Investment Analysis for Intelligent Investors

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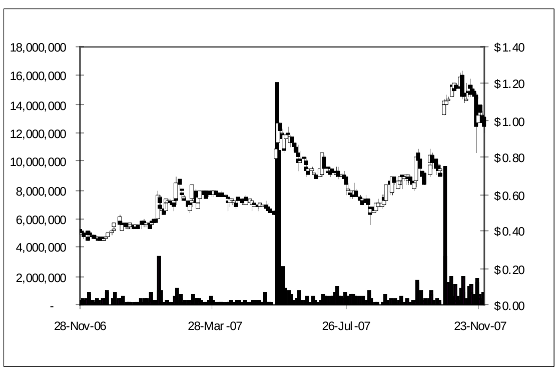
Tyler Resources Inc. (TSX.V: TYS) – Initiating Coverage; Mercator Offer Too Low; Largest Unexploited Porphyry in Mexico has Room to Grow

Sector/Industry: Junior Mining/Copper/Zinc **www.tylerresources.com**

Market Data (as of November 27, 2007)

Current Price	C$0.95
Fair Value	C$2.30
Rating*	BUY
Risk*	5 (Highly Spec)
52 Week Range	C$0.35 – C$1.27
Shares O/S	114,373,028
Market Cap	C$108.65 mm
Current Yield	N/A
P/E (forward)	N/A
P/B	3.79
YoY Return	143.6%
YoY TSXV	0.3%

*see back of report for rating and risk definitions



Investment Highlights

- Tyler Resources has made an important new polymetallic porphyry/skarn discovery in Chihuahua State, Mexico.
- This resource contains 4.56 billion pounds of copper, 96.19 million pounds of molybdenum, 67.95 million ounces of silver, 550,629 ounces of gold, and 6.306 billion pounds of zinc in the measured and indicated categories.
- The Bahuerachi deposit is attractive due to its size, potential for expansion, relatively high grades for a porphyry deposit, low stripping ratio, near surface orientation, and infrastructure.
- An updated NI 43-101 compliant resource estimate and pre-feasibility study are underway. They are expected in the first half of 2008.
- Mercator Minerals (TSX: ML) has announced their intention to make an unsolicited all-stock offer for Tyler Resources offering 0.113 Mercator share for every Tyler share (about $1.03). A panel of independent directors are recommending that shareholders reject the offer, as they believe significant potential remains to be unlocked.
- The company has reduced project risk by securing surface rights until 2016, and permitting for exploitation.

Risks

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

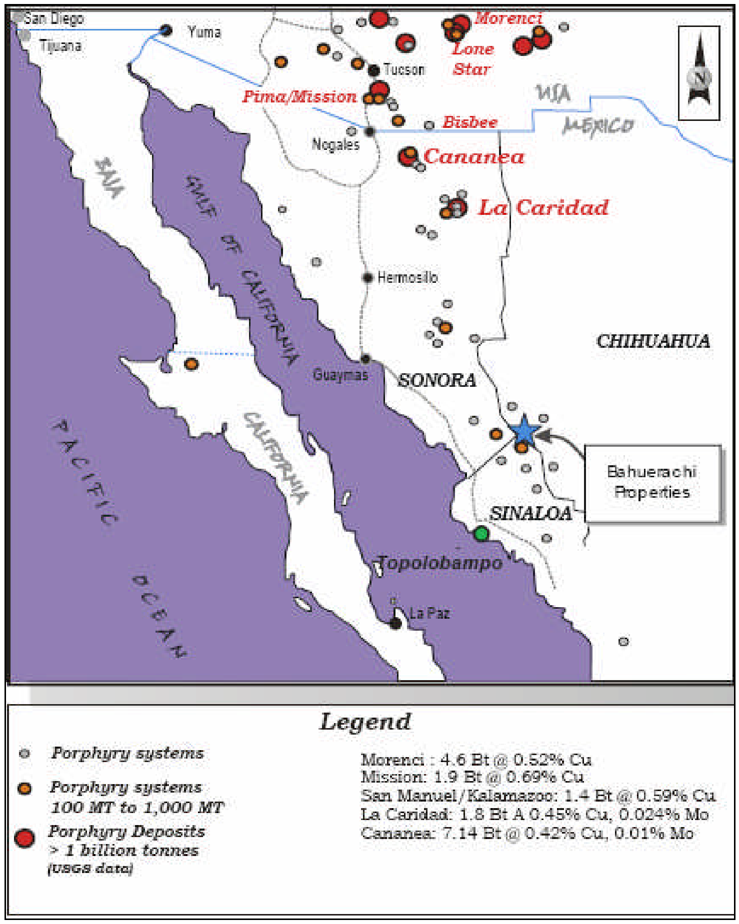
Key Financial Data (FYE - July 31)

(C $)	**2005**	**2006**	**2007**
Cash	10,268,934	2,224,922	8,747,653
Working Capital	9,983,280	2,693,858	8,682,817
Mineral Assets	9,834,155	16,268,836	21,161,951
Total Assets	20,254,992	20,014,656	31,079,239
Net Loss	(1,631,597)	(2,663,670)	(1,674,214)
Loss per Share	(0.02)	(0.03)	(0.02)

Tyler Resources is advancing the Bahuerachi polymetallic porphyry/skarn deposit, which is currently in prefeasibility. The Main Zone deposit, Mexico's largest porphyry and largest unexploited resource, has excellent potential for resource expansion in at least four other mineralized porphyry/skarn zones.

Company Overview

Tyler Resources has made a new discovery in a prolific copper porphyry belt that stretches from the southwestern United States through western Mexico. This deposit has a large resource estimate in the Main Zone with great resource expansion potential in four other porphyry/skarn systems identified on the property. The company is continuing to unlock the value of the deposit through continued exploration and economic studies. A resource estimate update and pre-feasibility study are expected in the first half of 2008.



Source: Tyler Resources Inc.

Corporate History

Tyler Resources is based in Calgary, Alberta. They were listed on the TSX Venture Exchange in 2000 and were upgraded to Tier 1 on the TSX Venture in January 2007. The Bahuerachi deposit was first explored as a joint venture between Tyler and CDG Investments Inc. (OTC.BB: CDGEF), formerly Golden Rule Resources Ltd., in 1993. In 2003, the company made a corporate decision to focus on Bahuerachi and completed the acquisition of CDG's interest that year. Drilling began in May 2004.

Proposed Mercator Minerals Bid

On October 19, 2007, Mercator Minerals announced an unsolicited all-stock offer for Tyler Resources. Mercator offered Tyler's shareholders 0.113 Mercator shares for every Tyler share, which valued Tyler at approximately $1.03/share. This represented a 46% premium over Tyler's closing value on October 18, 2007. The company believes that this offer undervalues the company. In addition, they believe that they have not completely unlocked the value of Bahuerachi, and that there is considerable upside that this offer is not taking into account. Mercator believes that their operating experience would be a benefit to the development of Bahuerachi, and that they could fund development of the project out of cash flows from the Mineral Park mine in Arizona. **Tyler's management is recommending that shareholders reject Mercator's offer and not tender their shares.** The offer expires on December 17, 2007.

Mining Outlook Mexico

We like Mexico as a mining jurisdiction. Mexico is mining friendly with a tax structure in place to support mining. It has a well-established mineral tenure system. Mine permitting is relatively straightforward and an exploitation license can be applied for at any stage of the exploration process. There are some political risks, but Mexico is still a relatively stable country. Their location next to one of the world's largest importers of metals makes the country an ideal target for mining companies. Excellent infrastructure and a warm climate allows Tyler to keep exploration costs low and explore the property year-round.

The Bahuerachi deposit is located in the same porphyry belt that encompasses some of the world's largest copper porphyry mines in the southwestern United States and northwestern Mexico. This belt stretches from southeast Arizona, U.S.A, to Guanajuato, Mexico, a distance of 1,500 kilometers, and encompasses famous and large producing mines, including La Caridad/Cananea in Mexico, which are collectively considered the world's second largest copper resource.

Permitting in Place

The company has already secured an exploitation license, or Cambio de Uso de Suelo (CUS) for the Main Zone. This reduces the risk of the project in economic studies and establishes a permitting framework for the project. This permit is required to conduct development and mining activities. The CUS permit covers 46.5 hectares of land affected by the company's exploration activities to date. The company has provided for reclamation of 122 hectares of land. The company will continue to update the CUS permit as the affected area grows.

Bahuerachi Property

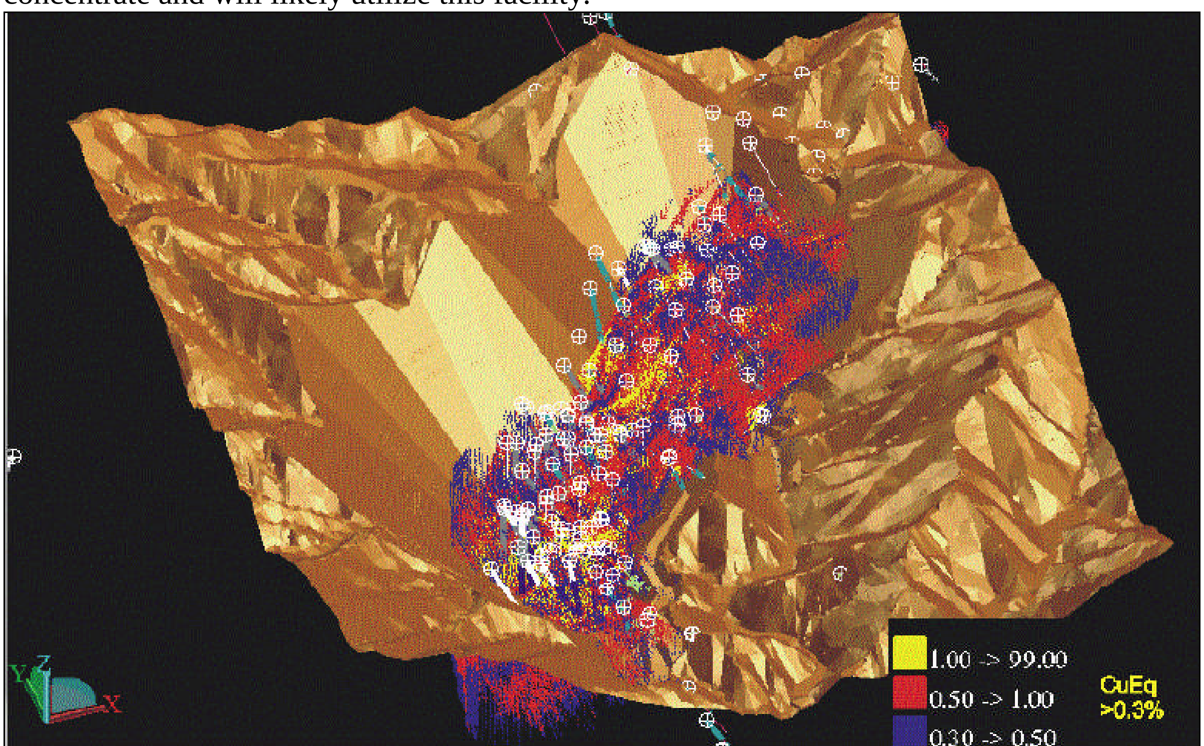
Property Overview: The 6,488 hectare Bahuerachi deposit hosts a large, polymetallic system amenable to low cost bulk mining extraction. Four other mineralized systems with good drilling and sampling results exist that provide potential for resource expansion. At this time, the company is focused on advancing the Main Zone towards development. A pre-feasibility study is currently in progress.

Ownership: As of October 2006, the company holds 100% interest in the property, which is not subject to any royalties. The initial property was acquired through an option agreement from a Mexican national, whereby Tyler and CDG could earn 95% interest in the property. Tyler purchased CDG's interest in early 2003 through share payment, and purchased the underlying owner's interest and royalty in October 2006.

Historic Exploration/Production: Like so many projects in Mexico, the property has evidence of historic production exploiting high grade near surface resources. The company acquired the property in 1993, and were initially exploring for a soluble oxide copper deposit. Work on the property was minimal until 2003, due to the poor market for junior exploration companies during that time. An airborne survey and extensive mapping in 2003 provided many targets for the 2004 drilling program. This exploratory drilling program is credited for the discovery of the Main Zone, and drilling has been ongoing with multiple rigs since 2004. To date, approximately 52,000 meters in 240 holes has been completed.

Accessibility and Infrastructure: The project is located in Chihuahua State, Mexico, close to the border with Sinaloa State. Access to the property is via highway and secondary unpaved roads from Choix, Sinaloa. The company has negotiated surface rights from the Ejido council until 2016. Mining activity and associated infrastructure development has benefited the Bahuerachi project. The El Sauzal Mine, owned by Goldcorp (TSX: G, NYSE: GG), operates 25 kilometers east of Bahuerachi. The El Sauzal road and power corridor runs within 20 kilometers of Bahuerachi to the south, and current plans are to tie into that road. Water is available on site from a number of streams and rivers that cross the property. Although management has not established that sufficient water is available for a 60,000 tpd operation, preliminary assessment suggests it may be possible.

The Topolobampo deep water port is 222 kilometers away. Management reports that the port is currently building a mineral product loading facility capable of loading 100,000 ton tankers. This is a definite advantage for Bahuerachi, which will produce large quantities of concentrate and will likely utilize this facility.



Bahuerachi Deposit Geometry: Block model, topography and PEA Year 12 Open Pit Design. Current PEA Study identifies 250.5 million tonnes with potential for economic development at metal price assumptions of US$1.50 /lb Copper, $0.80/lb Zinc, $15/lb Moly, $500/Oz Gold and $10/Oz Silver .

The Bahuerachi deposit model will change with ongoing drilling.
Source: Tyler Resources Inc.

Geology and Mineralization: The whole Bahuerachi deposit outcrops, making it easy to map and follow. It is near surface and open at depth, making it amenable to low cost, low stripping ratio open pit mining. A thin upper layer of the deposit is weathered with copper oxide mineralization that may be amenable to acid leaching and electrowinning. The Main Complex, comprised of the Main Zone, North Zone, and South/Goat Zone, has a strike length of approximately 4 kilometers. The accepted geologic model indicates that the system is a single intrusion that has been cut and faulted, bringing deeper intrusive material in the south deposit near surface. This creates metal zoning and different textures between the three deposits. The South Zone is higher in copper and molybdenum, typical of the deeper levels of a porphyry system. Moving north, increasing zinc levels and decreasing grain sizes indicate a transition to the upper levels of the system. Widths range from less than 100 meters to 500 meters as recognized to date. Drilling to date has delineated a resource estimate on the Main Zone only, but results from the North and South Zones have been positive.

The deposit is bulk tonnage, comprised of porphyry, skarn, and epithermally altered sediments. The porphyry/stockwork mineralization carries copper and molybdenum in the form of chalcopyrite, pyrite, and molybdenite. The skarn marble and sediment hosted mineralization carries most of the zinc in sphalerite mineralization, and is found up to 250 meters away from the porphyry-host rock contact. Gold and silver tend to be associated with higher-grade copper areas. The deposit is attractive due to its polymetallic credits, as all metals are likely to pay, and its relatively high grades. Many copper porphyry systems in the western United States have an average copper grade of 0.2%, with low molybdenum and gold credits. The zinc participation adds significant value to the Bahuerachi project.

Exploration Potential: The company has recently announced high grade reverse circulation drilling results from a new discovery at Cerro Prieto, a new polymetallic zone located five kilometers away from the Main Zone. The results included 12.6 meters grading 8.6% zinc and 21 meters of 3% zinc. The mineralization at Cerro Prieto is believed to be hosted in the same unit as Main Zone skarn mineralization. The company is planning a 20-30 hole program beginning in early 2008 to target this zone.

Metallurgy: The company has completed scoping study level metallurgical work. The work was positive, indicating that skarn and porphyry material could be co-mingled in processing. Initial metallurgical work indicated copper recoveries in excess of 90% by standard flotation in hypogene ore, and silver and gold were recovered in excess of 80% and reported to the copper concentrate. Molybdenum recoveries were in excess of 70%. For the purposes of the scoping study, recovery rates of 90% copper, 50% gold, 80% silver, 60% molybdenum, and 70% zinc were used as the baseline. The coarse grained material grinds easily and is readily amenable to conventional flotation recovery. The flotation concentrator will produce three separate flotation concentrates: copper, molybdenum, and zinc. Silver and gold are expected to report to the copper concentrate.

Ongoing work to bring metallurgical testing to the feasibility study level is being completed and will be incorporated into the pre-feasibility study.

Economic Studies: A preliminary economic assessment (scoping study) was completed in September 2007. A scoping study does an early economic assessment and engineering study of a known resource, making assumptions regarding costs, etc. when that information is not available. The study indicates a three year mine financing and construction period. At this stage, the estimated capital cost is $590.95 million in pre-production capital with operating costs of $10.27/tonne. The proposed operating rate of 60,000 tpd is subject to change as resource expansion continues. A lower stripping ratio of 1.9:1 reflects the favorable geometry of the project, which will enhance the profitability of the project. The drilling program underway is designed to lower the stripping ratio. The capital and operating cost breakdown is shown in the image below.

CAPITAL COSTS	$US
Process Plant and Tailings Storage Facility	$438,350,000
Property Infrastructure, Power, Access Road	$40,000,000
Mine – Initial	$112,600,000
TOTAL PRE-PRODUCTION CAPITAL	$590,950,000
Mine – Additional Trucks in Production Year 5	28,300,000
OPERATING COSTS, 60,000 tpd mill rate	
Process	$7.12/t processed
G&A	$0.24/t processed
Mine – Mining years 0 – 4	$0.76/t mined
Mine – Mining years 5 – 9	$0.92/t mined
Mine – Mining years 10 – 12	$1.23/t mined

Source: Tyler Resources Inc.

The results of the scoping study justify proceeding with a pre-feasibility study. The pre-feasibility study is expected in the first half of 2008. The prefeasibility study will incorporate environmental baseline work and other studies. The company expects to complete final feasibility by the end of 2008.

Current Status: The company's 2007 drilling program focused on improving the geometry of the Main Deposit to add resources. This program will enhance economics in three ways:

1. Reduce the stripping ratio
2. Widen the pit and replace waste material with mineralization
3. The above will allow for a deeper pit design to access more of the existing resource

Resource Estimate: The company completed their first resource estimate in 2006 in the indicated and inferred categories. A second resource estimate based on 137 diamond drill holes totaling 33,809 meters and 85 reverse circulation holes totaling 11,675 meters, in 2007, added approximately 300 million tonnes and upgraded much of the resource to measured and indicated categories. An updated resource estimate incorporating the 2007 drilling program is expected by January 2008. Associated Geosciences Ltd., the firm that prepared this resource estimate, chose a copper equivalent cut-off grade of 0.20% because they believed material below 0.20% is potentially uneconomic.

Category	Tonnage	Cu %	Mo %	Zn %	Au (g/t)	Ag (g/t)
Measured	92.398 million	0.47	0.008	0.44	0.05	3.86
Indicated	432.112 million	0.38	0.008	0.57	0.03	4.07
Measured + Indicated	524.510 million	0.40	0.008	0.55	0.03	4.03
Inferred	80.175 million	0.38	0.007	0.45	0.02	3.11

In the measured and indicated categories, this resource contains 4.56 billion pounds of copper, 96.19 million pounds of molybdenum, 67.95 million ounces of silver, 550,629 ounces of gold, and 6.306 billion pounds of zinc.

Other Properties

The company holds diamond and gold exploration projects in Canada. They are early stage, do not have any historic or NI 43-101 compliant resource estimates, and we believe they do not materially affect the value of the company at this time.

Management & Board of Directors

The core of Tyler's management team and directors has been involved with the company for many years and is responsible for the discovery and advancement of the Bahuerachi property.

Mr. Jean Pierre Jutras, P. Geol., President, Chief Executive Officer, and Director
Mr. Jutras is the President, Chief Executive Officer and a director of Tyler Resources Inc. Mr. Jutras is also the vice president and director of Manson Creek Resources Ltd. (TSX: MCK) and a vice president and a director of Northern Abitibi Mining Corp. (TSX: NAI). Mr. Jutras is an experienced professional in the exploration industry and has worked in over 10 countries on three continents in his 14 years of consulting exploration work with numerous public companies, including Placer Dome, Prism Resources and Golden Star Resources. Mr. Jutras spent significant time on two projects that were eventually brought into production at Yaou and Gross Rosebel in South America.

Dr. Shane Ebert, Ph.D., Vice President Exploration and Director
Dr. Ebert has been a director of the Company since January 26, 2004 and actively consults with Tyler on the Bahuerachi property. Dr. Ebert graduated with Honors in Geology from the University of Alberta in 1991 and obtained his Ph.D. in Geology from the University of Western Australia in 1995. He was a Research Associate with the Mineral Deposit Research Unit (MDRU) of the University of British Columbia, coordinating an industry funded research program concentrating on carbonate hosted polymetallic deposits in Peru. Dr. Ebert is also the President of Hot Spring Gold Corporation, a Nevada Company whose principal business consists of the acquisition and exploration of epithermal precious metal prospects in the Western United States. Dr. Ebert is a director of Manson Creek Resources Ltd. and president and director of Northern Abitibi Mining Corp.

Mr. Gregory H. Smith, CA., Director
Mr. Gregory H. Smith has been a director of the Company since December 20, 2000. Mr. Smith is also a Chartered Accountant and President of Oakridge Financial Management Inc., private company providing financial management services to public and private companies and Chief Financial Officer and director of Maglin Site Furniture Inc., a private company that manufactures and sells public site furniture. Mr. Smith is a Director of Armistice Resources Corp., the Chief Financial Officer and Director of Okalla Corp., director of CDG Investments Inc., which trades on the CNQ under the symbol CDGI and on the OTCBB under the symbol CDGEF.

Mr. Scott Reeves, B.Comm., LL.B., Director
Scott Reeves is a partner at the Calgary-based corporate law firm of TingleMerrett LLP with a practice focused on securities, corporate finance and commercial transactions for emerging and growth companies and partnerships. He acts for a large number of TSX and TSX Venture Exchange-listed companies in a wide range of industries, including mining, oil and gas, real estate, technology, biotechnology and manufacturing. He also acts a director and/or corporate secretary for many public and private companies and is a member of the Advisory Board of the TSX Venture Exchange.

Ms. Lesley Hayes, MBA, Director
Ms. Lesley Hayes has been a director of the Company since February 11, 1997. Ms. Hayes is self-employed as a management consultant with an MBA from the University of Calgary/University of Alberta. From 1999 to 2002, Ms. Hayes was the practice manager creative services of Burntsand Inc. (TSX: BRT), a public technology services company. From 1996 to 1999, Ms. Hayes was self-employed as an investor relations consultant, and from 1992 to 1996, she was the vice president, operations of Vicom Multimedia, then public company, which provided custom video, multimedia solutions, and building products for resale across North America. Ms. Hayes is also a director of Northern Abitibi Mining Corp. (TSX.V: NAI).

Mr. Alan Craven, P. Eng., Director
Mr. Craven is a professional engineer with over forty years technical management and consulting experience in the mining industry. After graduating in Chemical Engineering, he worked in British Coal for 15 years. He was plant superintendent of two processing plants before moving into the design and planning of new major projects at national level. Since moving to Canada in 1978, he has undertaken research studies, evaluations, qualification reports, technical audits, restructuring studies, feasibility studies and detailed project designs for mineral projects. He has been retained by mining companies, legal and financial institutions and acted on behalf of insurance companies. Mr. Craven has undertaken assignments in over 25 countries in North and South America, Africa, Asia and Europe (including the former Soviet Republics). Currently he is President and CEO of Associated Mining Consultants Ltd., and has been responsible for the technical, operational and commercial management of the company since 1981.

Noel Lumsden, Chief Financial Officer

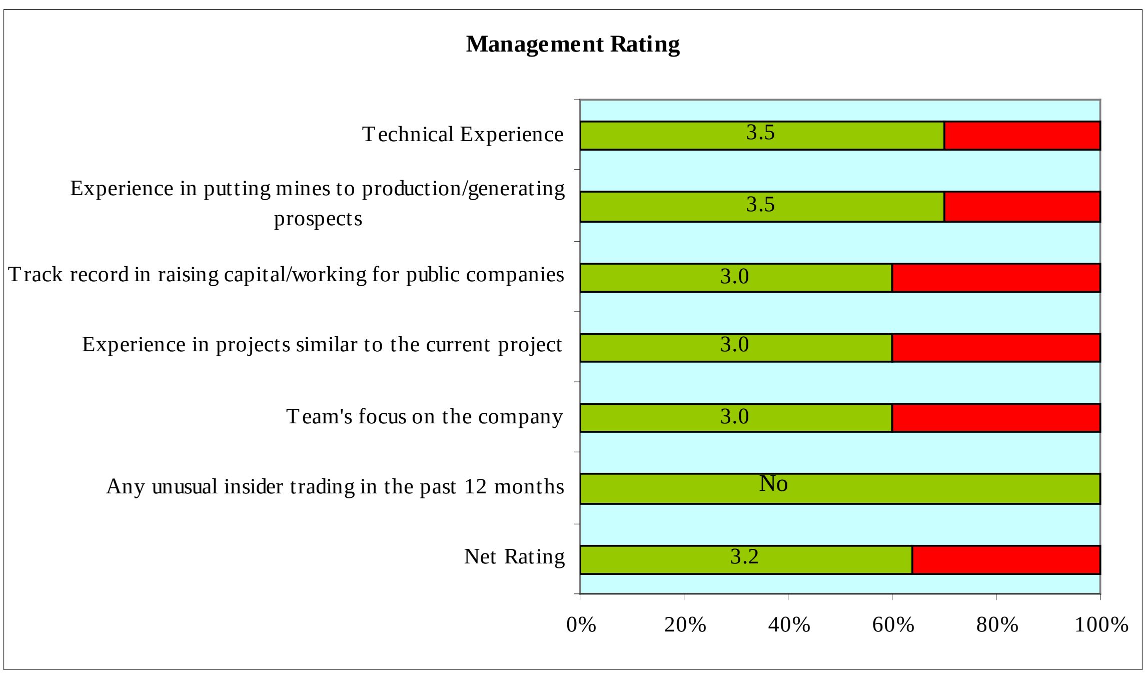
Mr. Lumsden is a Chartered Accountant and holds a Bachelor of Business Administration degree from St. Francis Xavier University. From September 1997 to March 2004, Mr. Lumsden was employed by Grant Thompson LLP where he achieved his Chartered Accountancy designation. During the latter stages of his Grant Thompson career, Mr. Lumsden was an Audit Manager of various public and private entities covering a diverse industry base. Prior to joining Tyler, Mr. Lumsden has held financial positions for public and private companies in the information technology and energy services sectors where the duties included annual capital and financial budgeting, commodity price analysis, internal controls review/reporting and external reporting.

Barbara O'Neill, Corporate Secretary

Ms. O'Neill has over 20 years experience with legal, regulatory, and day to day administration of public exploration companies. She has worked with numerous exploration companies and has been part of the Tyler's exploration team for the past 20 years.

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 Tyler Resources (see below) was 3.2, which we have rated average.** The management team should be credited with the discovery and advancement of the very significant Bahuerachi deposit.



Strength of Board

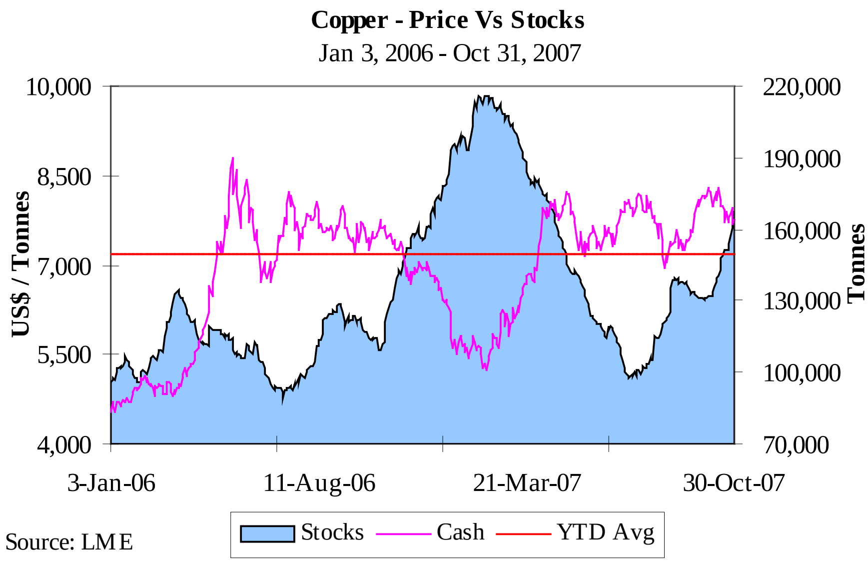
The Toronto Stock Exchange recommends that the Board of Directors of every company include independent or unrelated directors who are free of any relationship or business that could materially interfere with the director's ability to act in the best interest of the company. An unrelated/independent director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

Tyler's Board of Directors is made up of 6 individuals: Jean Pierre Jutras, Gregory Smith, Lesley Hayes, Shane Ebert, Alan Craven, and Scott Reeves. None of the directors have filed for personal bankruptcy. Scott Reeves and Lesley Hayes do not hold shares in the company, but all directors receive options under the company's stock option plan. The related/non-independent directors are Jean Pierre Jutras, Scott Reeves, and Shane Ebert, as they are executive officers of the company and receive compensation. The Audit Committee is made up of Lesley Hayes, Gregory Smith, and Scott Reeves. The Compensation Committee is made up of Lesley Hayes (Chairman), Scott Reeves and Gregory Smith. The Nominating and Corporate Governance Committee is comprised of Lesley Hayes, Alan Craven and Gregory Smith (Chairman). The Technical Committee is made up of Jean Pierre Jutras, Shane Ebert and Alan Craven.

Outlook on Copper

Copper is one of the most widely used metals in the world. About 50% of the world's copper production is used in electrical wires and cables. The construction and automobile sectors are other major markets for copper.

As of November 28, 2007, copper was trading at US$3.03/lb, which reflected a YOY decrease of 3.2%. Current prices are well below the YTD average price of US$3.26/lb.



Source: LME

The recent drop in prices was due to a rapid increase in inventory levels. LME inventory levels as of November 27, 2007, were 187,000 tonnes, which reflects a YOY increase of 19.5%.

Fundamentals: Supply and Demand

The table below shows the historical supply and demand of refined copper, along with the International Copper Study Group's (ICSG) forecasts for 2007.

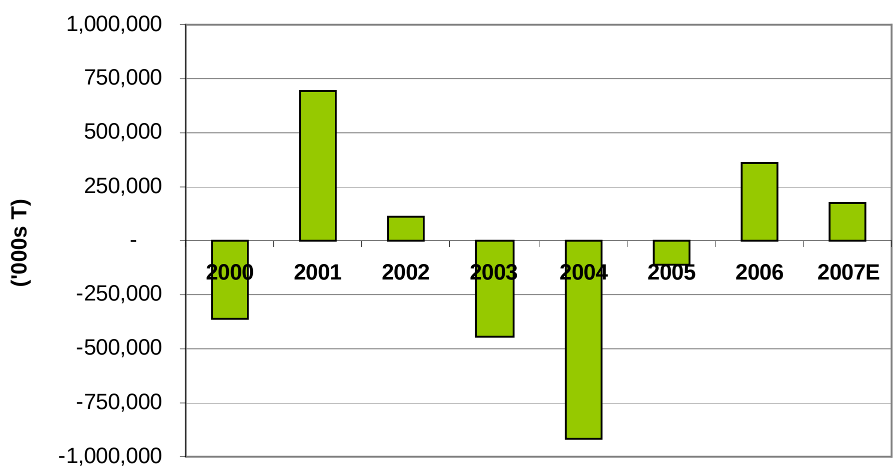
World Refined Copper Production and Consumption ('1000T)

	2000	2001	2002	2003	2004	2005	2006	2007E
Refined Production (S&P)	14,772	15,594	15,269	15,224	15,869	16,541	17,384	18,059
Increase (YOY)		**5.6%**	**-2.1%**	**-0.3%**	**4.2%**	**4.2%**	**5.1%**	**3.9%**
Refined Usage	15,133	14,903	15,157	15,667	16,785	16,648	17,022	17,884
Increase (YOY)		**-1.5%**	**1.7%**	**3.4%**	**7.1%**	**-0.8%**	**2.2%**	**5.1%**

Source: ICSG

According to the ICSG, total production of refined copper (primary and secondary) was 17.38 Mt in 2006, compared to 16.54 Mt in 2005, an increase of 5.1% YOY. Consumption, however, only grew at 2.2% YOY, from 16.64 Mt in 2005, to 17.02 Mt in 2006. According to the ICSG's forecasts (October 2006), production is expected to increase at 3.9% YOY, while consumption is expected to grow at 5.1% YOY in 2007. The chart below shows the global copper supply surplus/deficit since 2000.

Global Refined Copper (Surplus / Deficit)



Source: ICSG

There were supply deficits during 2003-05 (as shown in the chart above), as growth in consumption was higher than production during 2002-04. However, 2006 ended up with a production surplus, as production growth was higher than consumption. The surplus, however, is expected to decline in 2007, due to higher consumption growth.

Positive short-term outlook: We believe that strong copper demand from China and India, slightly offset by lower demand from the U.S., will support growth in consumption and a decline in the production surplus in 2007.

The demand for copper in China, the world's biggest consumer of copper, has been the biggest driver of the metal's prices since the beginning of 2006. The Chinese economy grew at 10.7% (the fastest in more than a decade) in 2006. In 2006, China accounted for 22% of global copper consumption. Goldman Sachs forecasts demand for the metal in China to increase by 13% in 2007. Another major driver of demand has been the rapid growth in India. According to Credit Suisse, India's economy is expected to grow at 8% - 10% per year over the next 5 years. Although India accounts for only 3% of total global consumption, we believe, the demand growth in India will become more significant in the copper market, as their share of global consumption rises.

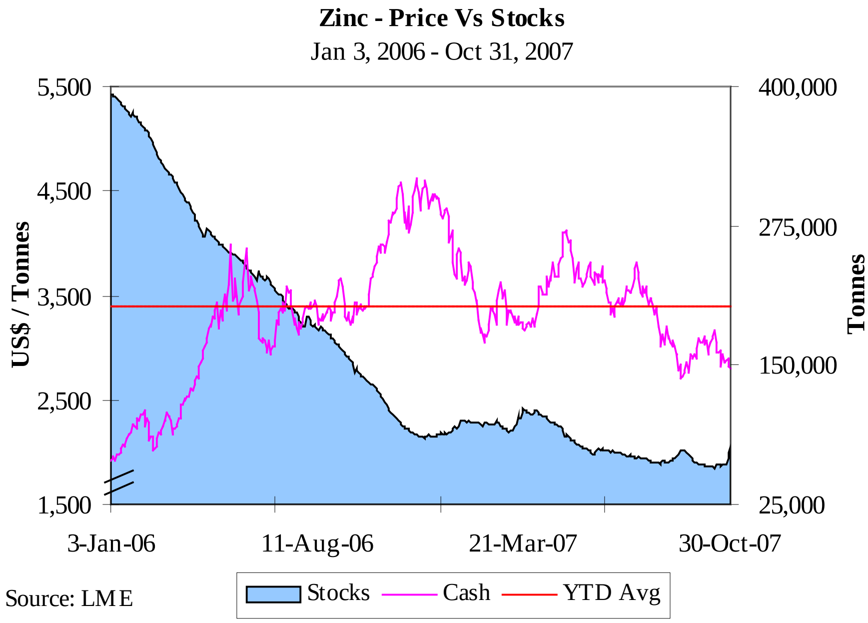
Demand in the U.S. (which accounts for 13% of global demand) is expected to soften due to a slowdown in the U.S. housing industry which is not expected to improve before the end of 2008. According to the Copper Development Association, 40% of copper's application is in the construction industry. This implies that the U.S. housing industry accounts for less than 5.2% of global consumption. Therefore, we believe, lower demand in the U.S., due to a slowdown in the U.S. housing industry, will only slightly offset global demand growth. Also, the recent rate cuts by the U.S. Federal Reserve to tackle the ongoing credit crunch problems, we believe, might help sustain U.S. economic growth, and demand for copper *(The U.S Federal Reserve recently cut rates by 75 basis points in two consecutive meetings to 4.50%, the first cut in over four years.).*

Global copper production growth has stayed above 4% YOY since 2004. High copper prices in 2006, resulted in a significant increase in spending on exploration projects. According to the Metals Economics Group, spending on exploration increased by 47%, to $7.13 billion in 2006 (forth consecutive yearly increase), the highest since the Metal Economic's study began in 1989. We believe that as long as exploration spending and copper prices stay high, growth in production capacity will remain higher than consumption in the long-term.

Over the long-term, we expect prices to soften from current price levels based on slower growth in global GDP, and an increase in global production levels. According to the IMF, global GDP growth is expected to decline to 4.9% in 2008, compared to 5.4% in 2006. However, we believe that global economic growth rate forecasts are high enough to support above average historic prices for copper. The average forecasts for copper prices are US$3.30/lb in 2007, and US$3.00/lb in 2008, which are significantly higher than historical average prices of copper. We have used a long-term copper price of US$1.75/lb in our valuation models.

Outlook on Zinc

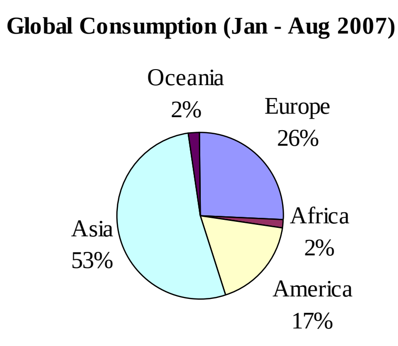
Zinc is primarily used to galvanize steel (used extensively in construction and engineering) to prevent corrosion, and in zinc die-casting. About 47% of zinc is used for galvanizing. As of November 28, 2007, zinc was trading at $1.09/lb, which represented a YOY decrease of 44.4%. However, prices are still up by 25.7% since the beginning of 2006. Like other base metals, zinc prices were also highly volatile in 2006. Prices have ranged between $0.87/lb and $2.10/lb since the beginning of 2006. The chart below shows zinc prices since January 2006.



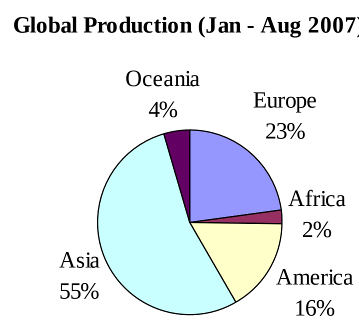
Source: LME

Low Inventory Levels: The surge in prices since the beginning of 2006 was due to a drastic fall in LME inventory levels and a corresponding increase in global demand for zinc. As shown in the chart above, inventory levels have decreased considerably since the beginning of 2006. LME stocks as of November 27, 2007, were 80,600 tonnes, which reflects a YOY decline of 7.0%. Current inventory levels are expected to satisfy global demand for only 2.5 days.

The charts below show the **distribution of global production and consumption** in the first eight months of FY2007. As shown in the charts, Asia, which accounted for 55% of global production, and 53% of global consumption, was the top consumer and producer in the world.

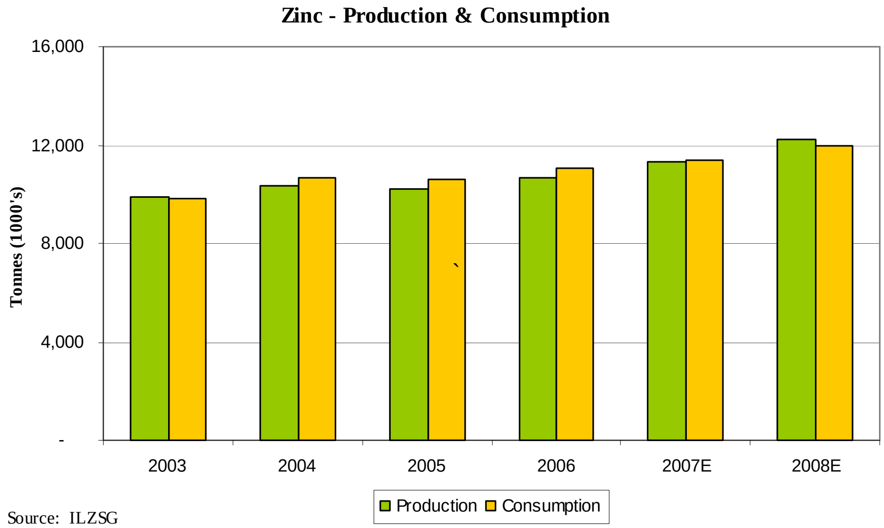


Source: ILZSG



Source: ILZSG

Supply and Demand: The chart below shows global supply and demand since 2003.



Source: ILZSG

According to the International Lead and Zinc study group (ILZSG), global consumption of zinc grew at a CAGR (compounded annual growth rate) of 3.9% during 2003 – 06, while production grew at only 2.7%. As shown in the chart above, consumption has always exceeded production during 2004 – 06. Zinc markets were in a supply deficit of 0.34 million tonnes in 2006. However, the gap between supply and demand is expected to shorten in 2007, as production growth outpaces consumption growth. In the first eight months of 2007, production grew at 7.7% YOY, while consumption grew at only 3.5%. In October 2007, ILZSG estimated that global zinc supplies will rise 7.4% in 2007, and 9.5% in 2008, to reach 12.24 million tonnes in 2008. ILZSG expects global demand to grow at only 3% in 2007, and 5.1% in 2008. Therefore, the zinc market is expected to be in a supply surplus of 0.25 million tonnes in 2008.

However, we believe that there is a good chance that zinc demand growth will be higher than 3% YOY in 2007, based on rising demand in Asia, and the fact that global consumption grew by 3.5% in the first eight months of 2007. We believe rising demand in Asia could hold prices high in the short-term. Zinc stock levels have declined, primarily due to the increasing demand for the metal in galvanized steel production. Global crude steel production was 110.1 million tonnes in August 2007, which reflects an increase of 2.9% compared to production in January 2007. According to the Beijing Antaike Information Development Co., the demand for zinc in China, the world's biggest consumer of the metal, may rise 56% by 2010 (from 3.08 million tonnes in 2005 to 4.80 million tonnes in 2010). China's zinc demand is expected to increase by 6.9% in 2007 (ILZSG). We expect stronger demand for zinc in the short-term, due to increasing demand from the Chinese, Japanese and Korean steel sectors. China, Japan and Korea are expected to account for 33%, 5% and 5%, respectively, of global zinc demand in 2008(according to the ILZSG). Although we expect a slow down in demand growth in the U.S. (due to an expected slowdown in the U.S. economy), we believe it will only slightly offset the strong growth in Asia, as the U.S. accounts for only 9% of global consumption.

Therefore, based on the above reasons, we expect the global zinc supply surplus to be lower than 0.25 million tonnes in 2008. We expect the supply surplus to increase gradually beyond 2008, as demand growth for most of the base metals, including zinc, softens, based on slower global economic growth forecasts.

Forecasts: We believe strong shot-term demand will keep prices high throughout 2007, and 2008, but the forecasted decrease in long-term demand could soften prices beyond 2008. Zinc prices ranged between $0.40/lb - $0.60lb during 1998-2004. We believe that long-term fundamentals (supply and demand) are strong enough to support zinc prices above their historic averages. Also, there are uncertainties pertaining to zinc supplies beyond 2010, as several producing mines shut down. The average price forecast for zinc is $1.52/lb in 2007, and $1.40/lb in 2008. We have used a long-term zinc price of US$0.75/lb in our valuation models.

Financials

In FY2007 (12-month period ended July 2007), the company recorded a net loss of $1.67 million (EPS: -$0.02) versus a net loss of $2.66 million (EPS: -$0.03) in the comparable period in the previous year. We estimate the company had a burn rate (cash spent on operating and investing activities) of $0.53 million per month in FY2007, versus $0.77 million per month in FY2006. The table below shows the company's cash and liquidity position.

	2005	2006	2007
Working Capital	$9,983,280	$2,693,858	$8,682,817
Current Ratio	32.3	3.8	11.7
LT Debts/ Assets	-	-	5.0%
Burn Rate (incl exploration costs)	($345,261)	($771,309)	($527,662)
Cash from financing activities	$12,095,452	$1,239,400	$11,837,347

Cash and working capital at the end of FY2007 were $8.74 million and $8.68 million, respectively, compared to $2.22 million and $2.69 million at the end of FY2006. The company had $1.57 million in convertible debentures (5.0% of assets), that expire on November 21, 2008, outstanding at the end of July 2007.

Stock Options and Warrants: At the end of July 2007, the company had 5.15 million stock options outstanding (4.22 million are currently 'in-the-money' – assuming that none of the outstanding options were exercised since August 2007), with a weighted average exercise price of $0.59 and a weighted average time to maturity of 34.3 months. The company also had 12.44 million warrants outstanding (all of them are currently 'in-the-money' – assuming that none of the outstanding warrants were exercised since August 2007), with a weighted average exercise price of $0.71, and a weighted average time to maturity of 16.3 months.

Conclusion: Based on a CAPEX of $6 million for the next 12 months, we believe the company is in a good cash position, and do not believe that they will have to go back to the market to raise additional capital before mid 2008.

Valuation

We valued Tyler using a Discounted Cash Flow (DCF) model and a comparables analysis.

DCF Valuation - $2.22 per share: Our valuation is based on all the measured and indicated resources, and 50% of the inferred resource estimates of the Bahuerachi Property. A summary of our DCF valuation, including the inputs and our assumptions, is shown below.

DCF Valuation Summary				
Resource (in tonnes)	564,597,500			
	Wt. Avg. Grades	**Contained Metal**	**Recovery**	**Price Forecasts**
Cu	0.39%	4,913,285,244	90%	US$1.75/lb
Mo	0.01%	98,694,175	60%	US$10/lb
Zn	0.54%	6,724,062,284	70%	US$0.75/lb
Au	0.03	591,092	50%	US$600/oz
Ag	3.97	72,018,452	80%	US$11/oz
Production Commencement	2011			
Avg. Op. Costs (incuding freight and smelting)	$17.50	($/tonne)		
Capital Costs (in $)	$675,000,000			
Mill Processing (tpd)	Years 1 - 3 : 80,000 tpd;	Year 4+ : 100,000 tpd		
Mine Life (in years)	17.0			
Discount Rate	12.98%	Note: 11.63% (discount rate of a similar project in a relatively risk-free country) + 1.35% (country risk premium)		
Net Present Value	**$260,473,282**			
Working Capital	$6,572,170			
LT Debt	1,567,932			
Fair Value	$265,477,520			
No. of Shares (diluted)	119,793,034			
Fair value per share	**$2.22**			

Relative valuation - $2.41 per share: We also valued the company based on the average enterprise value (EV) to resource ratio of comparables. We do not believe that Tyler has a direct comparable, as we are not aware of any other company with a porphyry/skarn deposit that is in a similar stage of development, and located in Mexico. Therefore, we selected companies (with similar market capitalization) that primarily focus copper (porphyry), and are in similar stages of development.

Comparables Valuation Model						
	Company	**SYM**	**Price**	**Enterprise Value (EV)**	**Resources - Cu eq. (in lbs)**	**EV / Resources**
1	Antares Minerals Inc.	ANM	$3.46	$149,700,801	2.29	**$0.07**
2	Chariot Resources	CHD	$0.95	$267,422,002	4.38	**$0.06**
3	Norsemont Mining Inc.	NOM	$2.65	$70,840,020	2.20	**$0.03**
4	Tyler Resources	TYS	$0.95	$108,799,144	7.80	**$0.01**
5	Western Copper Corp.	WRN	$1.18	$59,543,182	6.37	**$0.01**
				Average EV / Resources		**$0.04**
				Fair Value of TYS		**$2.41**

1. Stock prices and Market Cap are as of November 28, 2007
2. Enterprise Value = Market Capitalization + Debt - Cash
3. Resource Estimates = Measured and Indicated, and half of Inferred Resources

As shown in the table, the company is undervalued compared to three of the four comparables that we have used in our analysis. Based on an average EV/lb ratio of $0.04/lb, we estimated the fair value of Tyler at $2.41 per share.

Conclusions & Rating

Our average fair value estimate on Tyler based on our DCF and relative valuation is $2.32, which shows that Mercator Minerals's all-stock offer of $1.03 per share significantly undervalues the company. Mercator believes their offer is justified, because of the risks of the project. These risks include a high capital cost, volatility associated with junior mining companies, a management team that has never put a project into production, and the share structure of Tyler, which would be subject to considerable dilution. We believe Mercator's points are valid, but the company has other options that may provide more value to Tyler's shareholders. The company's other options include a joint venture with a major mining company, acquisition by another company, and bringing in new management who are development and production oriented.

Therefore, based on our valuation models and analysis of the Bahuerachi Property, we initiate coverage on Tyler with a BUY rating, and a fair value estimate of $2.30 per share. Our fair value estimate reflects an upside potential of 142% from current price levels.

Risks

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

- Tyler's success is dependent on the management and development of the Bahuerachi Project.
- The success of expansion, increasing favorable resource estimates, and economic project studies are very important for the company's future prospects.
- The value of the company is dependent on commodity prices.
- The entire industry is facing cost overruns that could impact the economics of the Bahuerachi Project.

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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