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Investment Analysis for Intelligent Investors

June 23, 2008

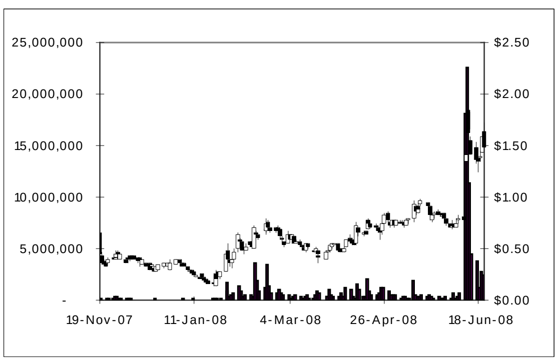
Raytec Metals Corp. (TSX-V: RAY) – Initiating Coverage; Potash Focus with Key Land Package and new NI43-101 Resource Estimate

Sector/Industry: Junior Mining/Potash/Iron Ore/Uranium **www.raytecmetals.com**

Market Data (as of June 20, 2008)

Current Price	**C$1.48**
Fair Value	**C$1.90**
Rating*	**BUY**
Risk*	**5 (Highly Spec)**
52 Week Range	C$0.14 - C$2.05
Shares O/S	47,767,606
Market Cap	C$70.70 million
Current Yield	N/A
P/E (forward)	N/A
P/B	23.63
YoY Return	N/A
YoY TSXV	-19.1%

*see back of report for rating and risk definitions



Investment Highlights

- Raytec Metals recently became a resource based company through the acquisition of potash, iron ore, and uranium projects in Saskatchewan and Ontario, Canada.
- The company's potash claims are located near BHP Billiton Diamonds (NYSE: BHP)/Anglo Potash's (TSXV: AGP) potash claims in Saskatchewan. The BHP/Anglo joint venture plans to spend $16 million on exploration in 2008 based on encouraging results from a seismic survey.
- The company has three iron ore prospects in Ontario near Thunder Bay and Red Lake. Two have historic resource estimates.
- The company has joint ventured their uranium claims in the Athabasca Basin of Saskatchewan, allowing them to participate in the advancement of these projects with little risk or dilution.
- The company currently has about $4.4 million in cash. In June 2008, Raytec announced that they plan to raise up to $25 million by issuing units and flow-through shares.
- Our fair value estimate accounts for the potential share dilution from the financing.

Key Financial Data (FYE Oct 31) (C $)	**2007**	**Q1 2008**
Cash & Marketable Securities	282,089	1,437,601
Working Capital	(904,875)	94,437
Mineral Assets	110,072	4,063,002
Total Assets	1,276,991	5,677,117
Net Income (Loss)	(1,510,926)	(837,889)
EPS	(0.08)	(0.03)

Raytec is focused on acquiring projects with historic exploration and good accessibility and infrastructure. The primary focus at this time is the company's advanced potash claims in south central Saskatchewan. They also have three iron ore projects in Ontario, two with historic resource estimates. The company's uranium claims in the Athabasca Basin have been joint ventured to give them carried interest.

Company Overview

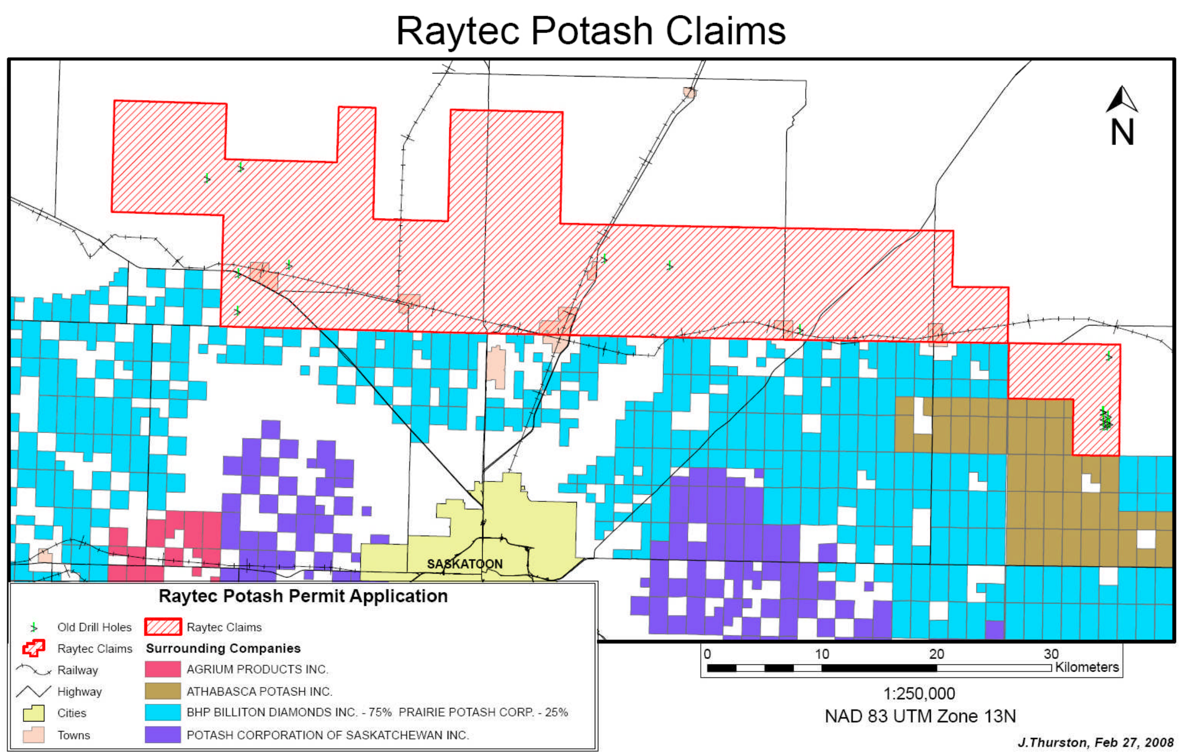
Raytec Metals Corp., a Vancouver based company, recently completed a change of business plan allowing them to focus on resources. The company owns potash, iron ore, and uranium claims in Canada at various stages of exploration.

Corporate History

Raytec Development Corp. was founded in 1979 as a manufacturer and developer of perishable food control systems for grocery stores. In November 2006, Raytec began selling subsidiaries to pay its creditors; current management of the company stepped in as shareholders, and took control of the company. They proposed a change of business and name to make the company resource based, and began acquiring uranium claims in the summer of 2007. The company's proposed change of business was finalized in November 2007; the company's name changed to Raytec Metals Corp. The company has continued to acquire properties, mainly targeting potash and iron ore, since that time.

Saskatchewan Potash Claims

Property Overview: Raytec has assembled 290,880 acres of prospective ground for potash in two locations in Saskatchewan. The company was able to secure a highly prospective land package in the midst of a staking rush that has left no claims available.



Source: Raytec Metals Corp.

Ownership: The KP441 Claim Group is comprised of the KP441, KP455, KP466, KP467 and KP468 contiguous permits totaling 198,720 acres. The KP441 claim, which has historic exploration, was purchased from a vendor for $50,000 and 1 million shares upon approval and $2 million in cash and $1 million in shares of the company following the issuance of a final Exploration Permit from the Saskatchewan Ministry of Energy and Resources. This claim is subject to a 2% royalty in favor of the vendor. The remaining claims were acquired by staking in the vicinity of KP441, and are thus subject to the same option agreement plus staking costs. The 92,610 acre KP452 claim is located on the southeastern margin of the Prairie Evaporite Basin, approximately 380 kilometers southeast of the company's KP441 Claim Group. It was purchased from a vendor for $150,000 in cash, 250,000 shares, and 250 warrants priced at $1.00/share upon the agreement being accepted by the exchange and the same amount in 18 months.

All of the company's potash claims are pending approval and they are considered in permit application status.

Historic Exploration/Production: Potash was discovered in Saskatchewan in the 1950s while drilling for oil. Two drill holes on the KP441 claim were completed in 1969, which intersected the Patience Lake and Belle Plain potash units. The results are reproduced below.

Historic Drill Hole 16-6-39-7W3:
From 928.3m to 931.36m (3.06m interval) - **28.77% K_2O,** 50.77% NaCl, 0.28% $MgCl_2$ $4H_2O$, 2.96% insoluble.
From 940.58m to 947.07m (6.49m interval) - **12.24% K_2O**, 43.37% NaCl, 0.29% $MgCl_2$ $4H_2O$, 4.05% insoluble.

Historic Drill Hole 16-18-39-7W3:
From 920.37m to 927.02m (6.64m interval) - **14.49%K_2O**, 50.73% NaCl, 0.45% $MgCl_2$ $4H_2O$, 6.41% insoluble.

The company secured their claims at a very opportune time, as the recent food crisis and rise in agricultural commodities generated a staking rush that has snapped up every available claim in the region. BHP Billiton Diamonds Inc. (subsidiary of the BHP Billiton Group – NYSE: BHP), and joint venture partner Anglo Potash (TSXV: AGP), are very active in the immediate region as well as throughout Saskatchewan. They are aggressively pursuing new potash deposits to develop into producing mines. Based on a 2D seismic program completed in 2007, the joint venture reported that the potash resource may be larger and more contiguous than originally thought. They plan to spend $16 million on a 3D seismic program and drilling in 2008. The BHP/Anglo Potash joint venture holds 32 potash permits, some of which are pending, covering over 1.8 million acres.

The KP452 claim is located 42 kilometers southwest of Mosaic's K1 and K2 potash mines, and 53 kilometers west of Potash Corp's Rocanville mine. Geologic mapping suggests that KP452 is underlain by the Belle Plain and Esterhazy potash members. Historic drilling has been completed but the information has not been obtained by the company at this time.

Canada produces approximately one third of the world's supply of potash and the greatest center for potash production is Saskatchewan, where there are 10 producing potash mines operated by three companies: Agrium Inc (NYSE: AGU), Potash Corporation of

Saskatchewan (PCS) (TSX, NYSE: POT), and Mosaic Company (NYSE: MOS).

Table 1: Potash Producers in Saskatchewan

Company	Location	Mining	Processing
Agrium	Vanscoy	Conventional	Flotation
IMC	Belle Plaine	Solution	Mechanical Crystallization
IMC	Colonsay	Conventional	Flotation
IMC	Esterhazy (K1 & K2)	Conventional	Heavy Media-Flotation
PCS	Allan	Conventional	Flotation
PCS	Cory	Conventional	Mechanical Crystallization
PCS	Patience Lake	Solution	Natural Crystallization
PCS	Lanigan	Conventional	Flotation
PCS	Rocanville	Conventional	Flotation

Since this chart, IMC Global merged with Cargill Crop Nutrition to become Mosaic.
Source: technology.infomine.com

Accessibility and Infrastructure: This project is very well served for accessibility and infrastructure. Power lines, roads, and a rail line traverse the project. It is located 25 kilometers north of the Cory and Vanscoy potash mines operated by Potash Corporation of Saskatchewan and Agrium Inc. respectively.

Geology and Mineralization: Potash refers to potassium fertilizer products, which were traditionally produced from leaching wood ashes but can also be manufactured from potassium bearing minerals. The Prairie Evaporite Basin is a prolific potash deposit that lies across the southern plains of Saskatchewan. The deposits slope to the south, from a 1,000 meter depth at Saskatoon to 1,600 meter depth at Belle Plaine. They continue into North Dakota at a depth of more than 3,000 meters. The 10 producing mines in Saskatchewan produce from two geologic members: Patience Lake and Esterhazy. The Patience Lake member is comprised of sylvite and halite potassium minerals with a higher insoluble content and no carnallite mineralization. The Esterhazy member is comprised primarily of sylvite and halite with a low insoluble content and some carnallite mineralization. On average, the mines in Saskatchewan run 30% KCl (potassium chloride).

Metallurgy: Potash is mined using conventional underground extraction or by solution. In the solution method, water is pumped underground into the potash deposit and the potassium brine is collected and precipitated. These mines use froth flotation, heavy media flotation, forced crystallization or natural crystallization to make various potash products. Froth flotation accounts for approximately 70% of processing in Saskatchewan.

Current Status: The company is primarily focused on the KP441 claim group at this time, due to its location in an emerging potash district. The company is in the process of awarding a seismic contract.

Resource Estimates: Agapito Associates, Inc. calculated a 43-101 compliant resource estimate for the company’s KP441 claim. Agapito calculated the resource estimates for the extreme southwest corner of KP441 based on both new and historic core assays.

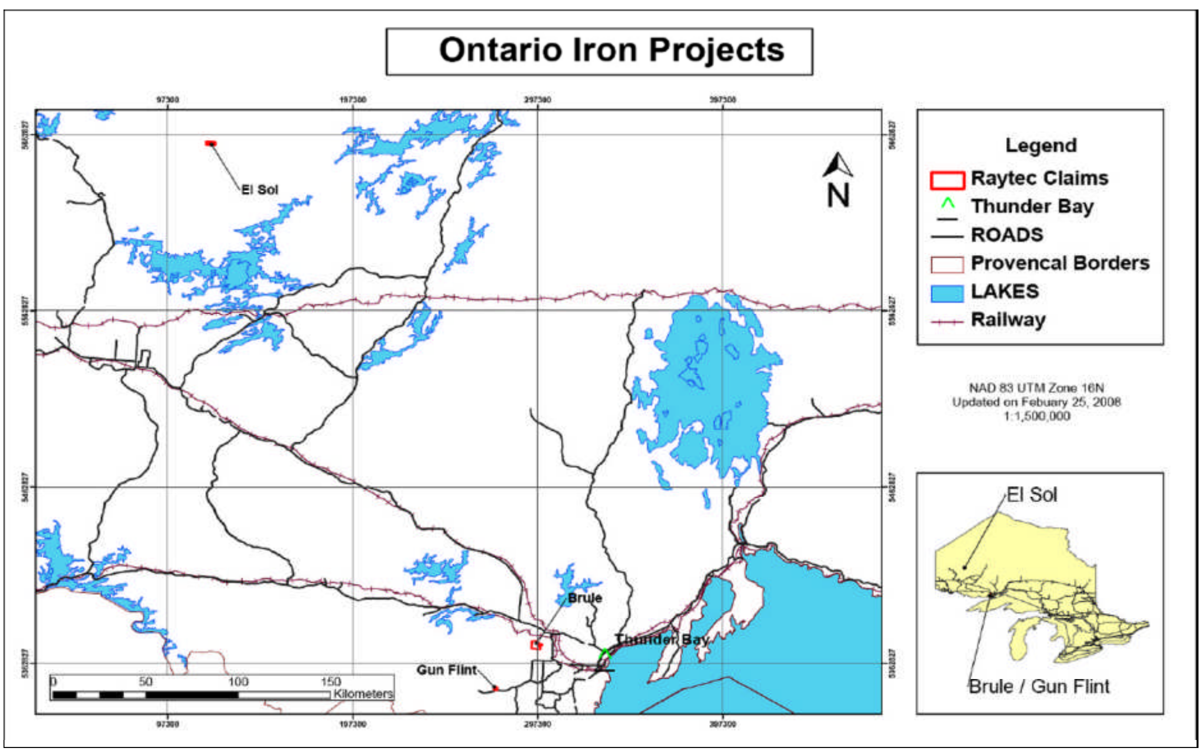
The report prepared by Agapito estimates a total indicated resource of 148.02 million metric tonnes grading 23.44% K_2O, and an additional inferred resource of 229.16 million metric tonnes grading 20.40% K_2O. The report also estimates a net recoverable indicated resource of 12.49 million metric tonnes of K_2O, and an inferred resource of 16.83 million metric of K_2O (based on standard deductions and an overall recovery of 36%).

These calculations contain resource estimates for the Lower Patience Lake, the Upper Belle Plain and Lower Belle Plain formations. The resource remains open to the north and east of the study area, truncated to the south and west by the limits of Raytec's potash lease application boundary.

Development Timeline: We expect to see consolidation in this region. We believe it is unlikely that Raytec would go at a potash mine alone due to the capital cost associated with such a project. BHP Billiton is the likely partner, as they are very active in the area and have claims surrounding Raytec's. In May 2008, BHP announced plans to acquire partner Anglo Potash Limited (TSX-V: AGP) to secure 100% interest in the project. The joint venture is operating on a 75% BHP and 25% Anglo Potash basis. BHP will pay approximately $284 million to acquire Anglo Potash. This deal is dependent on shareholder and exchange approval and is expected to close in July 2008.

Ontario Iron Ore Projects

Property Overview: The company has the option to acquire three iron ore properties in Ontario. Two are located very close to Thunder Bay and the other is located north of Red Lake, Ontario. The Gunflint and El Sol projects both have historic resource estimates, and the El Sol project is the focus of the company at this time.



Source: Raytec Metals Corp.

Ownership: Raytec has acquired three iron ore projects in Ontario. The company entered into an agreement to acquire 100% interest in El Sol in November 2007. The company will pay the vendors $0.16 million, some of which has already been paid, and issue 1.25 million shares. The company must spend US$3 million on exploration over the next three years. Raytec has the right to pay the vendors the equivalent to any exploration expenditures if they are in shortfall for the year.

The company entered into an agreement to acquire 100% interest in Gunflint in January 2008. Under the terms of the agreement, the company will pay $250,000 and issue 300,000 shares over the next five years. This agreement is subject to a 3% net smelter return royalty to the vendor, of which the company can purchase 2%.

The company entered into an agreement to acquire 100% interest in the Brulé project in January 2008. Under the terms of the agreement, the company will pay $100,000 and issue 100,000 shares over the next four years. This agreement is subject to a 3% net smelter royalty, of which the company can purchase 2%.

Historic Exploration/Production: The El Sol project was explored and significantly advanced in the 1950s when geophysics identified two large parallel magnetic anomalies named A and B. 67 drill holes totaling 10,000 meters were drilled on those two zones to establish a resource estimate of 315 million tonnes grading 32.4% iron to a depth of 300 meters. This resource was calculated prior to the implementation of NI 43-101 and is not in accordance with these guidelines. Holes were drilled below the 300 meter level that showed no significant changes in grade.

The Gunflint project was drilled in the 1950s, and 1960s, and a resource estimate was calculated at that time. Nothing is known about the historic exploration of the Brulé project.

Accessibility and Infrastructure: The El Sol project is located 75 kilometers north of Red Lake, Ontario, which is an important mining district. The property is accessible by paved road to within a few kilometers of the property, followed by four wheel drive accessible roads to the deposits. An existing rail bed is within 20 kilometers of the project, which would be utilized to freight iron ore to the port at Thunder Bay, 300 kilometers away.

The advantage for the Brulé and Gunflight properties is their proximity to the deep water port at Thunder Bay, Ontario. Both projects are located in good proximity to infrastructure in the Thunder Bay area.

Metallurgy: Preliminary metallurgical test work for the El Sol project in 1958 indicated that iron pellets with a concentrate grade of 70% could be produced by magnetic concentration and pelletization with recoveries of 85-90% iron. We believe these preliminary results are very good, and it is likely that with metallurgical improvements since the 1950s, that the processing can be optimized even further.

Current Status: The company is focusing on the El Sol project in 2008, and plans to drill in July 2008, to bring the historic resource estimate to NI 43-101 compliant status. The company intends to complete geophysics on the Gunflint and Brulé projects in 2008, in anticipation of drilling them in 2009.

Resource Estimates: The El Sol project has a historic resource estimate of 315 million tons grading 32% iron. The Gunflint project has a historic resource estimate of 270 million tons grading 26.29% iron.

Development Timeline: The company intends to continue acquiring projects prospective for iron ore in the area of their existing projects and advancing them to resource delineation and development.

Athabasca Basin Uranium Projects

Property Overview: The company acquired 17 uranium claims in the Athabasca Basin as their qualifying transaction to complete their change of business proposal to a resource company. The claims have been joint ventured to Triex Minerals Corporation (TSXV: TXM) and Solitaire Minerals Corporation (TSXV: SLT), who can earn an equity interest through the payment of cash and shares as well as exploration expenditures. This allows Raytec to benefit from any exploration success with low risk and minimal dilution.

Ownership: In May 2007, the company acquired 100% of Aurex Copper Mines Corp., a private company with the option to acquire 17 uranium claims in Saskatchewan from North-Sask Ventures Ltd. The company acquired Aurex as a wholly owned subsidiary by issuing shares of Raytec on a 1:1 basis. Under the terms of the agreement to secure the 17 uranium claims, Raytec issued the vendor 1.5 million shares, and made property payments totaling $275,000.

The company has jointed ventured uranium claims to two different companies, giving them carried interest at no cost during the earn-in period. Triex Minerals Corporation can earn 51% interest in two properties comprising 7 claims, Riverlake and High Rock, by paying $25,000 in cash, issuing 25,000 shares, and spending $1.2 million on exploration by November 24, 2008. Triex can increase its interest to 70% by spending an additional $2.4 million on exploration by November 2011. Triex is the operator of the exploration program.

The C and D blocks of claims, comprised of 10 uranium claims, were optioned to Solitaire in December 2007. Solitaire can acquire 100% interest in the D block by paying $50,000 and issuing 100,000 shares of Solitaire. This is subject to a 2.5% net smelter royalty to the original vendors and a 0.5% NSR to Raytec. Solitaire can earn 50% interest in the C block by spending $1 million on exploration by November 2010. They can increase their interest to 70% by spending $1 million on exploration by November 2012.

Historic Exploration/Production: These projects are located throughout the Athabasca Basin. Some have historic exploration and are near advanced exploration projects/producing mines. Airborne geophysical surveys have been completed on all of the properties, which will guide future exploration efforts.

Geology and Mineralization: All of Canada's uranium production currently is from unconformity-related deposits, the majority of which are in the Athabasca Basin, Saskatchewan. Unconformity-type uranium deposits are associated with geologic unconformities. An unconformity is simply a gap in the geologic record, where geologic activity has moved and eroded metamorphosed basement rocks, and the overlying rocks are deposited horizontally and are usually underformed by geologic activity. In the Athabasca Basin, the unconformity is the contact between the eroded metamorphosed basement rocks and the overlying sandstone units. All uranium deposits in the Athabasca Basin have been found within several hundred meters of the unconformity contact. It has been observed that the highest grade deposits are usually situated at or just above the unconformity.

Current Status: Triex has completed ground geophysics and interpretation, and is planning to commence a drill program in August. Solitaire has been active on their optioned properties and has completed ground geophysics that generated several targets for drilling.

Resource Estimates: These properties are all in early stages of exploration and do not have any historic or NI 43-101 compliant resource estimates at this time.

Acquires 15% interest in Sulphur Solutions Inc.

On June 11, 2008, Raytec announced the strategic acquisition of a 15% interest in Sulphur Solutions Inc. (SSI). SSI, a privately held company based in Alberta, is an emerging fertilizer company developing a state-of-the-art, patented technology for the production of micronized sulphur from elemental sulphur, which is then processed into a fertilizer product named Rapid Release™. Rapid Release™ is designed to address soil sulphur deficiencies and improve nutrient plant availability. The product is highly dispersible into an optimum particle size for effective time-release sulphate production throughout the season of application.

Over the next few years, SSI intends to introduce multiple elemental sulphur processing and sulphur fertilizer production plants. The facilities can be portable and located on the site of elemental sulphur production, and thereby help lower operating costs associated with transporting the sulphur to an off-site processing facility. Raytec's cost of the acquisition is $1.5 million payable by September 12, 2008, upon certain milestones being reached. Raytec has the first right of refusal to participate in future private financings and that right is transferable.

Management & Board of Directors

Brian Thurston, H.BSc (Geology), President and Director

Brian Thurston has more than 16 years of exploration and project management experience, 13 of which were spent in Latin America. Most recently, Mr. Thurston was Project Manager for Pacific Ridge Exploration Corp. and was instrumental in a new uranium discovery (Lucky 7 Zone) near Baker Lake, Nunavut, Canada. Mr. Thurston was part of the initial geological exploration team that evaluated the current land holdings of Aurelian Resources Inc. in Ecuador in 2002 and held the position of Country Manager for Aurelian in Ecuador in 2004 and 2005. Mr. Thurston brings extensive exploration and logistics operational expertise to the company.

J. Casey Forward, CFO and Director

Mr. Forward will primarily fulfill the accounting needs of Raytec. Mr. Forward has been a Certified General Accountant since 1985. He is currently an independent contracting CGA and has been employed as an officer of several public companies involved in mining and business development. Mr. Forward has been and remains a director and officer of several public companies involved in the mineral resource sector and therefore has relevant knowledge of Raytec's business.

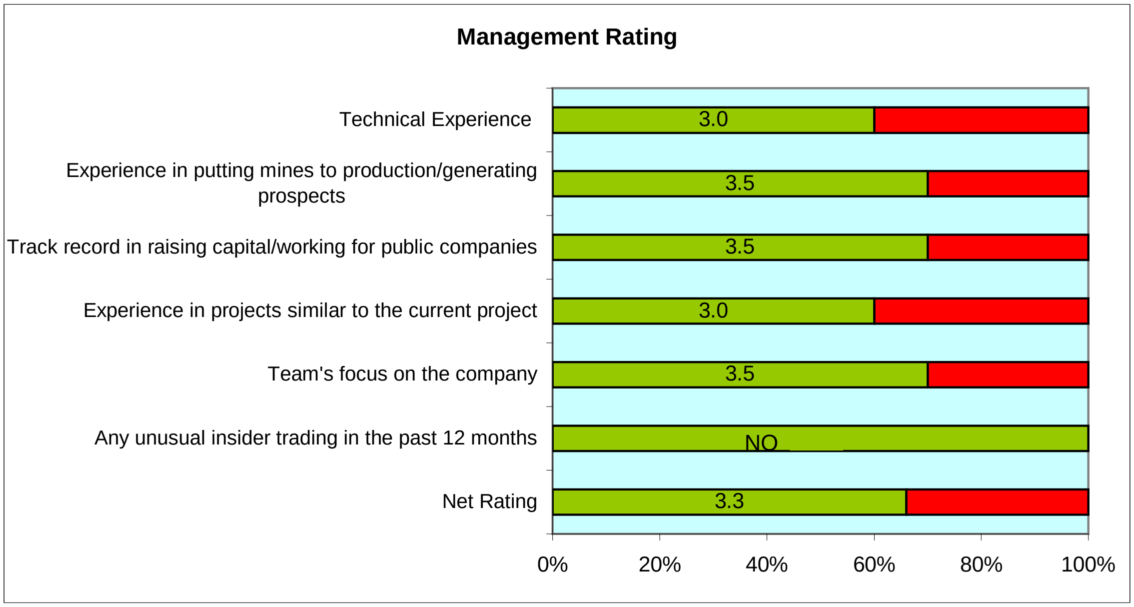
Christopher Verrico, Director
Mr. Verrico's responsibilities with Raytec will be as an independent director focusing on corporate development. Other current duties include being President and CEO of Lateegra Gold Corp. along with being an independent Director for a number of other public companies. Mr. Verrico's extensive public resource company knowledge has been instrumental in raising plus $40 million for junior resource energy and mining companies working throughout the Americas, initially as a consultant and promoter for Candente Resources Corp. DNT TSX-V and its IPO in July of 2000. In addition Mr. Verrico has an extensive industrial construction background having had key involvement in an number of the larger western Canadian developments including pulp mill, natural gas, thermal & micro hydro power and mine & mill plant construction.

Wayne J. Roberts - Director
Wayne J. Roberts. P Geo. has 40 years experience in the mineral exploration sector, holding positions of both directorships and VP exploration for several junior public listed issuers. Mr. Roberts has had a successful track record of building mineral inventory for companies and participated in the discovery of the Marigold mine in Nevada and one of Canada's largest zinc deposits, the Cirque deposit in British Columbia. Most recently, he was a principal of Badger & Co. Management Corp., a private company providing full range financial, corporate and geological management services to public junior exploration companies operating nationally and internationally.

Jerry A. Minni, Director
Mr. Minni's responsibilities with Raytec will be as an independent director focusing on the company's financials. Mr. Minni has been a Certified General Accountant since 1988. Mr. Minni will be an independent contractor of Raytec. Mr. Minni is currently a partner with the accounting firm Minni, Clark & Co. of Vancouver, British Columbia, and has been since October, 2004. He was a CGA with J.A. Minni & Associates from February, 2001, until October, 2004. Mr. Minni has been and remains a director and officer of several pubic companies involved in the mineral resource sector and therefore, has relevant knowledge and experience to fulfill his duties with Raytec.

Management Rating

We believe that the most important aspect of a junior mining company is its management. Our management rating system is a quantitative way to rate management based on a number of factors, including technical experience, the ability to raise financing, and management's time commitment to the company. We also analyzed trading records to identify for evidence of unusual trading by management. **Our net rating for Raytec is 3.3 out of 5.0, which we have rated average.**



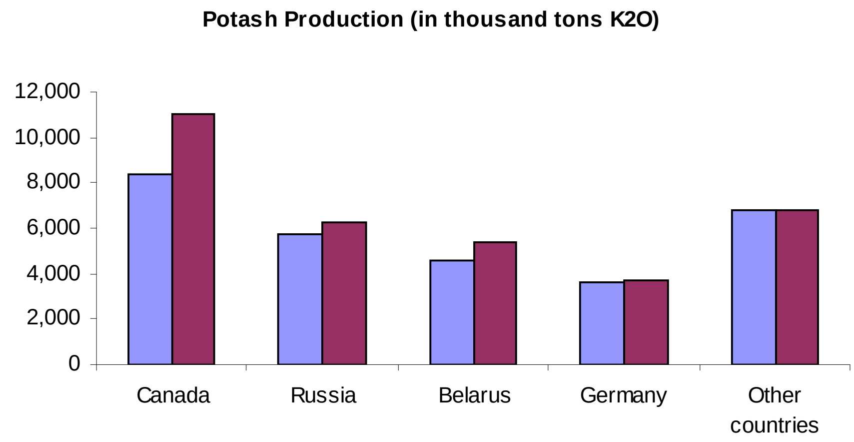
Strength of Board

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 Raytec's 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.

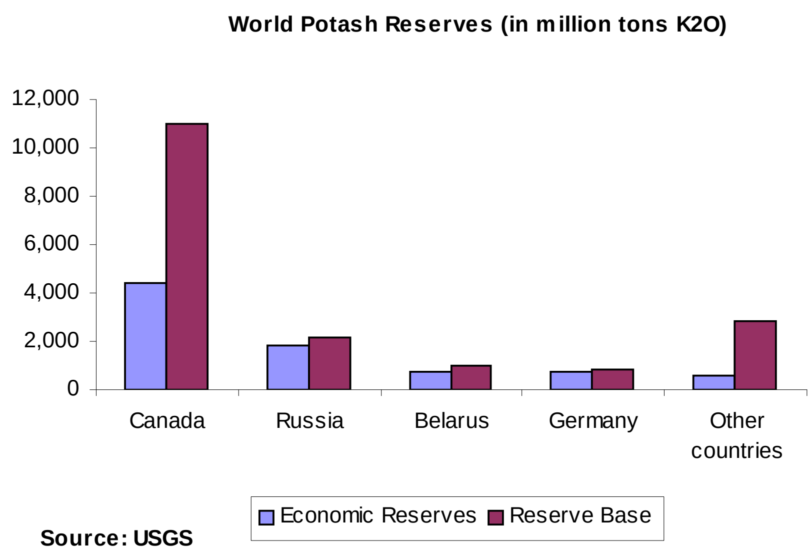
Raytec's Board of Directors is made up of 5 individuals: Brian Thurston, Jerry Minni, Casey Forward, Chris Verrico, and Wayne Roberts. None of the directors have filed for personal bankruptcy. Wayne Roberts does not hold shares in the company. The related/non-independent directors are Brian Thurston, Casey Forward, and Chris Verrico, due to serving as executive officers and/or receiving consulting fees. The Audit Committee is made up of J. Casey Forward, Wayne Roberts and Christopher Verrico.

Outlook on Potash

Potash Supply: Potash Corp. indicates only 12 countries have economically viable deposits to produce Potash, but it is consumed in over 150 countries. Based on USGS (U.S. Geological Survey) statistics, Canada has the largest potash reserves (53.2% of world economic reserves, and 61.6% of the world reserve base). In 2007, Canada produced the most potash (about 33.1% of world production), followed by Russia, Belarus and Germany. The following charts show production and reserve data of potash producing countries.



Source :USGS



Source: USGS

According to Anglo Potash Ltd., Saskatchewan and The Former Soviet Union account for 37% and 30%, respectively, of world potash capacity. The high cost of adding production capacity is one of the major challenges in the potash industry today. For example, Potash Corp. estimates the cost of new capacity is about US$2.5 billion for 2 million tonnes KCl, with a development time of 5 years.

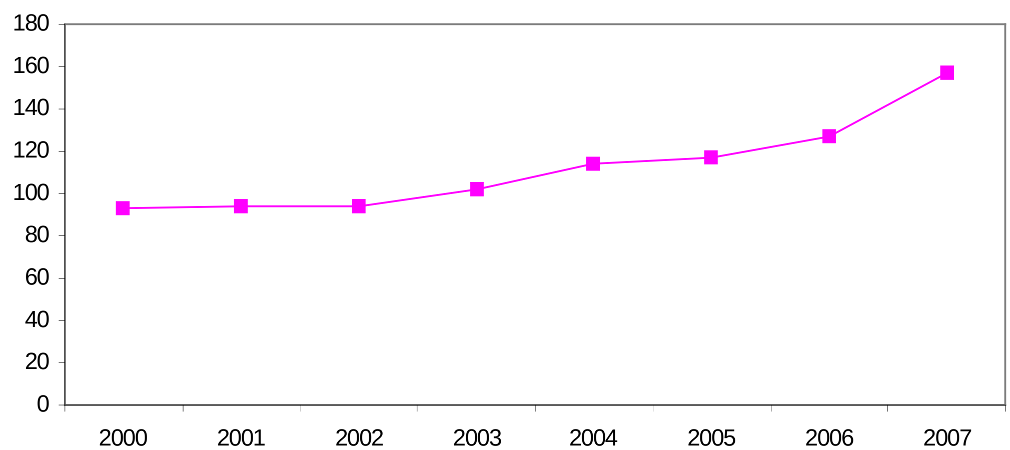
Potash Demand: There are no substitutes for potassium as an essential plant nutrient, and according to the USGS, about 93% of world potash production is consumed by the fertilizer industry. Potash Corp. states that China is the largest importer of fertilizer, followed by the U.S., Brazil and India. Demand for food is the major driver for fertilizer products, which in turn, is determined by population and income levels.

Population Growth - According to the United Nations, the global population is currently growing at about 75 million people annually. The global population is expected to reach 9 billion by 2050, representing a 40% increase from 6.5 billion people in 2005. In addition, most of the increase in population is expected to come from developing countries in Asia.

Economic Growth – The World Bank has forecasted China's GDP to grow at 9.6% in 2008, and according to the Wall Street Journal, India has recorded a stronger than expected economic growth rate of 8.8% in Q1-2008. According to Potash Corp., about 82% of the world population in 2006 has an annual income of less than $3,000, and over 60% of the world's population lives in China, India and Southeast Asian countries. Therefore, we believe the strong economic growth in China and India will lead to higher personal income levels, and as a result, increase food consumption especially for more nutritious food other than grains. Also, Doane (a provider of information, advice and business solutions for agriculture) estimates meat consumption in China to more than double by 2020, to over 200 million tones. Multiple kilograms of grains is required to produce one kilogram of meat.

Higher food prices are one indicator of strong demand for food. The chart below shows FAO's food price index during 2000 - 07. Note the significant increase since 2006.

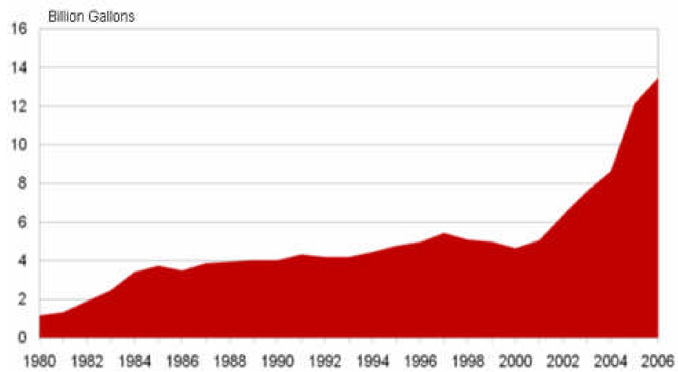
Food Price Index, 2000 - 2007



Source: FAO

Biofuels: We believe another important demand driver for potash products is the increasing use of Biofuels. Anglo Potash estimates that world ethanol production, which uses crops such as corn and sugar cane as feedstock, increased threefold in the past 6 years (shown in the chart below).

World Ethanol Production

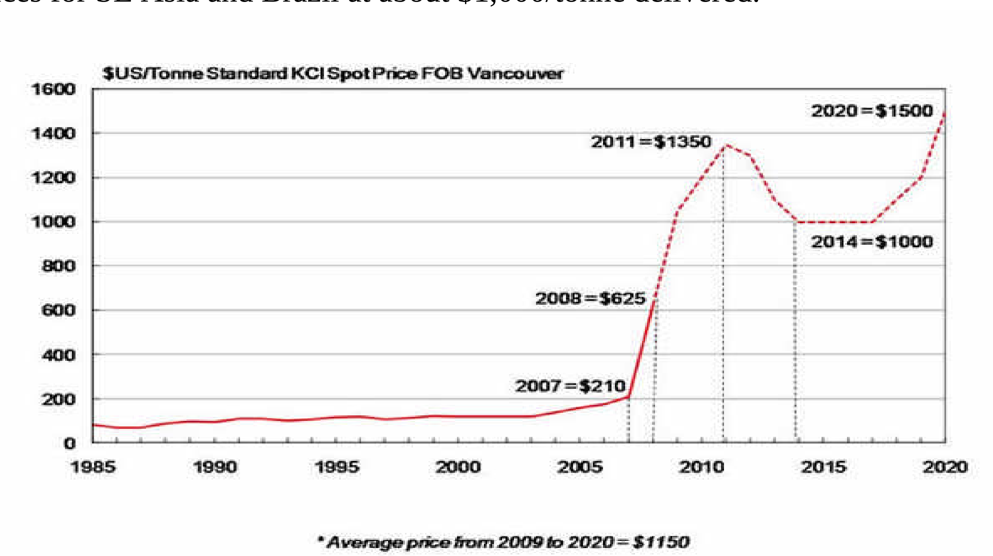


Source: RFA, Earth Policy Institute

Overall, we expect increasing food consumption (from strong economic growth in developing countries and global population growth) and use of biofuels to increase demand for potash products.

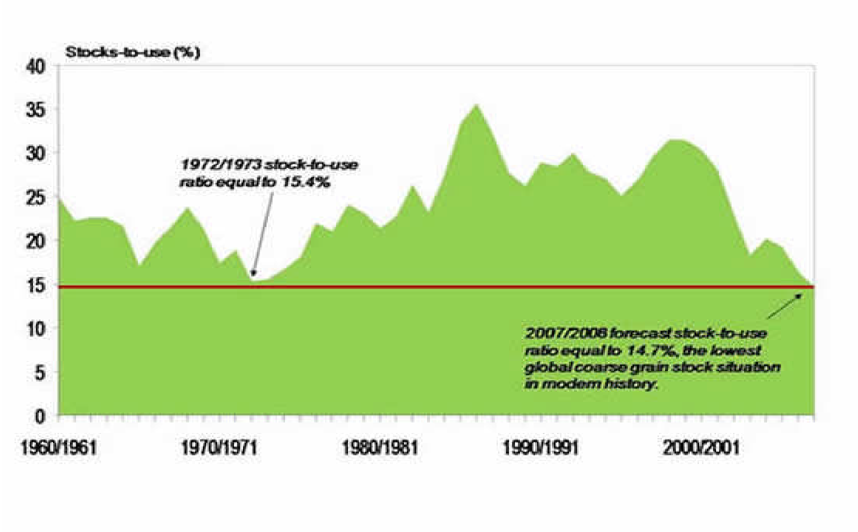
Potash Pricing: FAO expects demand for potash to grow at 2.4% per year through 2012, whereas the supply growth rate is expected to be 3%, leading to an increase in the surplus of potash from 5.7 million tonnes in 2008, to 6.7 million tonnes in 2012. However, Fertecon expects stronger demand growth of 3.5% per year during 2007 to 2011.

As shown in the chart below, in light of an increased concluded contract price in China and India, Fertecon's forecast for potash prices is US$625/tonne in 2008, as compared to US$210/tonne in 2007. The average price between 2009 and 2020 is expected to be US$1,150/tonne. In addition, in April 2008, Belarusian Potash Company (BPC) announced new prices for SE Asia and Brazil at about $1,000/tonne delivered.



Source: Fertecon

Conclusion: Despite FAO's expected surplus for potash, we believe that strong demand will sustain the current high price levels, especially considering the current low crop inventory numbers. In January 2008, the U.S. Department of Agriculture lowered its world grains stocks-to-use ratio for the end of the 2007/08 crop year to the lowest level in history at 14.7%. The following chart shows historical grains stocks-to-use ratio.



Source: USDA and Anglo Potash

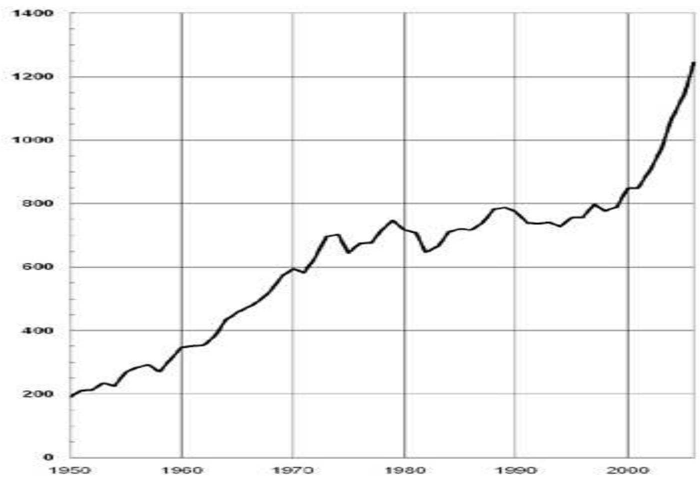
In addition, we believe Canada has competitive advantages in the potash industry. According to Anglo Potash, about 95% of Canada's potash reserves are found in Saskatchewan. Export Development Canada (EDA) expects fertilizer exports to grow approximately 32% in 2008, and 13% in 2009.

Outlook on Iron Ore

Demand: Iron ore is the source of primary iron for the world's iron and steel industries. Iron is very essential for steel production. About 98% of iron ore is used in steelmaking.

Demand for iron ore has increased considerably in recent years due to rising steel production in China. According to the International Iron and Steel Institute (IISI), global crude steel production has increased at a compounded annual growth rate (CAGR) of 5.1% during 1996 – 2006, from 0.76 billion metric tons to 1.24 billion metric tons.

World Crude Steel Production (in million metric tons)



Average growth rates (% per annum)

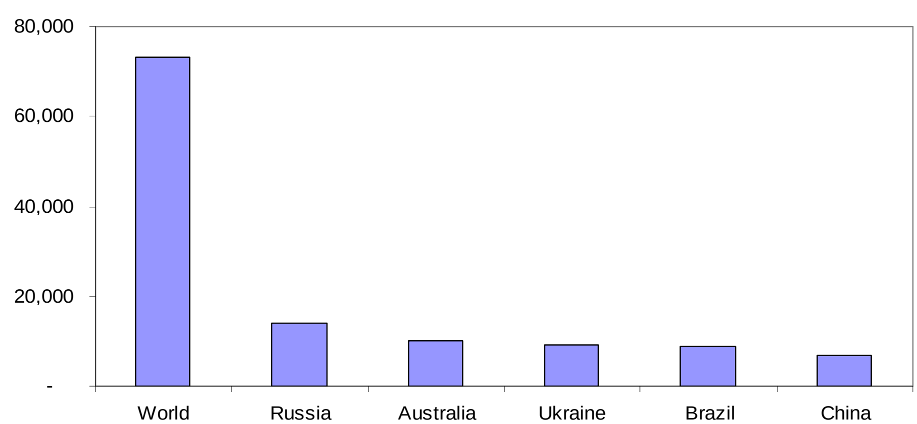
Years	Growth
2005-06	9.0%
2000-05	6.1%
1995-00	2.3%
1990-95	-0.5%
1985-90	1.5%
1980-85	0.1%
1975-80	2.2%
1970-75	1.6%

Source: IISI

MEPS (an independent supplier of steel market information) forecasts crude steel production in 2008 will reach 1.42 billion tonnes, which represents a CAGR of 5.3% during 2006 – 08. The BRIC countries (Brazil, Russia, India and China) are expected to be the primary drivers of steel demand going forward, with an expected increase of 11.1% for 2008 and 10.3% for 2009. The IISI estimates global consumption of steel to increase by 6.7% in 2008 (from 1.20 billion metric tons in 2007, to 1.28 billion metric tonnes) and 6.3% in 2009.

Supply: Iron ore is mined in about 50 countries. The top five producing countries accounted for about 82% of global production in 2007. According to the USGS, global resources are estimated to exceed 800 billion tons of crude iron ore containing more than 230 billion tons of iron. The table below shows the top 5 countries in terms of identified crude iron ore reserves.

Global Reserves (Iron Content) - in mm metric tons

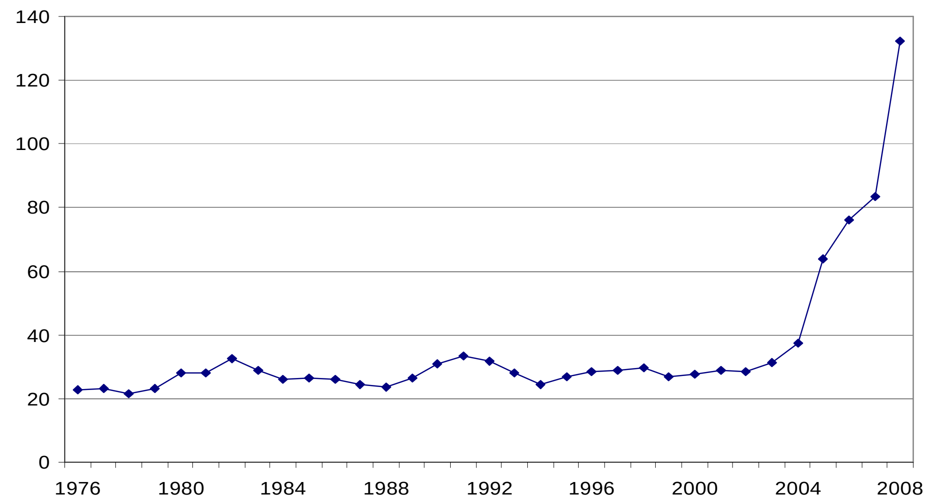


Source: EIA

Global production increased by 5.6% YOY in 2007, from 1.8 billion metric tons to 1.9 billion metric tons. In terms of production, China was the top producer in 2007 with about 0.6 billion metric tonnes, followed by Brazil (0.36 billion metric tons) and Australia (0.32 billion metric tons).

Prices: Iron ore prices are set by the top three iron ore producers, namely CVRD (NYSE: RIO), Rio Tinto Ltd. (NYSE: RTP) and BHP Billiton Ltd (NYSE: BHP), after negotiations with steel producers in China, Japan and Europe. Iron ore prices have risen significantly since 2003. Current prices are close to US$132.2/ton, which reflects an increase of 379% versus the average price of US$27.6/ton in 2000.

Iron Ore Prices (US$/ton)



Source: EconStats.com

We believe the supply/demand fundamentals for iron-ore are positive, and believe that iron ore prices will stay strong through 2010 due to the following:

- Strong growth in global iron ore demand led by production growth in the global steel industry
- Rising iron ore production costs due to depleting higher-quality Chinese iron-ore resources, and increasing production from small, low-grade underground mines. According to Lehman, the marginal cost of iron-ore is currently at least $85/t.
- Low iron-ore inventories in China

According to a report by Credit Suisse in early 2008, the worldwide iron ore market is expected to be in a supply deficit of between 20 million and 25 million tonnes in 2008. Goldman Sachs estimates the market to be in deficit through 2010.

Financials

At the end of Q1-2008 (quarter ended January 31, 2008), the company had $1.44 million in cash and $0.10 million in working capital. The table below shows a summary of the company's cash and liquidity position.

(C $)	2007	Q1 2008
Working Capital	(904,875)	94,437
Current Ratio	0.29	1.06
LT Debts/ Assets	29.6%	-
Burn Rate/Month (incl exploration cos	(138,399)	(262,241)
Cash from financing activities	1,793,141	1,865,294

In the first three months of FY2008, we estimate the company had a burn rate (including exploration expenses) of $0.26 million per month, versus $0.14 million per month in FY2007 (12 month period).

The company posted a net loss of $0.84 million (EPS: -$0.03) in Q1-2008 and $1.51 million (EPS: -$0.08) in FY2007.

Recent Financings: In Q2-2008 (quarter ended May 2008), the company completed a private placement (in two tranches) to raise $4.46 million, by issuing 9.92 million units at a unit price of $0.45. Each unit consists of one common share and one-half of one non-transferable share purchase warrant (exercise price - $0.75 per share, and maturity dates between March 25, 2010, and April 11, 2010).

Plans to raise up to $25 million: Subsequently, in June 2008, the company announced their intentions to pursue a $17 million private placement with a syndicate of agents led by Canaccord Capital Corporation and including Integral Wealth Services Ltd. The company will issue up to 10 million units at a unit price of $1.20 per unit (each unit will consist of one common share and one transferable common share purchase warrant), and 3.57 million flow-through shares at a price of $1.40 per flow-through share.

Raytec has also granted the agents an overallotment option to solicit additional units to raise up to $5 million, and additional flow-through shares to raise up to $3 million for aggregate additional gross proceeds of up to $8 million.

Stock Options and Warrants: At the end of January 2008, the company had 4.16 million stock options outstanding (all of them are currently 'in-the-money'), with a weighted average exercise price of $0.45 per share, and a weighted average time to maturity of 2.24 years. The company also had 8.56 million warrants outstanding with a weighted average exercise price of $0.56 per share.

Conclusion: Our discussions with management indicated that the company expects to spend approximately $2.5 million in capital expenditures. Based on its current cash position (approximately $4.4 million), we believe the company is in a sound cash position to fund its exploration activities and working capital for the rest of the year.

Valuation

Valuation of the company's Potash Claims: We valued the company's potash claims purely based on the recently announced resource estimates on the KP441 claim. Based on a peer average EV/Resource ratio of $1.04/tonne, our fair value estimate on Raytec's potash claims is $82.27 million, or $1.04 per share.

Company	Symbol	Enterprise Value (in $ mm)	Recoverable Resource eq. KCl (in mm tonnes)	EV/Resource ($/tonne)
Athabasca Potash Inc	TSX: API	$251.47	26.22	$9.59
Reward Minerals Ltd.	ASX: RWD	$101.52	33.30	$3.05
Anglo Potash Ltd.	TSXV: AGP	$249.76	134.00	$1.86
Potash One Inc.	TSXV: KCL	$196.91	602.39	$0.33
Average (excludes API as its ratio is an outlier)				$1.75
Fair Value				**$1.04**

Valuation of the Ontario Iron Ore Projects: Our Discounted Cash Flow (DCF) valuation of the company's iron ore project is $32.29 million, or $0.41 per share. A summary of our valuation model is shown below.

DCF Valuation Summary - Iron Ore Project	
Resource (tons)	292,500,000
Wt. average Grade (%)	29.4%
Recovery	85.0%
Production Commencement	2012
Production Rate (per year)	7 million tons
Mine Life (in years)	10.0
Long-Term Iron ore Price (in US$/ton)	41
Average Operating Costs ($/tonne concentrate)	26
Capital Costs (in $mm)	400
Discount Rate	11.63%
Net Present Value	**$32,288,752**
No. of Shares	79,163,414
Value per Share	**$0.41**

Note that we have discounted the company's historic resource estimates by 50% for conservatism. All other inputs and assumptions used in this valuation model are based on our preliminary estimates on the project. Even though iron ore prices are currently close to US$132.2/ton, our conservative long-term price forecast of $41/ton was based on the average price during 1990 – 2007.

Valuation of the company's uranium claims: Since none of the company's claims have known resource estimates, we have valued the claims based on the average ratio of enterprise value (EV) to mineral assets (book value) of its peers. Although EV/mineral assets does not really capture the upside potential of a junior exploration company, we believe it is a good metric (and probably the only metric) to determine the fair value of a company possessing very early stage exploration projects with no known resource estimates. The table below shows a list of comparable companies and their EV/Mineral Assets ratio.

	Comparables Analysis					
	Company	**Symbol**	**Price**	**Enterprise Value**	**Mineral Assets**	**EV/Min Assets**
1	Pacific Ridge Exploration Ltd.	PEX	$0.23	$16,280,910	$6,857,454	2.37
2	Bluerock Resources Ltd.	BRD	$0.42	$13,290,811	$9,793,073	1.36
3	Universal Uranium Ltd.	UUL	$0.34	$14,430,993	$12,938,270	1.12
4	Jourdan Resoures Inc.	JRN	$0.05	$2,501,228	$3,513,867	0.71
5	Canalaska Uranium Ltd.	CVV	$0.28	$24,982,061	$25,524,708	0.98
6	Mesa Uranium	MZU	$0.14	$3,324,319	$4,218,562	0.79
7	Anglo-Canadian Uranium Corp.	URA	$0.15	$3,362,607	$4,890,697	0.69
8	Purepoint Uranium Group Inc.	PTU	$0.27	$12,062,261	$18,988,063	0.64
9	Eso Uranium Corp.	ESO	$0.18	$6,654,824	$15,007,262	0.44
					Average	**1.01**
					Fair Value	**$0.05**

Note: Stock prices are as of June 23, 2008

We valued the company's uranium projects at $0.05 per share.

Valuation Summary: Based on our valuation on the company's projects, our net fair value estimate on the company is $1.87 per share.

Valuation Summary	
Potash Project in Saskatchewan	$1.04
Ontatio Iron Ore Project	$0.41
Athabasca Basin Uranium Projects	$0.05
Working Capital - Debt	$0.37
Net Fair Value	**$1.87**

Note that our valuation accounts for the potential share dilution as a result of the recently proposed $17 million financing. Raytec has also granted its agents an overallotment option to raise an additional $8 million. Our valuation also accounts for the potential share dilution from this additional financing.

Rating

Based on our valuation models and analysis of the company's projects, we initiate coverage on Raytec with a BUY rating, and a fair value estimate of $1.90 per share. Our fair value estimate reflects upside potential of 28% from current price levels.

Risks

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

- Raytec does not have any operating mines and has not completed a feasibility study.
- The success of further development, exploration, and expansion is a significant factor in Raytec's success.
- Like other junior exploration companies, the value of the company depends heavily on commodities, namely potash and iron ore but also uranium.

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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