

Our conflict of interest: On June 3, 2008 Galway Resources engaged our advisory affiliate John Tumazos Very Independent Opinions, LLC to commercialize its Victorio, New Mexico molybdenum-tungsten deposit containing up to 300 mm pounds of each mineral in situ, which was JTVIO's first advisory activity (see www.galwayresources.com June 3, 2008 press release). We received compensation from Galway Resources, as we exercised warrants for 250,000 shares issued on June 2, 2009 at C\$0.15. On April 19, 2011 we received warrants for 100,000 more Galway Resources common shares exercisable at C\$1.24, which we have not yet exercised.

No transactions were generated from the Victorio, New Mexico molybdenum-tungsten advisory since June 3, 2008, as both financial markets and such ferro-alloy markets run "hot and cold." It is possible in the future that we may receive revenue or be engaged by Galway Resources either concerning the molybdenum-tungsten property or other work. Outside securities counsel have advised us that the "potential for compensation" biases the independence of our research.

GALWAY RESOURCES (GWYRF \$0.905, rated Overweight with price target over \$3) FAVORABLE INCORPORATION OF PAST NINE MONTHS OF DISCLOSED DATA ON STOCKWORKS, VETAS AND CALIFORNIA ZONES

Highlights:

- We continue to value Galway Resources (Table 1) at over \$3 per share due to assays since October 2011 averaging near 30.6 g/t uncut and near 12 g/t after topcuts since inception at the "El Volcan" zones at Vetás and the discovery at CB Gold's adjoining "Stockworks" and despite lower gold, silver and moly prices.
- We apply a 33% to 50% (see Table 1) rather than 20% to 30% prior "sum of the parts" or market conditions **discount** to our Galway valuation (Table 1). In other words, we estimate individually that the "Slivers," California, Vetás "El Volcan" zone, Vetás "Stockworks" zone and Victorio moly-tungsten are worth nearly \$6 per share, and then discount the total. Today's stock market fully values 1 or 2 of the 5 core assets and our "price target" values only 2 or 3 of them fully.
- CB Gold (CBJ.to C\$0.87, not rated) commands a US \$125 mm primary share market cap based on its "Stockworks" discovery adjoining Galway Resources' Vetás property. We estimate a \$125 mm value to Galway Resources based on its portion, perhaps up to half, of CB Gold's discovery, and then discount it 50%.
- At Vetás, the **average uncut** gold assay grade nearly doubled to 24.36 g/t from 12.24 g/t. After a 100 g/t top cut, the average grade remains near 12 g/t. The number of assays increased to 227 from 80, since we wrote November 6, 2011.
- It is unclear whether to interpret whether the "El Volcan" Zone at Vetás grades above 12 g/t, depending on the top cut level selected, or higher in view of the 30.6 g/t uncut grade of the subsequent data. The doubled uncut Vetás grade increased the grade-thickness by 54.0%, despite a 22.6% decline in average intercept thickness. The variability of the uncut data increased significantly, despite the significant increase in assays. The standard deviation of assay grade is up by 452.8%, to 109.7 from 19.85. The CV is up by 177.9%, to 4.5 from 1.62.

Table 1: Galway Resources Asset Valuation (US \$ Mil.)

	Low End	High End
"Slivers" parallel Ventana Gold up to 0.5 mm oz au + 3 mm ag	\$ 100	\$ 125
California estimated 1.5-2.5 mm oz Au @ 4 g/t Au + 9-15 mm Ag	\$ 150	\$ 300
Vetas "El Volcan" est 1-3 mm oz Au @ 12+ g/t Au + 3-10 mm Ag	\$ 200	\$ 300
"Stockworks" estimated split 50%-50% @ 50% CB Gold mkt cap	\$ 63	\$ 63
Galca district thermal coal jt vt with Glencore	\$ -	\$ -
Victorio up to 300 mm lbs each tungsten + molybdenum	\$ 100	\$ 150
Fine Management teams in Colombia and USA	\$ -	\$ -
Other gold, silver or tungsten exploration opportunities	\$ -	\$ -
Other magnetic anomalies near Victorio in New Mexico	\$ -	\$ -
Cash balances as of March 31, 2012 at \$16.5 at Nil to be spent	\$ -	\$ -
Subtotal	\$ 613	\$ 938
Discount Reflecting Contemporary Public Market Valuations	33%	50%
Valuation Discount in \$ Mil.	\$ (202)	\$ (469)
Shares Outstanding	135	135
Valuation per share July 24, 2012	\$3.04	\$3.47

Key Concepts: (1) Lower gold, silver and moly prices

(2) Average grade at Vetas "El Volcan" > 12 g/t or 0.4 oz/ton

(3) "Stockworks" zone found by neighbor CB Gold

(4) Slow 43-101 documentation in bear market conditions

(5) Expect 1 mm oz @ 4 g/t at California 43-101 in 2012 with more later.

November 6, 2011:

	Low End	High End
"Slivers" parallel Ventana Gold up to 0.5 mm oz au + 3 mm ag	\$ 75	\$ 100
California estimated 1-5 mm oz au + 6-30 mm ag	\$ 150	\$ 500
Vetas estimated 0.5-3 mm oz + 1.5-10 mm ag	\$ 150	\$ 300
Galca district thermal coal jt vt with Glencore	\$ 25	\$ 45
Victorio up to 300 mm lbs each tungsten + molybdenum	\$ 100	\$ 300
Fine Management teams in Colombia and USA	\$ -	\$ -
Other gold, silver or tungsten exploration opportunities	\$ -	\$ -
Other magnetic anomalies near Victorio in New Mexico	\$ -	\$ -
Current cash balances	\$ 25	\$ 25
Subtotal	\$ 525	\$ 1,270
Discount Reflecting Contemporary Public Market Valuations	20%	30%
Shares Outstanding	135	135
Valuation per share November 6, 2011	\$3.11	\$6.58

October 8, 2011:

	Low End	High End
"Slivers" parallel Ventana Gold up to 0.5 mm oz au + 3 mm ag	\$ 75	\$ 100
California estimated 1-5 mm oz au + 6-30 mm ag	\$ 150	\$ 500
Vetas estimated 0.5-3 mm oz + 1.5-10 mm ag	\$ 125	\$ 300
Galca district thermal coal jt vt with Glencore	\$ 25	\$ 45
Victorio up to 300 mm lbs each tungsten + molybdenum	\$ 100	\$ 500
Fine Management teams in Colombia and USA	\$ -	\$ -
Other gold, silver or tungsten exploration opportunities	\$ -	\$ -
Other magnetic anomalies near Victorio in New Mexico	\$ -	\$ -
Current cash balances	\$ 25	\$ 25
Subtotal	\$ 500	\$ 1,470
Discount Reflecting Contemporary Public Market Valuations	20%	30%
Shares Outstanding	135	135
Valuation per share October 8, 2011	\$2.96	\$7.62

Source: John Tumazos Very Independent Research, LLC estimates

- The reason for the smaller increase in CV is that the uncut mean ore grade increased $CV = (\text{Std. Dev}/\text{mean})$
- At California the average gold assay grade has decreased by 14.5%, to 2.02 g/t from 2.36 g/t. The variability of the gold has decreased with the additional assays. The standard deviation has decreased by 21.6%, to 7.43 from 9.47. The CV has decreased 8.24%, to 3.68 from 4.01. This data analysis includes the lower grade intercepts that would not be the target of an underground mine.
- We broke down Galway's California Project by four individual zones, and found the results were relatively similar. The majority of the assays in California come from the Pie de Gallo Zone. The highest consistency is found in San Celestino and Machuca. These two zones also have the highest silver grades. The highest gold grade is found in Pie de Gallo.
- We have calculated geostatistics using CB Gold's publicly available composited assay results, separated by the lower grade Stockwork zone and the higher grade veins. CB gold uses an economic cutoff of 1 g/t for the higher grade veins and an economic cutoff of 0.15 g/t Au for the Stockwork zone. We estimate that roughly half of the Stockwork zone is on Galway property.

ESTIMATED ASSET VALUATIONS

We have not based our asset valuations on 43-101 studies, which are not completed for the Colombian gold and silver assets, but rather upon our detailed analyses of the various drill and channel sampling assay data released from the Santander region of Colombia over the past three years. We believe Galway personnel, consultants and SRK Consulting performing its 2008 and current 43-101 resource studies are more rigorous and conservative than the preponderance of publicly traded mining companies.

In our October 8, 2011 and November 6, 2011 prior reports we applied wide valuation ranges to California, Vetás and Victorio moly-tungsten. Nearly one year later there is much more drill data to substantiate California and Vetás, where we have raised the lower end minimum valuations. In this report we have been conservative in three ways, where (1) we truncated the upper ends of the valuation ranges due to lower gold, silver and moly prices, (2) we threw out the Glencore coal joint venture due to lower world thermal coal prices and (3) we applied a 33%-50% discount to these more rigorously documented, lower commodity price valuations.

Galway Resources has not reported a press release since May 9th. We believe it awaits assay results from drilling at California and "El Volcan" zones of Vetás. It may be interpreting complex data, such as the seven previously published "El Volcan" assays described herein both as uncut and top cut where there is a 100% variation in the average grade of the results to date depending on the top cut procedure. We believe Galway Resources may be achieving multiple successes at different deposits, deliberates prior to public statements and that it is difficult processing much data too fast. Slow disclosure could be seen as a signal of caution and care, and not a symptom of trouble or slow-moving reactions.

It has drilled confirmatory infill diamond core holes at the moly-tungsten deposit in New Mexico, which confirmed prior data as expected and may not be reported as they are not material. We observed a single diamond core drill rig at the Victorio moly-tungsten deposit in New Mexico on the morning of Saturday May 5th passing Interstate 10 on the way to a couple silver properties in New Mexico with a Univ. of Texas at El Paso graduate geology student and another company, which is why we include Victorio as another activity.

We have the highest opinion and greatest technical respect for Galway's various Colombian geology professionals, its Canadian-based qualified person Mike Sutton and Allan Moran of SRK Consulting's Tucson, AZ office that did the 2008 Victorio scoping study and now the 2012 California "maiden" 43-101 study. They are more conservative and rigorous than 90% of the senior or junior mining companies we know. For these reasons we estimate the California and "El Volcan" asset values in Table 1 at much more than the "maiden" 43-101 amounts of resources that are tedious, slow and understated after first estimates.

Galway Resources is due to report the first of three likely "maiden" 43-101 studies in Colombia for California, "El Volcan" portions of Vetás and "Stockworks" zone overlapping CB Gold's boundaries. We expect the California "maiden" 43-101 sometime in the final 5 months of 2012, the El Volcan "maiden" Vetás 43-101 in 2013 and no "Stockworks" maiden 43-101 until 2014 as Galway has been busy with the first two California-Vetás district zones. In 2008 it completed two separate 43-101 reports for the tungsten-moly property in New Mexico, which ranges up to 297 mm lbs of moly and 340 mm lbs of tungsten. In late 2011 we expected a first 43-101 study to be released in 2012 for California, where 136 drill holes have been released and wrote that Galway is not as close to completing a study on Vetás, as noted in the November 4th press release it had just 13 drill holes plus several thousand trench or underground channel samples.

SUMMARY AND CONCLUSION CONCERNING OUR ASSET VALUATIONS AND PRICE TARGET

We have maintained our valuation of Galway Resources (Table 1) at over \$3 per share due to assays since October 2011 averaging near 30.6 g/t uncut at the "El Volcan" portions at Vetás and the new discovery at CB Gold's adjoining "Stockworks" and despite lower gold, silver and moly prices.

We apply a 33% to 50% (see Table 1) rather than 20% to 30% prior "sum of the parts" or market conditions discount to our Galway valuation (Table 1). In other words, we estimate individually that the "Slivers," California, Vetás "El Volcan" zone, Vetás "Stockworks" zone and Victorio moly-tungsten are worth nearly \$6 per share, and then discount the total. Today's stock market fully values about 1 or 2 of the 5 core assets and our "price target" values only 2 or 3 of them fully.

We express our "Over \$3" price target as a \$3.04-\$3.47 per share range in Table 1, updated as of July 25th, including a 33%-50% valuation discount of our values of the five

Table 2: California Geostatistics; data through most recent 5/9/12 press release**California Au Assays >= 1 g/t**

Total Drill Holes 209	Total Assays 2174	# Assays > 1 g/t 865	Average Thickness (m) 8.23	Mean grade (g/t) 4.04
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Economic Cutoff (g/t)	# Observations or Assays	Mean Ore Grade (g/t)	Standard Devn	CV	Avg. Thickness (m)	Grade- thick m*(g/t)
0	2174	2.02	7.43	3.68	5.28	10.67
0.5	2158	2.03	7.45	3.67	5.30	10.77
1	865	4.04	11.49	2.84	8.23	33.24
1.5	477	6.35	15.08	2.38	8.74	55.46
2	333	8.35	17.69	2.12	8.29	69.23
3	209	11.87	21.58	1.82	8.20	97.39
4	147	15.43	24.91	1.61	6.65	102.62

California Grade Thickness Analysis

Range	# Assays	% of Total
0-50 (g/t)*m	2061	94.80%
50-100 (g/t)*m	61	2.81%
100-150 (g/t)*m	23	1.06%
150-200 (g/t)*m	13	0.60%
200-250 (g/t)*m	3	0.14%
250-300 (g/t)*m	4	0.18%
300-350 (g/t)*m	2	0.09%
over 350 (g/t)*m	7	0.32%
Total	2174	100.00%

California Grade Thickness Compared to 5% and 10% of 1986 Carlin Discovery Hole

Range	# Assays	% of Total
0-93 (g/t)*m	2117	97.38%
97-187 (g/t)*m	39	1.79%
Over 187 (g/t)*m	18	0.83%
Total	2174	100.00%

Silver, Gold, and Gold Equivalent Geostatistics, Uncut

	Avg grade (g/t)	Std. Dev.	CV
Au	2.02	7.43	3.68
Ag	13.83	35.94	2.60

Silver-to-gold ratio= 6.85

Source: Galway Resources press releases and JTACR, LLC estimates strictly from Galway data

key individual assets. We have greatly reduced the “upper ends” and discounted the totals due to falling nonferrous metals prices and poor stock market conditions for junior miners as the U.S. dollar strengthens. There is much more support for our valuations of the California, El Volcan and Stockworks zones than one year ago.

The neighbor AUX Gold Canada, originally the operations of Ventana Gold, has increased its estimate of the gold content of its properties near California town, which caused us to increase by \$25 mm our estimated value of “The Slivers” claims adjoining La Mascota gold-silver zones to \$100-\$125 mm from \$75-\$100 mm. Similarly, CB Gold had success adjoining the Vetaz property, to which we assigned a value at half of CB Gold’s market cap prior to the 33%-50% global discount we applied. Neighbor Eco-Oro revised its resources to underground from open pit for social reasons, and reduced its mine plan over 50%.

Thus, we have tightened the \$3.11-\$6.58 November 6th and \$2.96-\$7.62 October 8th valuation estimated we made previously. Both prior valuations are repeated in the lower rows of Table 1 as originally written last year. We do not characterize the revisions since last October as “reductions,” but rather as moving value to gold with much more assay data support from drilling, reducing the valuation of the moly-tungsten deposit and applying greatly more conservative valuation metrics. After all, over the past 9+ months gold prices have fallen \$300 per oz, silver \$3 per oz and LME spot molybdenum over \$1 per lb and the valuations of emerging mining stocks have become terrible. Also, almost all of the large gold stocks have written off or should write off large acquisitions, and their internal criteria for the “next deal” grow more rigorous. The CEO of the largest gold miner, Barrick, has been changed. Thus, it is appropriate now to apply lesser valuations to partly drilled zones, where we shareholders may be pleased to receive minimum values for well-documented zones.

Our estimated values should rise as definition, engineering and permits advance and because the various commodity prices have ranged between x and up to 4x in the past five years. Values could increase with infill drilling, definition of measured and indicated resources, definitive feasibility study permits and higher metals prices.

Table 3: Key Geostatistical Changes at Galway’s California Project, from November 6, 2011 report

Geostatistic	6-Nov-11	19-Jul-12	% Change
Drill holes	131	209	59.54%
Assays	1175	2174	85.02%
Avg. Intercept (m)	6.29	5.28	-15.99%
Gold Grade (g/t)	2.36	2.02	-14.47%
Std. Dev.	9.47	7.43	-21.57%
CV	4.01	3.68	-8.24%
Grade Thickness	14.84	10.67	-28.15%
Ag Grade	14.6	13.83	-5.27%
Ag-to-Au Ratio	6.2	6.85	10.51%

Note: All data in above table use zero as an economic cutoff, thus including all assays

Source: Galway Company Reports, Galway Press

Releases, Galway Drill hole database, and John Tumazos Very Independent Research LLC Estimates

INCLUSION OF GALWAY DRILL HOLE PRESS RELEASES SINCE SEPTEMBER 28, 2011 IN GEOSTATISTICAL ANALYSIS

In our Galway report published on October 8, 2011 and November 6, 2011 we analyzed the 131 drill holes (1,175 assays) at California and the 13 drill holes (80 assays) at Vetás. We have incorporated all drilling results since, with the most recent press release on May 9, 2012 that provided assay results from 18 drill holes on the Machuca extension of the California gold-silver property in Colombia, and also provided results for the infill drilling of 42 drill holes. The most recent Vetás press release included in the database is

the March 14, 2012 results from six underground drill holes and the first-ever surface drill hole.

The California database now contains 209 drill holes and 2,174 assays. The Vetás database now contains 31 underground drill holes and 1 surface drill hole. The number of assays at Vetás has increased to 227, which excludes all pending results and includes the surface assays.

There are both positive and negative geostatistical results from this updated analysis. Of course, the increased assays and drill holes are a positive that help increase confidence of the orebody. The lower variability (higher confidence) is seen in the 21.6% decrease in standard deviation, to 7.43 from 9.47. The coefficient of variation has also decreased by 8.2%, to 3.68 from 4.01. The negative changes are a decrease in average assay grade to 2.02 g/t from 2.36 g/t, a decrease in average intercept to 5.28 meters from 6.29 meters, a decrease in grade thickness to 10.67 (g/t)*m from 14.84 (g/t)*m and an increase in the silver to gold ratio.

VETAS GEOSTATS TOP CUT TO 100 G/T VERSUS UNCUT

A 100 g/t cap impacts 7 gold composite assays of the total of 227 in our Vetás database, 1,082.64 g/t, 1,034.28 g/t, 679.63 g/t, 203.36 g/t, 138 g/t, 106.82 g/t, and 104.35 g/t. The uncapped composite assay grade for all currently available data at Vetás is 24.78 g/t. Capping at 100 g/t decreases the mean assay gold grade to 12.69 g/t, nearly in half.

The top cut level that Galway will use is not certain. Industry standards vary significantly. We believe the company will compile more information, and make a decision on top cuts with more data after consulting several experts perhaps in 2013.

Retrospectively analyzing the first 13 drill holes (80 assays) in our November 6, 2011 report on Vetás was capped at 100 g/t one assay (138 g/t) would have been impacted. The mean ore grade would have been 11.77 g/t, compared to 12.24 g/t uncapped. We estimate that the incremental capped assays grade since have averaged 13.19 g/t Au.

The average uncut assay gold grade has nearly doubled to 24.36 g/t from 12.24 g/t at Vetás. The number of assays has increased by 147, to 227 from 80, since our prior November 6, 2011 report. Based on this we estimate that these **INCREMENTAL ASSAYS HAD A MEAN UNCUT GOLD GRADE OF ROUGHLY 30.63 g/t**. This doubling of the uncut grade has helped to increase the uncut grade thickness by 54.0%, despite a 22.6% decline in average intercept thickness. The variability of the data increased significantly, despite the significant increase in assays. The standard deviation of assay grade is up by 452.8%, to 109.7 from 19.85. The CV is up by 177.9%, to 4.5 from 1.62. The reason for the smaller increase in CV is the mean ore grade increased $CV = (\text{Std. Dev}/\text{mean})$

Table 4: Vetás Geostatistics; data through most recent March 14, 2012 release**Vetas Uncut Au Assays $\geq$ 1 g/t**

Total Drill Holes	Total Assays	# Assays > 1 g/t	Average Thickness (m)	Mean uncut grade (g/t)			
31	227	223	1.24	24.78			
Economic Cutoff (g/t)	# Observations or Assays	Mean Uncut Au Grade (g/t)	Mean Au grade w/ 100 g/t cap	Standard Devn	CV	Avg. Intercept Thickness (m)	Grade-thick m*(g/t)
0	227	24.36	12.69	109.72	4.50	1.24	30.09
0.5	227	24.36	12.69	109.72	4.50	1.24	30.09
1	223	24.78	12.90	110.66	4.47	1.24	30.62
1.5	222	24.89	12.95	110.89	4.46	1.24	30.75
2	221	24.99	13.00	111.13	4.45	1.24	30.91
3	163	33.02	16.77	128.55	3.89	1.39	45.92
4	133	39.68	19.76	141.56	3.57	1.51	59.82

Vetas Grade Thickness Analysis

Range	# Assays	% of Total
0-25 (g/t)*m	191	84.14%
25-50 (g/t)*m	12	5.29%
50-75 (g/t)*m	8	3.52%
75-100 (g/t)*m	6	2.64%
100-125 (g/t)*m	3	1.32%
125-150 (g/t)*m	3	1.32%
150-175 (g/t)*m	0	0.00%
over 175 (g/t)*m	4	1.76%
Total	227	100.00%

Vetas Grade Thickness Compared to Carlin Discovery Hole

Range	# Assays	% of Total
0-93 (g/t)*m	216	95.15%
97-187 (g/t)*m	8	3.52%
Over 187 (g/t)*m	3	1.32%
Total	227	100.00%

Silver and Gold Geostatistics,

	Uncapped grade	Std. Dev.	CV
Au	24.36	1.75	0.07
Ag	32.56	23.02	0.71

Silver-to-gold ratio= 1.34**Note: CV, Std. Dev. And grade thickness are calculated using uncapped composite assays.****The Volcan Zone of Vetás uses a 2 g/t economic cutoff****Source: Galway Resources press releases and JTACR, LLC estimates strictly from Galway data**

We have run mean gold grade calculations using a 100 g/t Au cap and the results are not as spectacular as in the uncapped analysis. The mean ore grade capped is 12.69 g/t, just over half of the uncapped ore grade of 24.36 g/t. It appears as though 7 gold composite assays (1,082.64 g/t, 1,034.28 g/t, 679.63 g/t, 203.36 g/t, 138 g/t, 106.82 g/t, and 104.35 g/t.) of the total of 227 in our Vetás database, carry the significant grade increase. The grade of the NI-43-101 compliant resource for Vetás will depend greatly on the capping level utilized.

We have capped the 80 assays from 13 drill holes that were included in our November 6, 2011 report retrospectively, and the change is much less significant. The uncapped ore grade from these assays was 12.24 g/t and the capped grade is reduced to 11.77 g/t. As such, we estimate that the 147 incremental assays have averaged 13.19 g/t.

Table 5: Vetas, Key Geostatistical Changes from November 6, 2011 report
(These statistics analyze the uncut data “as God made it” without adjustments.)

Geostatistic	6-Nov-11	19-Jul-12	% Change
Drill holes	13	31	138.46%
Assays	80	227	183.75%
Avg. Intercept (m)	1.60	1.24	-22.58%
Au Grade Uncut	12.24	24.36	98.95%
Au grade 100g/t cap	11.77	12.69	7.81%
Std. Dev.	19.85	109.72	452.82%
CV	1.62	4.50	177.87%
Grade Thickness	19.54	30.09	54.02%
Ag Grade	42.00	32.56	-22.49%
Ag-to-Au Ratio	3.43	1.34	-61.04%

Note: The Volcan Zone of Vetas uses a 2 g/t economic cutoff

Source: Galway Company Reports, Galway Press

Releases, Galway Drill hole database, and John Tumazos Very Independent Research LLC Estimates

CALIFORNIA GEOSTATISTICS BY INDIVIDUAL ZONE

To better understand the characteristics of Galway's California ore body we have broken it down into specific zones that Galway has presented in its press releases. We use the zones Pie de Gallo, NE Zone, San Celestino, and Machuca. In Galway's assay tables two zones are presented as Pie de Gallo/NE Gap and Pie de Gallo/San Gap. We have included these categories within Pie de Gallo. The majority of the assays are from the Pie de Gallo Zone. The San Celestino and Machuca zones appear to be more consistent despite their lower gold grades. The highest silver content appears to be in the Machuca zone and the lowest silver content in the Pie de Gallo zone.

Table 6: Geostats for Galway's California Project Analyzed By Zone

Zone	Number of Assays	Average Au Grade (g/t)	Average Ag Grade (g/t)	Standard Deviation Au	CV of Au Grade	Avg. Interval Thickness	Avg. Au grade thickness	Silver-to-gold ratio
Pie de Gallo	1604	2.08	12.45	8.01	3.85	5.41	11.27	5.98
NE Zone	285	1.92	14.77	7.28	3.78	6.32	12.15	7.68
San Celestino	72	1.87	19.21	3.19	1.70	4.11	7.70	10.26
Machuca	213	1.72	21.07	2.42	1.41	3.28	5.63	12.26

Note: Pie de Gallo includes all of the "gaps"

Source: Galway Resources drill hole tables and John Tumazos Very Independent Research LLC Estimates

SUMMARY OF CB GOLD PUBLIC DISCLOSURES

CB Gold's plan for their Vetas project in 2012 is for 55,000 meters of drilling, structural mapping and 3D Modelling, metallurgical sample testwork, and for an NI 43-101 resource to be completed by year end. During the first quarter of 2012 CB Gold announced intercepts at the Real Minera property at their Vetas Gold Project of 16.87 m at 17.07 g/t Au, 1.78 m at 211.82 g/t Au, 23.76 m at 1.28 g/t Au, and 1.86 m at 34.57 g/t Au. During the first quarter of 2012, CB Gold completed 7,700 meters of drilling. CB

Gold reports that the Vetás Gold Project land covers an area of approximately 1,000 hectares.

We have valued Galway Resources overlapping portion of the “Stockworks” discovery of CB Gold at half of the current \$125 mm CB market cap. In effect, we apply two large valuation discounts here, even though it appears that about half of the zone lies on the grounds of each separate company. We discount CB Gold’s market value 50%, and then make a “global” 33%-50% discount to the values of the individual Galway assets.

CB Gold’s market value fell over 50% from its high. Galway shares have fallen over 50% from its C\$1.87 high made just after CB Gold’s October 24, 2011 discovery press release.

Galway’s hole #28 reported on March 14, 2012 verified the discovery continues onto Galway’s side of the boundary. Galway conducted surface geochemistry and mapping near CB Gold’s boundary since the March 14th report of a single hole #28. Galway has not drilled other holes near the CB Gold boundary owing to difficult access and topography. From the Galway March 14th release:

Vetas Surface Drill Results Summary: First Hole Hits Mineralized Structures

Hole 28 was the first surface hole drilled on Galway’s Vetás property. It targeted extensions on Galway’s side of the common border to CB Gold’s discovery of 7.57 g/t Au over 114.98 meters in what appears to be the same stockwork zone that Galway initially discovered through extensive sampling and geophysical exploration programs in late 2010 and early 2011. The CB Gold intersection includes 17.17 g/t Au over 40.89 meters (which includes 316.67 g/t Au over 2.09 meters), and 5.36 g/t Au over 30.35 meters. This surface program is drilling the anomaly #6 area (the stockwork zone) along the western border...Anomalies #4 and #5, which are also to be drilled, are characterized by high Au-Ag MMI ratio responses with high chargeability targets 40 to 60 meters down, and may be related to strong argillic alteration that is part of the porphyry system. Overall, there are a total of 6 surface anomalies that will be explored.

Visible gold was intersected twice in Hole 28 in two separate structures, Piedra Colorada and La Araña. Of note is that Piedra Colorada contained high grade gold in excess of one ounce per ton while La Araña intersected a thicker structure of lower grade mineralization, with three distinct higher grade veins interspersed within. Highlights of drill results contained in surface hole GWY-VS028 are as follows:

GWY-VS028 : 17.4 g/t Au over 1.38 meters, including 45.2 g/t Au over 0.51 meters in Piedra Colorada and 4.0 g/t Au over 12.38 meters, including 7.8 g/t Au over 1.58 meters, 12.0 g/t Au over 0.97 meters and 8.3 g/t Au over 2.30 meters in La Araña. This appears to be the down-dip extension of CB Gold’s strong results noted above. If so, it represents a 160 meter down-dip extension at a 358 meter vertical depth below surface.

CB GOLD GEOSTATISTICS

The geostatistics we have analyzed for CB Gold are not directly comparable to Galway's because they are presented with minimum economic cutoffs (0.15 g/t for Stockwork zone and 1 g/t for the high grade veins) whereas Galways employs a 0.5 g/t Au minimum economic cutoff for both California and Vetás (Galway applies a 2.0 g/t cutoff for underground mining Vetás' El Volcan mine). In addition, the CB Gold data are composited, which causes a smoothing effect, as are some of the Galway data. We are not comfortable in the statistical analysis of "composited" data, which we regard as "determining the standard deviation of ground meat." However, we attempt to analyze the data as presented in the search for knowledge.

Despite these concerns, we have run a geostatistical analysis to better understand the characteristics of the ore body. We estimate that roughly half of the Stockwork zone is on Galway land, making it an input to valuation of Galway. The mean ore grade for the Stockwork zone is 1 g/t with a CV of 3.96 and a silver to gold ratio of 5.84. For the High grade veins the mean ore grade is 9.91, with a CV of 3.8 and a silver to gold ratio of 3.42.

Table 7: CB Gold Geostatistics

	Number of Assays	Mean Au (g/t)	Std. Dev.	CV	Avg. Intercept	Grade-Thickness	Avg. Silver grade (g/t)	Silver-to-gold ratio
Stockwork	831	1.00	3.94	3.96	2.23	2.22	5.82	5.84
High grade veins	340	9.91	37.60	3.80	1.16	1.16	33.90	3.42

Note: CB Gold geostats cannot be compared directly to Galway geostats because Galway's assays use .5 g/t as an economic cutoff. CB Gold's assays use either .15 g/t or 1 g/t as an economic cutoff.

Source: CB Gold's Vetás Assay database and John Tumazos Very Independent Research LLC.

FOLLOWUP ON OUR NOVEMBER 6, 2011 PRIOR COMMENTS CONCERNING VICTORIO MOLYBENUM-TUNGSTEN DEPOSIT IN NEW MEXICO

Our prior November 6, 2011 report written after a visit to the Victorio project was too harsh concerning environmental permit delays. In fact, we received a phone call several weeks later last November from a neighboring landowner seeking to sell a copper exploration property, who told us that Galway Resources obtained its drill hole permits less than a week after our visit last November. We over-reacted, in hindsight. Galway personnel never mentioned to us that their permits were in hand, but rather we learned from the neighbor and then saw the diamond core drill rig in place in early May 2012 as we drove on Interstate 10 on a Saturday with a couple geologists looking at nice rocks in the desert. Galway does not consider drill results on the Victorio moly-tungsten property to be "material" to Galway Resources as spot moly prices fall near to \$12 per lb.

DIFFERENCES BETWEEN A "PRICE TARGET" IN A RESEARCH REPORT AND A "FAIRNESS OPINION" RENDERED TO A BOARD OF DIRECTORS

Our price target in Table 1 may be different than a "Fairness Opinion" rendered to a board of directors by a large investment banking firm.

First, our "price target" is an objective, and is estimated from public information. A valuation in a transaction will likely involve an up-to-the-minute description of drill holes

not yet published, the last impressions of site geologists, a site visit or other nonpublic information.

Second, the law firm in such a transaction may “read the riot act” to the independent directors that they may be sued if they decline the offer and the stock price falls back down to or below the pre-takeover levels. We are aware of transactions in which the largest shareholder made such phone calls to the independent directors and counsel. Thus, the directors will look at downside risks should a transaction dissolve in addition to upside targets, and they often “take a bird in hand” rather than hold out for more.

Third, the primary investment banker will send out a brochure or perhaps a fully documented offering memorandum in search of a higher offer. The independent directors may conclude or be advised that an offer is “fair” if the primary banker obtains no other bids or fails to have another bidder even sign a confidentiality agreement. In our opinion, a banker’s inability to obtain a better bid does not guarantee an offer is fair. The banker may be diverted by holidays or other transactions, or simply assign junior personnel unable to identify or access key decision makers within mining companies. Potential bidders may be overwhelmed by their own existing projects, opportunities, vendor non-performance or internal staff shortfalls. About half of the companies we contacted in a recent transaction were too busy to consider another project, and some refuse “competitive bid” situations.

Thus, investors should be cognizant of many flaws in corporate governance, advisors or timetables. Once a legal offer has been made, the CEO and board of directors have a fixed timetable to respond. The management may be consumed by shareholder, analyst, press, roadshow, in house employee communications and other time demands. A small company’s legal or financial advisors may be distracted by larger transactions. Such processes are inherently less than perfect.

BUSINESS RISKS

Galway is subject to the same commodities “macro” dynamics as other mining companies involving fluctuations in gold, silver, tungsten and molybdenum prices. Fluctuations in currencies, interest rates, prospective capital costs, prospective operating costs and the global economy impact it.

Environmental issues appear more sensitive in Colombia than in the U.S. Opponents to AngloGold’s La Colosa and Eco Oro’s open pit Angostura project delayed both of those > 10 mm oz projects. Spanish-language national publications claimed that Eco Oro’s (formerly known as Greystar Resources) Angostura would poison 4 mm people with arsenic and cyanide, which no national official clarified or corrected. Last month President Santos sacked both the environmental minister and the minister of mines and energy last month, which gives us hope of change.

Our greatest worry is a “take under,” where a hostile bidder takes advantage of recent stock market crises, Galway’s low valuation and the absence of any 43-101 compliant disclosure of its Colombian gold and silver resources. From the standpoint of “process,” we worry

that a “White Knight” or counter bid could be difficult if Eike Batista’s AUX makes a hostile bid for Galway, as mining companies are timid, busy and reluctant to bid against the richest man in Brazil. From the standpoint of “process,” there is a risk that any small company’s own banking or legal advisors could be insincere, and bargain on behalf of the larger future potential client owned by the richest man in Brazil.

ABSENCE OF FINANCIAL MODELS OF INCOME STATEMENT, CASH FLOW, BALANCE SHEET, YEAR-BY-YEAR OUTPUT AND DEFINITIVE

It is not accurate to make detailed financial models before we know the ore grade, scale of operation, cap ex needs, operating costs, etc. We have not constructed income statement, cash flow, balance sheet and mine production models because we expect the company to be taken over or to merge with neighbors. Further, Galway has not yet reported 43-101 compliant gold and silver resources or definitive feasibility study for gold, silver, tungsten, moly or coal resources, which creates uncertainty as to future ore grades, throughput rates, capital costs, operating costs and related data.

DISCLOSURES

John Tumazos Advisory and Compensated Research, LLC (JTACR) is a separate investment advisor registered with the State of New Jersey Bureau of Securities on June 27, 2011 as CRD # 157,606. **Under no circumstances will JTACR be commissioned by a mining or other publicly traded company simply to write a “paid” research report.** Its purpose is to include research reports after separate compensation has been received for an advisory service such as a fairness opinion, mergers & acquisitions advice, introductions of investors in a capital raising or other advisory services. Regulators presume that any “compensation” or potential compensation biases research reports, however small, and outside counsel advises us that we should not write about a company as “John Tumazos Very Independent Research, LLC” if compensated or seeking compensation.

We have created a separate web site, www.advisoryandcompensatedresearch.com to support JTACR. It is separate from our normal research investment advisor site, www.veryindependentresearch.com.

Paramount Gold and Silver, Galway Resources and Texas Rare Earth Resources have published favorable results from mineral properties, and their shares appreciated significantly after we received compensation. The purpose of JTACR is to remedy a “regulatory blackout,” where we cannot publish research as “independent” under JTVIR after accepting compensation. The creation of JTACR remedies such a “regulatory gag,” while openly communicating that we were compensated. It is possible that some institutional investors may consider it to be a “feather in the cap” of a small company that it engaged us to advise them in a transaction owing to our experience.

After receiving compensation from Paramount Gold and Silver in June 2010 for a fairness opinion in its acquisition of X-Cal Resources or Galway Resources, Tara Gold

Resources, Appia Energy, Focus Gold, Texas Rare Earth Resources in 2010 or potentially other companies in the future, John Tumazos Very Independent Research, LLC (JTVIR) refrains from publishing research reports on such companies.

We define “compensation” as any consideration that creates direct pretax income for any of our businesses, research or advisory or any of our employees personally. However, we do permit companies to defray expenses, and large companies’ policies vary. Rio Tinto or Teck have invoiced us for charter aircraft. In contrast, we have accepted free air travel to mine sites from Vale within Brazil, Canada or Mozambique, from Agnico-Eagle to Finland, Chihuahua or Nunavut, Stonegate Agricom to Idaho, Fortescue Metals to its mines, HudBay Mineral to Manitoba, Peru or Michigan, Goldcorp, Brigus and VG Gold each to Timmons, Augen Gold to Swayze, Paramount Gold and Silver to Chihuahua, Goldcorp to Zacatecas, and many others. We do not define as “compensation” if Barrick Gold, Duluth Metals, Wits Gold or some other company picks up a group client lunch tab or buys us lunch alone. We do not define as “compensation” if a company charters an airplane to facilitate a research visit to a mine location without convenient commercial air service. We routinely invoice companies participating in our investor conferences \$1,000 to \$2,000 each to cover their pro rata expenses of the conference on a “Dutch Treat” basis, where we send each company a full expense accounting of our conferences as well.

The nature of the advisory services we have provided for compensation include (1) fairness opinions to the boards of directors of Paramount Gold and Silver, Tara Gold Resources, Tara Minerals Corp., and Augen Gold, (2) introductions to capital raising for Texas Rare Earth Resources and Appia Energy and (3) advisory on joint venture, strategy or capital raising for Galway Resources Victorio tungsten-molybdenum property.

As of September 30, 2011, Paramount Gold and Silver, Galway Resources, Tara Gold, Appia Energy and Focus Gold are eligible for JTACR research reports as having been “advised” and we have been “compensated.” However, Texas Rare Earth Resources, Galway Resources and Quaterra Resources are the subject of current engagements, which may restrict our ability to write on them as regulators may presume we possess non-public information. In the past we have advised Duluth Metals, the Dorado Ocean Resources former subsidiary of Odyssey Marine Exploration and a private forest products company FXX, LLC without success and without receiving compensation.

Because of Texas Rare Earth Resources June 10, 2011 disclosure of a financing upon which we had advanced knowledge and introductions, the June 28, 2011 disclosure that its S1 registration statement was effective with the SEC, and a subsequent June 30, 2011 8K filing with the SEC describing both our advisory relationship and that no mergers and acquisition discussions currently are ongoing, we treat July 2011 as an “open window” in which JTACR may write on TRER and during which a group of our employees or outside sales representatives may buy an approximately 40,000 share block of TRER.

We will distribute JTACR reports to JTVIR paid subscribers free, the particular mining companies may distribute JTACR reports from time-to-time and eventually we may sell JTACR to its own subscribers for \$5,000 annually after building up a coverage list.

We will monitor the financial returns of JTACR investment recommendations over time, and compare them to JTVIR returns. We expect that JTACR recommendations will provide much more volatile returns than the larger, more established companies JTVIR covers as large as BHP Billiton, Vale or Rio Tinto. Under previous employment at Donaldson, Lufkin & Jenrette, John Tumazos participated in the sole managed IPOs of Huntco in 1993 and Reliance Steel & Aluminum in September 1994 at \$3.225. Huntco subsequently went bankrupt after speculating on inventory and operating at low utilization rates. Reliance Steel & Aluminum, however, appreciated 16-fold to \$51.32 as of May 20, 2011. It is inevitable that some companies will make better decisions than others.

CERTIFICATION OF OUR RESEARCH OPINIONS

I, John Tumazos, certify that the opinions written in all research reports are my own. I believe what we write, and from time to time I may buy or sell the shares we recommend after a 48 hour delay after publishing our reports following the advice we give. Further, I personally proofread and “click the pdf button” on virtually every report we publish except sometimes when I am abroad.

It is my management policy that any employee is welcome and encouraged to disagree with me at any time. We have active and vigorous internal debates concerning appropriate discount rates or long-term terminal growth rates to use in net present value valuations or other analytical issues. My team realizes that customers want to pay for my 30+ years of experience, but I encourage them to disagree, correct or provoke debate concerning any view to improve the quality our work.

DEFINITION OF A RESEARCH OPINION

We have target prices, investment ratings, earnings estimates and financial models for about 40 companies upon which we maintain regular research coverage.

The legal or regulatory definition of research, however, is more broad. Regulators consider any written or editorial commentary about a stock or publicly traded company to be “research.” However, a “recommendation” or “opinion” is not rendered unless there is a price target and specific buy or sell recommendation.

From time-to-time we visit very large, important global companies outside our research coverage. Our objective may be to be well informed about industry events, predict future mine output or “supply” in a particular market or to begin to learn about a complex company to begin future full research. We may need to learn and become familiar to provide inputs to our financial models. In May 2008 we published a partial report on Xstrata after visiting two of its mines in South America. In November 2008 we published a partial report summarizing our visits to the London headquarters of Xstrata and Anglo-American outside our coverage as well as Rio Tinto and Antofagasta PLC within our full coverage. In August 2009 we published two research reports on Severstal

after visiting its Columbus, MS newest steel plant a second time. These “partial” reports contained no price target, investment rating, earnings estimates or financial models. Instead, they provided detailed descriptions of the important locations we visited or meetings in headquarters.

We provide research about commodities markets in general, “seminar highlights” on up to another 75 or more companies we host annually at our conferences outside our regular full research coverage and “partial reports.” We have no price target, written investment opinion, earnings estimates or financial models (production, incomes statement, cash flow or balance sheet simulations) of such companies outside our coverage that speak at our March or November conferences. Any viewpoint we have without complete financial models or careful financial analysis is “winging it.”

Our intent in writing Seminar Highlights is to provide a one page written summary of each seminar participant company’s presentation. We provide live open, public, unrestricted webcasts of each such corporate presentation at our conferences as a courtesy to each participating company, and archive each webcast under the “conferences” tab of www.veryindependentresearch.com.

Our clients should not automatically consider our invitation of a company to speak at our future conferences as a “Buy Recommendation” or complete endorsement. We may not have visited the mines or assets of some of these companies. Occasionally we invite a company to speak to learn more about them as a stage in our learning process. Knight Capital Group co-hosted our November 18-19, 2009 industry conference, providing us with “more hands” to administer the event and share costs. Knight Capital Group invited a company to speak as well. We have been approached by other broker-dealers interested in sponsoring or co-hosting our conferences, and our small team may accept help in hosting 275 or so guests at such a program.

ORGANIZATION OF JTVIR

John Tumazos Very Independent Research, LLC (JTVIR) is organized as an investment advisor in the State of New Jersey and regulated by the NJ Bureau of Securities. We publish about 20 research reports each month covering about 35 to 40 stocks in the metals commodities markets, forest products, aluminum, steel, gold, copper and other mining sectors. We travel abroad or domestically typically each month visiting companies. We host two Metals Conferences each year in which companies make presentations, which are archived for roughly one year at www.veryindependentresearch.com under the “conferences” tab.

Currently we have over 40 paid clients in the U.S., Canada, and U.K. Three of our clients have engaged us to write “custom studies” on pre-production mining stocks without any U.S. or global research coverage, including Skye Resources (an 11 bil lb nickel resource in Guatemala), Mercator Minerals (a copper-moly restart in Arizona) and JSW Steel’s 70%-owned Minera Santa Fe (48 sq km undrilled magnetic anomaly and associated iron ore properties in 3rd Region of Chile).

JTVIO

John Tumazos Very Independent Opinions, LLC (JTVIO) is a separate company providing various services “other than” investment research sold to institutions in JTVIR. Counsel advised any other activities be organized separately.

Such other activities have involved < 5% of our time.

In general, we may provide investment banking or advisory services mostly to sub-\$100 mm mining companies that have defined a “deposit,” but need more capital after a discovery for infill drilling, bulk metallurgical testing, definitive feasibility study or the capital outlays to build a mine. The “research coverage” of JTVIR largely involves very large companies with completed steel, aluminum, forest products or mine plants with market capitalizations usually between \$1 and \$250 billion. Historic companies often over one century old, such as Alcoa or U.S. Steel or BHP Billiton, will use top ten commercial or investment banks for advisory services and we make no attempt to be engaged by them owing to their long historic relationships.

We prefer to advise companies without revenues, which large investment banks like Goldman Sachs, JP Morgan, Morgan Stanley or BMO often avoid. Such mining companies without revenues are not as competitively over-banked, and many of the geologists are quite gifted and have extremely promising projects.

We have accepted compensation from Texas Rare Earth Resources and Appia Energy, a private concern, related to introducing investors to them.

In August 2011 we advised the Board of Directors of Augen Gold that a hostile tender offer from Trelawney Mining was “inadequate by \$300 mm.” Augen Gold paid us, but retained separately Canaccord Genuity to render the fairness opinion that we did not render.

On October 6, 2010 we were engaged by Dorado Ocean Resources Limited, a privately held company. That assignment has concluded without success or compensation.

On October 9, 2010 we were engaged by Tara Gold Resources to evaluate the fairness of their September 13, 2010 proposed merger to amalgamate with Tara Minerals, which it terminated on March 7, 2011. That assignment took a different form, however, as Tara Gold Resources adapted to new developments. We delivered a “structure opinion” to Tara Gold Resources and Tara Minerals on May 20, 2011 that the cancellation of the announced September 13, 2011 merger was “fair.”

On June 24, 2010 we delivered a Fairness Opinion to the board of directors of Paramount Gold and Silver in their acquisition of X-Cal Resources, Ltd concerning the Sleeper gold mine near Winnemucca, NV formerly operated in 1986-1996 by Amax Gold and having past output of 1.66 mm oz gold and 2.3 mm oz silver plus 26,000 oz of placer gold

almost one century ago. We covered Amax Gold and its parent companies, Amax Inc. and Cyprus Amax Minerals, as an analyst during its 1986-1996 former period of operation. We have received compensation from Paramount Gold and Silver.

On June 3, 2008 Galway Resources engaged JTVIO to commercialize its Victorio, New Mexico molybdenum-tungsten deposit containing over 200 mm pounds of each mineral in situ, which is JTVIO's first activity (see www.galwayresources.com June 3, 2008 press release). We have received compensation from Galway Resources. That assignment concluded, as Galway determined to take its moly-tungsten project in Canada using a new publicly traded listed vehicle.

These past engagements pose no "conflict of interest" with JTVIR research coverage as long as JTVIR does not cover or write on Paramount Gold and Silver, Galway Resources, or other sub-\$250 mm market cap emerging companies. However, subsequently Galway Resources has documented gold occurrences on Galway grounds and begun drilling. After our November 6-12, 2009 trip to the California gold district of Colombia, we published research reports on Greystar Resources and NOT Galway Resources to avoid conflicted research. We omitted Galway Resources from our "Conference Highlights" report even though it spoke at our November 19, 2009 conference in a similar vein to avoid conflicted research.

Two other small capitalization companies, which we have not named as they have not made disclosures, engaged us to sell assets or negotiate joint ventures. These assignments expired without success or compensation, and we forfeited one year "follow on" periods. We may have occasional discussions with others.

Knight Capital Group asked us to "introduce" capital raising clients to it, principally in the range of \$100 mm to \$1 billion market capitalization emerging mines. Knight paid us nothing, and enjoyed no success. We have terminated that relationship.

JTVIO envisions merger advisory, "second opinion" critiques of investment banking advice, strategic consulting, valuation opinions, fairness opinions, mine technical services such as "Third Party Reviews" of technical studies or other corporate services.

INVESTOR RELATIONS, CORPORATE MARKETING OR "ROADSHOW"

During 2011 several companies have asked us to schedule "roadshows" or investor meetings for them. Sometimes companies offer to pay us for such efforts. Generally these companies are small emerging mines without revenues.

Such compensation would be JTVIO business activity, as it is not "investment research" provided to institutions. However, many of our institutional investor clients in fact appreciate us bringing companies into their offices and some institutions have policy guidelines permitting them to pay for "corporate access" but not written research to research providers such as JTVIR. Thus, such "investor relations" or "roadshow" activities are inter-related to our core activities.

If we receive revenue from a company, however small, that constitutes taxable income in excess of expenses incurred, any future research we may publish will be “John Tumazos Advisory and Compensated Research, LLC” (JTACR) and not JTVIR reports.

JTACR

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We have created a separate web site, www.advisoryandcompensatedresearch.com to support JTACR. It is separate from our normal research investment advisor site, www.veryindependentresearch.com.

During the second half of 2011 JTACR has published research reports on Texas Rare Earth Resources, Paramount Gold and Silver and Galway Resources. Thus, it was published only three reports, and represents < 10% of our personnel’s company research and < 5% of our written research report output.

POTENTIAL MONEY MANAGEMENT ACTIVITIES

We manage approximately \$10 mm of my own money. Our trades conform to our published research and follow publication by a minimum of two business days. Client recommendations have first priority.

In September 2011 an investor approached us, and asked us to set up an account and legal agreement to manage money for him. We are in the process of completing such paperwork.

Money Management for clients could be another line of business, which we have thought about. However, to date we have been too busy to organize client advisory funds, but we do manage our own personal capital and intend to expand into this direction. “Mine Development Fund” is a “current” project to establish a small fund to invest in post-discovery, large resource companies (over \$2 billion in situ mineral value already defined) requiring financing to “build the mine” and grow. The target market cap of the companies in which it would invest would be \$0.1 to \$10 billion. Our detailed studies of emerging mines may prove synergistic across several applications. We have also

considered creating sector ETFs, but determined there is more value-added in fund management.

Our published research of nearly 1,000 research reports to Since July 7, 2007 has concentrated on the metals commodities themselves, steel, aluminum, forest products and larger capitalization mines like Rio Tinto, BHP, Freeport-McMoRan Copper, Barrick Gold, etc. Only 7%-10% of our written research involves the “sub-\$2 billion mine” size range that would be the focus of either JTVIO or Mine Development Fund. Thus, compliance issues or conflicts of interest would occur in a smaller subset of JTVIR coverage as JTVIR coverage involves larger caps, “established processing companies” or commodities. JTVIO or the buy-side Mine Development Fund will focus on much smaller companies

POTENTIAL MINE SERVICES ACTIVITIES

We do not aspire to have a “consulting” business billed by the hour. However, as a substantial user of mine feasibility study reports or other technical reports prepared at early stages after first discovery, sometimes we are very dissatisfied.

We have not yet launched such a service, but we may from time-to-time provide “Third Party Review,” critique or correct what we deem to be shortcomings in such mine scoping study or prefeasibility study reports. We do not seek to “second guess” scientific issues of mine engineering or metallurgy. However, we may differ with the mathematics of reserve determination, capital cost estimates, “simultaneity” of price and cost assumptions, various business planning issues, the opportunity to “phase” or subcontract to reduce initial capital costs or other financial issues. The “custom studies” we have provided to several buy-side JTVIR customers may resemble “Mine Services” future products presented as “Third Party Review” of mine technical studies.

JTVIR DISCLOSURES

“John Tumazos Very Independent Research, LLC” (JTVIR) is a Delaware Corporation formed July 6, 2007 with registration effective on August 27, 2007 as an investment advisor in the state of New Jersey owing to our place of business in New Jersey.

JTVIR is not a broker-dealer, and conducts no trades. Its primary business is to provide “unbundled” metals and paper industry securities and market research to institutions or corporations in a zero commission, electronic execution, electronic dissemination, unbundled format for a specified annual fee structure.

Our investment rating system for securities recommendations is Overweight, Neutral Weight or Underweight. Overweight or Underweight recommendations are estimated to vary from the relative performance of the S&P 500 by more than 10% annually, and the intended time horizon is up to 24 months. Our securities research is intended for institutional investors that might buy up to 10% of a given company, and as such focuses

more towards longer-term dynamics impacting the net present value of future cash flows rather than “day trading” sorts of near-term issues.

Except for BHP Billiton, Southern Copper, Mercator Minerals, Platinum Group Metals, Packaging Corp. of America, Domtar, Norbord, U.S. Steel, SilverBirch Energy, HudBay Minerals, VMS Ventures, Advanced Exploration Inc., Rainy River Resources Ltd, Vale, Xstrata, Anglo American, Allegheny Technologies, Worthington Industries, Capstone Mining, Tahoe Resources, Everton Resources, Majescor, Anglo Aluminum, Stonegate Agricom, Premier Gold, Wits Gold, Virginia Mines, Paramount Gold and Silver, Entrée Gold, Torex Gold, Minera Andes, Claude Resources, Kirkland Lake Gold, Magellan Minerals, Argonaut Resources, Northern Superior, Connacher Oil and Gas, Duluth Metals, Polymet Mining, URU Metals, Kalahari Minerals PLC, Focus Gold, Appia Energy, Texas Rare Earth Resources Corp., Galway Resources, Greystar Resources, Pilot Gold, Renaissance Gold, Klondex Mines, and Atna Resources, neither JTVIR, its members or its employees own or have a financial interest in any securities discussed in this report or any reports we have published recently. Our policy is full disclosure.

Our policy permits personal trading in the metals or paper industries. Our policy is that any personal trading must be consistent with our recommendation, made two business days or more AFTER a recommendation or change in recommendation and held for a minimum of 30 days or one month. We believe it is virtuous for a securities analyst to “put his or her money where his mouth is” to invest consistent with the recommendation to clients after such recommendation has been made, and we disagree with some restrictions made upon broker-dealer employees after 2000 era scandals.

To date we have declined all requests to join corporate boards as our existing business keeps us busy. However, our policy permits up to three directorships and up to five consulting projects, advisory assignments or financial advice to corporations that might supplement, backcheck or substitute for certain services of a large investment banking firm. For example, we would accept an engagement to evaluate investment banking advice on behalf of a manufacturing company concerned whether advice is sincere or intended to maximize fees.

Our policy is full disclosure of any advisory relationship or conflict going back three years, except if our corporate clients have not disclosed the asset (or company itself) is for sale.

Numerous prior investment banking relationships existed prior to three years history to the pre-1997 time frame under the employment of Donaldson, Lufkin and Jenrette or Oppenheimer & Co., Inc. Some of these we can recollect included 14 different gold mine valuations or sales for Barrick Gold, LAC Minerals (later acquired by Barrick), Addington Resources (gold assets in Montana acquired by Canyon Resources), Westworld Industries (Bolivian assets acquired by Battle Mountain Gold later acquired by Newmont Mining), Coeur d’Alene Mines, Crown Resources (acquired by Kinross Gold), Freeport-McMoRan Gold (acquired by Minorco later AngloGold later Queenstake Resources), FMC Gold (later renamed Meridian Gold) and others. Sole managed initial

public offerings included Reliance Steel & Aluminum and Huntco. Lead-managed initial public offerings included American Steel & Wire (later acquired by Birmingham Steel) and lead-managed underwritings included Quanax. Co-managed underwritings included the IPO of Century Aluminum and Grupo Imsa and offerings for AK Steel, Kaiser Aluminum, Agnico-Eagle Mines, Cameco and others. Asset sales or purchase advisories, fairness opinion or trusteeships were done for Thypin Steel (sold to Ryerson Tull), Cyclops Corp. (sold to Armco later sold to AK Steel), Allegheny Corp., Bethlehem Steel, the U.S. Dept. of Justice pursuant to the June 1984 merger of LTV and Republic Steel to sell the Gadsden, AL integrated flat-rolled mill, Cobre Copper, and others. Typically more than five investment banking assignments were evaluated, partly executed or “due diligenced” for any completed transaction. Some examples we can recall for which a prospectus was either drafted or partly drafted indicating much work included stock underwritings not completed for Wheeling-Pittsburgh Steel, Steel Dynamics, Atlas Corp., Webco, Sharon Steel, IPSCO, Co-Steel Inc., and others.

ANALYST UNIVERSE COVERAGE:

John C. Tumazos, CFA as of June 2007: Rio Tinto, Louisiana-Pacific, Nucor Corp., Newmont Mining, U.S. Steel, International Paper, BHP Billiton, MeadWestvaco Corp., Antofagasta PLC, Allegheny Technologies, Alcoa Inc., Inco Limited, Bowater, Temple-Inland, Barrick Gold, Abitibi-Consolidated, Weyerhaeuser Co., Alcan Inc., Smurfit-Stone Container, Plum Creek Timber, Worthington Industries, Goldcorp Inc., AngloGold Ashanti, Freeport-McMoRan Copper & Gold, and FNX Mining..

Dynatec, Alcan and Bowater are companies not continued in the research coverage of JTVIR, LLC that was previously included in the prior June 6, 2007 Prudential Equities Group universe owing to takeovers. Smurfit-Stone Container and AbitibiBowater were dropped from JTVIR research coverage after they entered bankruptcy. Skye Resources and FNX Mining were dropped after full coverage initiation due to takeover. FNX Mining, Brett Resources, Linear Gold, Comaplex Resources, Skye Resources, Fording Coal, Gold Eagle Mines, International Royalty, Selkirk Metals, Franconia Minerals and Fronteer Gold are companies that have spoken, were scheduled or invited to speak at our conferences and later taken over, and UTS Energy successfully defended a takeover offer.

Subsequently, since September 2007 JTVIR, LLC has initiated regular coverage of new companies not previously covered in the former universe at the former Prudential Equities Group. These new companies include Teck, Agnico-Eagle Mines, Mercator Minerals, Skye Resources, General Moly, Inc., Duluth Metals, Polymet Mining, Greystar Resources, Vale, Xstrata, Anglo American, Packaging Corp. of America, Norbord, Rock Tenn, Quadra FNX Mining, HudBay Minerals, Alumina Ltd., Fortescue Metals, and Century Aluminum.

In accordance with applicable rules and regulations, we note above parenthetically that our stock ratings of “Overweight,” “Neutral Weight,” and “Underweight” most closely correspond with the more traditional ratings of “Buy,” “Hold,” and “Sell,” respectively; however, please note that their meanings are not the same. (See the definitions above.) We believe that an investor’s decision to buy or sell a security should always take into account, among other things, that the investor’s particular investment objectives and experience, risk tolerance, and financial circumstances. Rather than being based on an expected deviation from a given benchmark (as

buy, hold and sell recommendations often are), our stock ratings are determined on a relative basis (see the foregoing definitions).

There is no intention to “balance” the number of Overweight or Underweight ratings, as instances of broad over- or under-performance among basic industrials may occur. JTVIR makes each investment judgment in a “bottoms up” manner based on the assets of each individual company.

Price Target – Methods/Risks

The methods used to determine the price target generally are based on future earning estimates, product performance expectations, cash flow methodology, historical and/or relative valuation multiples. The risks associated with achieving the price target generally include customer spending, industry competition and overall market conditions.

Additional risk factors as they pertain to the analyst's specific investment thesis can be found within the report.

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