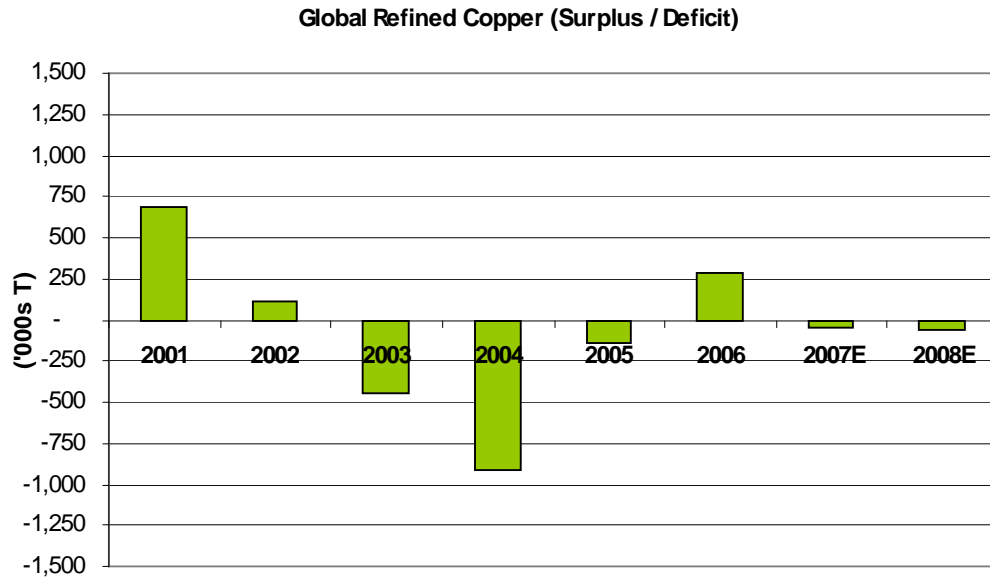
The recent increase in prices was due to a rapid drop in inventory levels. As of April 16, 2008, LME stocks were 116,150 tonnes, which reflects a YTD decrease of 42%.

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.

### **Financials**

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 historical average prices of copper.

At the end Q2 2008 (end of February 29, 2008), the company had cash (plus short-term investments) and working capital of \$0.70 million and \$0.79 million, respectively. The short-term investments of the company consist of bank guaranteed investment certificates. OPW had a net loss of \$1.13 million for FY2007 (EPS: -\$0.01), compared with a net loss of \$1.69 million in FY2006 (EPS: -\$0.03). The company had a net loss of \$0.75 million for the 6-month period ended February 2008, compared with a net loss of \$0.91 million in the same period in the previous year.

During the 6-month period ended February 2008, the company spent about \$2.04 million on its mineral properties. We estimate the company had a burn rate of \$0.34 million per month for the 6-month period ended February 2008. The table below shows the company's cash position and liquidity ratios.

(C \$)	2006	2007	2008 (6 mo)
Cash & Short-term Investments	598,369	850,515	701,005
Working Capital	596,734	1,391,540	791,502
Current Ratio	4.48	5.26	4.08
LT Debts/ Assets	-	-	-
Burn Rate/Month (incl exploration costs)	(184,630)	(90,004)	(343,663)
Cash from financing activities	2,016,060	2,042,154	1,910,604

**Recent Financings:** During the 6-month period ended February 2008, the company raised about \$1.99 million through private placements and exercises of stock options and warrants.

In April 2008, the company announced that it has negotiated a non-brokered private placement unit offering consisting of 2.5 million units at \$0.80 per unit to raise gross proceeds of \$2 million. Each unit consists of one share and one half-share purchase warrant. Each warrant entitles the holder to acquire one share of the company at \$0.90 per share over a one-year term.

**Stock Options and Warrants:** At the end of February 2008, the company had 1.57 million stock options outstanding with exercise prices ranging between \$0.35 and \$0.70, and weighted average remaining contractual life of 3.3 years (all of the stock options are currently in the money). The company also had about 2.68 million warrants outstanding with a weighted average exercise price of \$0.49.

**Conclusion:** As at February 29, 2008, the company had \$0.70 million in cash and short-term investments. Based on our discussions with management, the company has a budget of about \$3 million on capital expenditures related to its mineral properties to the end of 2008 (\$2 million for Atikwa and \$1 million for Dingman). We estimate the company will need to raise about \$3.85 million to meet its capital budget.

**Valuation**

We have valued the company based on the value of the company's three projects with resource estimates, namely the Atikwa Lake property, the Dingman property and the Chance property.

**Valuation of the Atikwa Lake property:** We valued this project based on the historic inferred resource estimate. We used two valuation techniques – Discounted Cash Flow (DCF) analysis and Real Options valuation. Our valuation models valued the property based on 100% of the historic inferred resource estimate. We believe this is conservative because the company has expanded the mineralization of the property, and we anticipate a larger resource estimate for the property from the NI 43-101 report expected by October 2008. Our DCF valuation model (shown below) gave a fair value estimate on the Atikwa Lake property of \$0.82 per share.

<b>DCF Valuation Summary</b>	
Mineral Resources (in tonnes)	3,000,000
Average Gold Grade (g/t)	2.50
Average Copper Grade (%)	1.18%
Contained Gold (troy oz)	241,131
Contained Copper (lb)	78,043,640
Recovery Gold	65%
Recovery Copper	85%
Recovered Gold (troy oz)	156,735
Recovered Copper (lb)	66,337,094
Avg Gold Production per year (troy oz)	39,184
Avg Copper Production per year (lb)	16,584,274
Mine Life (years)	4
Capital Costs	\$76,000,000
Operating Costs (\$/tonne)	\$20.0
Discount rate	11.63%
<b>Net Present Value</b>	<b>\$14,582,959</b>
No. of Shares	17,836,185
<b>Fair Value per Share</b>	<b>\$0.82</b>

Our real options valuation on the Atikwa Lake property is \$0.81 per share.

Real Options Valuation - Atikwa Lake property					
Resources	Category	Grade	Contained Metal	Price	Value (C\$)
(in tonnes)	Historic inferred	(Au in g/t, Cu in %)	(Au in oz, Cu in lb)	(Au in US\$/oz, Cu in US\$/lb)	
3,000,000	Gold (Au)	2.5	241,131	600.00	108,147,074
3,000,000	Copper (Cu)	1.18%	78,043,640	1.75	133,503,402
Recovery (Au)	65%			Total Value (C\$)	\$241,650,476
Recovery (Cu)	85%			Operating Costs (C\$)	\$67,977,720
C\$/US\$	1.15			Net Value (C\$)	\$173,672,755
Inputs relating to the underlying asset					
Estd. Mineral Resources (in tons)					3,000,000
Estd. Value of Minerals if extracted today					\$132,636,382
Annualized Standard Deviation of Mineral prices					26.7%
Capital Investment					\$76,000,000
Estd. Mine Life (years)					4
Riskfree Rate					3.58%
Output					
Stock Price		\$132,636,382		T. Bond rate	3.58%
Strike Price		\$76,000,000		Variance	0.07
Expiration (in years)		4.0		Anlzd. div yield	17.09%
d1 =	0.298				
N(d1) =	0.617			Value of Option	\$14,516,934
d2 =	-0.236			Number of shares	17,836,185
N(d2) =	0.407			Value per share	\$0.81

Our average valuation for the Atikwa Lake property is \$0.82 per share.

**Valuation of the Dingman property:** We have valued this project based on our own resource estimate from three dimensional data. We used DCF and real options valuation models to value the property, and discounted our resource estimate by 50% for conservatism. Our DCF model values the Dingman property at \$0.60 per share as shown in the table below.

DCF Valuation Summary	
Mineral Resources (in tonnes)	11,479,230
Average Gold Grade (g/t)	0.99
Contained Metals (troy oz)	365,375
Recovery	95%
Recovered Gold (troy oz)	347,106
Avg Production per year (troy oz)	57,851
Mine Life (years)	6
Capital Costs	\$52,000,000
Operating Costs (\$/tonne)	\$9.0
Discount rate	11.49%
<b>Net Present Value</b>	<b>\$10,756,395</b>
No. of Shares	17,836,185
<b>Fair Value per Share</b>	<b>\$0.60</b>

Our real options valuation (shown below) on the Dingman property is \$0.43 per share.

Real Options Valuation - Dingman Property							
	Resources (in tonnes)	Category	Grade (g/t)	Contained Metal (in troy oz)	Price(US\$/oz)	Value (C\$)	
Gold	11,479,230	FRC Estimate	0.99	365,375	600.00	239,503,415	
Operating Costs (\$/tonne)	\$9.00					Total Value (C\$)	\$239,503,415
Recovery (Au)	95%					Operating Costs (C\$)	\$110,940,062
C\$/US\$	1.15					Net Value (C\$)	\$128,563,353
Inputs relating to the underlying asset							
Estd. Mineral Resources (in tonnes)						11,479,230	
Estd. Value of Minerals if extracted today						\$96,385,882	
Annualized Standard Deviation of Mineral prices						19%	
Capital Investment						\$52,000,000	
Estd. Mine Life (years)						6	
Riskfree Rate						3.58%	
Output							
Stock Price	\$96,385,882				T. Bond rate	3.58%	
Strike Price	\$52,000,000				Variance	0.04	
Expiration (in years)	6.0				Annualized div yield	13.9%	
d1 =	0.224				Value of Option	\$7,619,945	
N(d1) =	0.589				No of outstanding shares (diluted)	17,836,185	
d2 =	-0.241				<b>Value per share</b>	<b>\$0.43</b>	
N(d2) =	0.405						

Our average valuation for the Dingman property is \$0.52 per share.

**Our valuation on the company's 41% owned chance property is \$0.06 per share.** A summary of our DCF valuation for this project is shown below. Our valuation is based on the property's historic inferred resource estimate discounted by 50%.

DCF Valuation Summary	
Mineral Resources (in tonnes)	88,450
Average Silver Grade (g/t)	178.0
Average Lead Grade (%)	3.24%
Average Zinc Grade (%)	12.80%
Contained Silver (troy oz)	506,185
Contained Lead (lb)	6,317,963
Contained Zinc (lb)	24,959,855
Recovery - conventional	Silver 74%, Lead 88%, Zinc 82%
Mine Life (years)	1
Capital Costs	\$7,500,000
Operating Costs (\$/tonne)	\$125.0
Discount rate	11.63%
<b>Net Present Value</b>	<b>\$2,598,775</b>
<b>OPW's Interest (41%)</b>	<b>\$1,065,498</b>
No. of Shares	17,836,185
<b>Fair Value per Share</b>	<b>\$0.06</b>

Adding working capital net debt to our valuation on the company's Atikwa Lake, Dingman and Chance projects, we have obtained the fair value on the company as \$1.41 per share.

<b>Valuation Summary</b>	
Atikwa Lake property	\$0.82
Dingman property	\$0.52
Chance property	\$0.06
Working capital - Debt	\$0.02
<b>Net Fair Value</b>	<b>\$1.41</b>

**Sensitivity:** Our DCF valuation is highly sensitive to our long-term commodity price assumptions. We have used a long-term gold price forecast of US\$600/oz and copper price forecast of US\$1.75/lb. The following table shows the changes in our DCF valuation of the company when our long-term gold price assumptions vary between US\$400/oz to US\$1,000/oz, and copper price assumptions vary between US\$0.50/lb to US\$4.00/lb. Please note the sensitivity analysis below values the company based on the DCF models only (does not include our real options valuation).

Cu Price (US\$/lb) Au Price (US\$/oz)	\$0.50	\$1.00	\$1.50	\$1.75	\$2.00	\$2.50	\$3.00	\$3.50	\$4.00
\$400	-2.29	-1.59	-0.89	-0.54	-0.19	0.51	1.20	1.90	2.60
\$500	-1.27	-0.57	0.13	0.48	0.83	1.52	2.22	2.92	3.62
\$600	-0.25	0.45	1.15	1.50	1.84	2.54	3.24	3.94	4.64
\$700	0.77	1.47	2.17	2.51	2.86	3.56	4.26	4.96	5.65
\$800	1.79	2.49	3.18	3.53	3.88	4.58	5.28	5.98	6.67
\$900	2.81	3.51	4.2	4.55	4.9	5.60	6.3	6.99	7.69
\$1,000	3.83	4.52	5.22	5.57	5.92	6.62	7.32	8.01	8.71

\* The base-case valuation of \$1.50 per share is different from our fair value estimate of \$1.41 per share, as this analysis was only based on our DCF valuation models, and does not account for our real options valuation.

### Conclusions & Rating

We believe Opawica's priority projects have good resource expansion potential from current historic estimates. Although both deposits are low grade, the accessibility, infrastructure, location, and potential for low cost bulk tonnage extraction make us believe they are properties of merit that warrant development work. The share consolidation completed in December 2007 has reduced the number of shares outstanding, and we believe upside catalysts for the stock include further drilling at the numerous targets at Atikwa Lake and the announcement of a NI 43-101 compliant resource estimate at Dingman in the next month.

**Based on our valuation models and our assessment of the company's projects, we initiate coverage of Opawica Explorations with a BUY rating and a fair value estimate of \$1.41 per share.** Our fair value estimate represents an upside potential of 58% above the current price levels.

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

- The company has not determined any NI 43-101 compliant resource estimates and does not have any operating mines.
- The company, as with all other junior mining companies, is subject to delays affecting the entire mining industry.
- The success of drilling, expansion, and the determination of favorable resource estimates are important long-term factors for the success of the company.
- The value of the company depends on commodity prices, including copper and gold.

We consider Opawica Explorations a high-risk investment opportunity as the company is still in its exploration stage. At this stage, we therefore rate the shares a **RISK of 5 (Highly Speculative)**.

**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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