John Tumazos Advisory and Compensated Research, LLC 7/26/2013
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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 (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 that were exercised prior to the December 20, 2012 merger. 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," and it terminated in late-2011. We own 1,079,000 shares of Galway Gold and 460,000 shares of Galway Metals as of this writing July 26, 2013.

GALWAY GOLD (GAYGF US $0.137 or GLW.to C$0.125, rated Overweight with $2 price target maintained) HIGHER 2016 ONWARDS GOLD PRICE ESTIMATES MORE THAN OFFSET HIGHER CAPEX, OPEX, INTEREST EXPENSE, SHARE COUNT, AND PROPERTY PAYMENT

FD EPS	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
7/19/13	($0.04)	($0.05)	($0.07)	$0.29	$0.32	$0.34	$0.36	$0.39
1/3/13	($0.04)	($0.05)	($0.06)	$0.34	$0.35	$0.36	$0.36	$0.37

Highlights:

- Galway Gold may have to build its own simple perhaps 500 mtpd mill rather than ship ores say 8 km to a central mill of AUX Canada, as the fall in gold prices and Eike Batista's financial collapse call the fate of AUX Canada into doubt.
- The alternative of selling out to AUX Canada or a future buyer of AUX Canada appears far fetched today. While Eike Batista has invested over $2 billion in AUX Canada, perhaps paying too much, the setbacks to potential acquirers are so severe that it may not command any buyer at all today or perhaps just $500 mm. AUX Canada laid off its 300 person staff in California about 3 months ago.
- Large gold producers have written off $20 billion thus far in 2013 and $49 billion since 2008. Other mining, metals or related resource companies have written off $2.7 billion thus far in 2013 and $149 billion since 2008. There may not be any large gold company in a takeover mode, and an IPO of AUX Canada on behalf of Mr. Batista's creditors may not be practical.
- So we analyze Galway Gold as its own "standalone" producer for now.
- In retrospect, CEO Rob Hinchcliffe negotiated a $340 mm cash sale of Galway Resources on December 20th just prior to the collapse of gold bullion markets, mining shares generally and Eike Batista in particular. Things changed quick.
- We estimate 35% to 55% of Galway Gold shares could be offered for sale, except there are no buyers, reflecting the distress of Mr. Batista, "buddies" of Mr. Batista and North American gold and resource funds that may be 10%, 10-25%, and 15%-20% of the Galway Gold shares outstanding, respectively. The 75% decline

in the Galway Gold share price reflects many simultaneous external market setbacks in “chaos.”

- ***We want to caution that our financial models of Galway Gold are highly “conjectural,” as it has not yet published a 43-101 compliant resource with tonnes, thicknesses, dilution and ore grades. It has not completed metallurgical tests, although they are promising. Cap ex, op ex, and scale of operations are not yet known.***
- We have raised our upfront CAPEX estimate to $50 million from prior estimate of $25 million as we estimate Galway Gold now has to build their own small perhaps 500 mtpd mill, rather than ship ore to AUX Canada 8 km away. We do not expect much underground development, as many miles of workings exist. Modern tailings disposal will be a portion of capital outlays.
- We have also increased our operating cost estimate to $200/tonne from prior estimate of $150/t. We have increased our interest rate on debt to 6% from 5%.
- These estimates may be too high, where we have been deliberately cautious. We now estimate Galway Gold makes a payment of $33.75 mm in 2015 to secure 100% of the Vetas project. They are required to make a payment of 1.5% of the value of gold measured and indicated resource, which we estimate reaches 1.5 mm ozs. We estimate a gold price of $1,500/oz in the calculation of this payment, which is $200 above recent levels.
- All of these negative changes are offset by higher 2016 onwards gold prices. **Several weeks ago we raised our gold price estimates** because of the fewer new mine constructions due to low gold prices to a gold price **of $1,550/oz in 2016, and $50/oz increases every year after reaching $2,000 for 2025**. We had previously modeled a flat $1,500/oz gold price. Low gold prices in 2013 do not matter as Galway Gold is not in production today.
- Our 2016-2018 EPS are down by $0.03 on average primarily due to higher interest expense, higher operating costs and a higher fully diluted share base,. Our 2019 EPS estimate is unchanged as the higher gold price offsets the higher operating costs and additional shares. For 2020 and beyond the higher gold prices we estimate have more than offset higher operating expenses and more shares, causing our EPS estimates to increase.
- For this update we have analyzed Galway Gold’s Vetas drilling results by separating the underground drilling from the surface drilling. The underground drilling assays consist of 437 assays from 59 drill holes. We estimate an uncut silver grade of 35.87 g/t, an uncut gold grade of 18.54 g/t, a true width of 1.07 meters, an average gold grade-thickness of 17.86 (g/t)*m, and a gold coefficient of variation of 4.41.
- The surface drilling results consist of 117 assays from 16 drill holes. We estimate an uncut silver grade of 9.67 g/t, an uncut gold grade of 2.58 g/t, an average interval width of 1.77 meters, an average gold grade thickness of 4.65 (g/t)*m, and a gold coefficient of variation of 2.26.
- Little data is available concerning the ground adjoining the Stockworks discovery of CB Gold.

A SELLOUT TO EIKE BATISTA AS A “FOLLOW ON” IMPOSSIBLE

Eike Batista's public companies have over $12 billion in debt and Mr. Batista appears to have at last $2 billion personally. In recent days Mubadala, the Abu Dhabi sovereign wealth fund, converted a $2 billion equity investment into EBX Group into $1.5 billion of debt to strangle EBX. OGX Petroleo badly missed oil production and reserve targets, and is down 87% in 2013. On July 4th German utility E.ON took control of MPX Energia SA, stripping the "X" from the company name and ousting Batista. Anglo American publicly worries whether MMX Mineracao will complete a port to export 26.5 mmt of iron ore annually on time, and either Anglo American, Glencore Xstrata PLC or Trafigura may buy the port out.

Batista's personal wealth has fallen to a July 26th Bloomberg estimate of $200 mm from a peak of $34.5 billion less than two years ago when he was estimated to be the world's eighth richest person. Batista personally guaranteed a $1 billion loan in 2012 from state bank BDNES as well as borrowed $1 to $2 billion in debt from AUX Canada.

Eike Batista's personal life has become a topic of public derision. Last year his son killed a bicyclist with his sports car, and was convicted of manslaughter. Batista's divorces are high profile in Brazil. On July 4th the Brazilian government refused to bail him out, saying "He does not need it" but the creditors contend he does in fact need it.

GALWAY GOLD UNDERLYING DYNAMICS

We have estimated tonnes, grade, ounces, recovery rates and production, for Galway Gold's Vetas Project. These are our own estimates assumptions as there is currently no NI 43-101 compliant resource for Vetas. The Vetas project still requires NI 43-101 resource delineation, a Preliminary Economic Assessment, Prefeasibility Study, Feasibility Study, financing, engineering, and construction.

We estimate that Galway Gold is able to achieve a Vetas resource of 1.5 MM ozs of gold at 0.5 oz/t and 3 MM ozs of silver at 1 oz/t. This is based on analysis of the 437 underground assays that Galway has published for Vetas which grade 18.54 g/t Au and 35.87 g/t Ag uncut, maps showing the Vetas ore body, and company guidance as shown below.

Table 1: Estimated Vetas Gold Resource

Tonnes (MM)	3
Au Grade (oz/t)	0.5
Au ounces (MM)	1.5
Ag Grade (oz/t)	1
Ag ounces (MM)	3

Source: There is currently no reserve or resource for Galway Gold's Vetas Project. The resource shown here is entirely a John Tumazos Advisory and Compensated Research LLC Estimate.

The following quote from CEO Robert Hinchcliffe from Galway's October 9, 2012 press release highlights the strong results that Galway Resources had been achieving at Vetas. “For Vetas, the initial goal was to drill off an area of 500 m along strike by 500 m depth below the mine workings. Using an average horizontal mining width of 1.5 m, a grade of 15 g/t, and with a 25% success ratio over the mines' 8 veins would give 1,000,000 ounces. **The actual average horizontal mining width has been exceeded, the success ratio has been exceeded, the depth has been exceeded, and the number of veins present is greater than the 8 originally thought to exist," cites Robert Hinchcliffe, President and CEO of Galway Resources.** These strong results, along with the roughly 423 years the historic mining of the El Volcan mine are what has pushed our “base case” gold resource to 1.5 MM ozs, from the 1 MM ozs Galway Resources presents as their goal.

We estimate a mill throughput of 500 tpd, gold recovery rate of 90%, and silver recovery rate of 75%. We had previously estimated that Vetas ore would be shipped to AUX Canada’s mill for processing, but now estimate that GAYGF spends $50 million to build their own mine, mill and tailing. We estimate a full year of first production in 2016 and 16 full years of production through 2031, with a final year in 2032. HOWEVER, THE EL VOLCAN MINE HAS BEEN PRODUCING CONSISTENTLY FOR OVER 400 YEARS, SO OUR 16 YEARS OF PRODUCTION COULD PROVE CONSERVATIVE.

Six initial metallurgical tests showed 1/3 to 2/3 of the Vetas gold separated with gravity as “free gold.” This is highly promising, and suggests it may be cheaper to process than the Mascota and Bodega properties of the former Ventana or California property of the former Galway Resources.

Table 2: Underlying Dynamics for Galway Gold's Vetas Project

Year	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Tonnes (mm)	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.08
Gold Grade (.5 oz/t)	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Silver Grade (1 oz/t)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Au RR	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Ag RR	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Au Production (mm ozs)	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.04
Ag Production (mm ozs)	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.06

Sources: Galway Gold Carve Out Financial Statements, Galway Resources Financial Statements, and John Tumazos Advisory and Compensated Research LLC. Estimates

For this update we have increased our per tonne operating cost estimate to $200/tonne from prior estimate of $150/ton. We estimate that Galway Gold’s exploration expenditures are $5 million annually. We estimate their S,G+A increases to $5 million per year by 2016, from our 2013 estimate of roughly $2 million. When first production begins in 2016, we use the units of production depreciation method over the roughly 16 year mine life. We depreciate the roughly $1.5 million Vetas book value and the $50 million in upfront CAPEX over the life of the mine, for roughly $3 million in annual depreciation from 2016 through 2031. We estimate a 33% effective tax rate, no royalties, a 2% return on prior year cash balances, and 6% interest on the prior year bank debt balance. We use the fully diluted share count of 167 million for 2013, and 174 million shares beginning in 2014 due to the June 4, 2013 issuance of 7 million stock options, exercisable at C$0.20. We have maintained our long term silver price estimate of $25/oz, but now use our base case gold price estimates of $1,550/oz in 2016, increasing $50/oz each year 2017 and beyond.

FINANCIAL MODELS AND MODELING CHANGES

Table 3: Galway Gold Estimated Income Statement ($ MM)

Year	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E
Gold Revenue				127	131	136	140	144	148	152
Silver Revenue				3	3	3	3	3	3	3
Total Revenue	-	-	-	131	135	139	143	147	151	155
Operating Expenses				37	37	37	37	37	37	37
Royalties										
Depreciation +Amortization				3	3	3	3	3	3	3
S,G+A	2	3	4	5	5	5	5	5	5	5
Exploration	5	5	5	5	5	5	5	5	5	5
Interest Expense (Income)	(0)	1	4	5	2	0	(1)	(3)	(4)	(5)
Other Expense (Income)										
TOTAL EXPENSES	7	9	13	54	52	50	48	47	46	44
Pretax Income	(7)	(9)	(13)	76	83	89	95	100	106	111
Income Taxes				25	27	29	31	33	35	37
Effective Tax Rate				33%	33%	33%	33%	33%	33%	33%
Net Income	(7)	(9)	(13)	51	56	60	63	67	71	74
FD Shares Outstg.	167	174	174	174	174	174	174	174	174	174
EPS	(0.04)	(0.05)	(0.07)	0.29	0.32	0.34	0.36	0.39	0.41	0.43
Gold Price ($/oz)				1550	1600	1650	1700	1750	1800	1850
Silver Price ($/oz)				25	25	25	25	25	25	25

Source: Galway Gold Carve Out Financial Statements, Galway Resources Financial Statements, and John Tumazos Advisory and Compensated Resarch LLC. Estimates

We have increased our 2016 onwards gold prices from prior estimate of $1,500/oz flat. We now estimate the gold price averages $1,550/oz in 2016, and increases by $50/oz every year after.

We increased our interest rate on debt to 6% from prior estimate of 5%.
We have increased our per ton operating cost to $200/ton, from prior estimate of $150/ton.

Table 4: Galway Gold Estimated Sources and Uses

Year	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E
SOURCES:										
Net Income	(7)	(9)	(13)	51	56	60	63	67	71	74
Depreciation+Amortization	-	-	-	3	3	3	3	3	3	3
Deferred taxes	-	-	-	3	3	3	3	3	3	4
Other noncash items										
Equity		1								
Debt	-	50	50							
Change in Noncash W.C.	(1)	0	0	(7)	(0)	(0)	(0)	(0)	(0)	(0)
Asset Sales										
Owners Contribution										
Other, net	18									
Total Sources	10	42	37	50	61	65	69	73	77	81
USES:										
Capital Expenditures		25	25	5	5	5	5	5	5	5
Investments										
Acquisitions										
Dividends										
Debt Repayment				40	40	20				
Other, net			34							
Change in Cash	10	17	(22)	5	16	40	64	68	72	76
Total Uses	10	42	37	50	61	65	69	73	77	81

Source: Galway Gold Carve Out Financial Statements, Galway Resources Financial Statements, and John Tumazos Advisory and Compensated Resarch LLC. Estimates

We increased our sustaining CAPEX estimate to $5 million from prior estimate of $2.5 million

We now estimate that upfront CAPEX for Galway Gold is $50 million, up from prior estimate of $25 million. We now estimate that Galway Gold builds their own mill, different from our prior estimate that they shipped ore to AUX Canada's mill approximately 8 km away. We now estimate that GLW spends $25 million in 2014 and 2015, up from prior estimate of $12.5 million.

We also now estimate that Galway Gold makes a payment of $34 million in 2015 due as to complete the Vetas land package option agreement. Under this deal Galway Gold has to pay 1.5% of the gold value of measured and indicated resources in cash and stock. We model them settling this 100% in cash, which might be aggressive assumption. We estimate that the 1.5 mm ozs of gold, at a gold price of $1,500 are worth 2.25 billion in-situ value, and the payment Galway Gold makes to earn 100% of the project is $33.75 mm.

Table 5: Galway Gold Estimated Balance Sheet

Year	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E
Cash and Equivalents	10	27	6	10	26	67	131	199	271	347
Receivables	0	0	0	13	13	14	14	15	15	16
Prepaids	0	0	0	0	0	0	0	0	0	0
Total Current Assets	10	28	6	24	40	81	146	214	287	363
Restricted Cash										
P,P,+E	1	26	51	53	55	57	59	61	63	65
Total Assets	12	54	58	77	95	138	205	275	349	427
Accounts Payable	1	1	1	7	7	7	7	7	7	7
Other Liabilites (Def. Taxes)				3	5	8	11	15	18	22
Bank Debt	-	50	100	60	20	-	-	-	-	-
Total Liabilities	1	51	101	69	32	15	18	22	25	29
Shareholders Equity	11	3	(44)	8	63	123	186	253	324	399
Payables/Costs	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Receivables/Revenue	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Cash/Share	0.06	0.16	0.03	0.06	0.15	0.38	0.75	1.15	1.56	2.00

Source: Galway Gold Carve Out Financial Statements, Galway Resources Financial Statements, and John Tumazos Advisory and Compensated Resarch LLC. Estimates

We have increased our debt issuance estimates to $50 million in 2014 and $50 million in 2015, up from $20 million each in 2014 and 2015. Higher CAPEX and a payment that GLW must make a payment of 1.5% of the contained resource, which we estimate at $1,500/oz gold and $25/oz silver. We now estimate that GLW repays $20 million of debt in 2017.

VETAS UNDERGROUND DRILL HOLES GEOSTATISTICS

Table 6: Galway Gold's Vetas Underground Drill Results

Number of Drill Holes	Number of Assays	Avg. Gold Grade (g/t)	Avg. Silver Grade (g/t)	Avg. True Width
59	437	18.54	35.87	1.07
Average. Au Grade-Thickness (g/t)*m	Gold Std. Deviation	Gold Coef of Variation	Silver Std. Deviation	Silver Coef. of Variation
17.86	81.78	4.41	107.07	2.98

Note: 2 g/t Au lower cutoff grade was used for underground assays
Note: These Geo-statistics are calculated on Uncapped Assays
Source: Galway Gold Assay Results and John Tumazos Advisory and Compensated Research LLC. Estimates

The Vetas underground assays we analyze are from 59 drill holes, containing 437 assays. We estimate an uncapped gold grade of 18.54 g/t gold, an uncapped silver grade of 35.87

g/t, average Au grade thickness of 17.86, a gold coefficient of variation (CV) of 4.41, and a silver coefficient of variation of 2.98.

There are currently 13 underground Vetas assays with a gold grade greater than 100 g/t. In descending order these assays grade 1,082.64 g/t, 1,034.62 g/t, 679.63 g/t, 283.58 g/t, 203.36 g/t, 174.42 g/t, 157.36 g/t, 143.73 g/t, 138 g/t, 127.83 g/t, 106.82 g/t, 105.95 g/t, and 104.35 g/t. It we use a 100 g/t top cut on these 13 assays the mean gold grade decreases by 37.57% to 11.58 from 18.54.

Table 7: Vetas Underground Drill Results Grade Thickness Analysis

Range	# Assays	% of Total
0-25 (g/t)*m	381	86.99%
25-50 (g/t)*m	20	4.57%
50-75 (g/t)*m	12	2.74%
75-100 (g/t)*m	10	2.28%
100-125 (g/t)*m	5	1.14%
125-150 (g/t)*m	4	0.91%
150-175 (g/t)*m	1	0.23%
over 175 (g/t)*m	5	1.14%

Source: Galway Gold Assay Tables and John Tumazos Advisory and Compensated Research LLC. Estimates

Table 8: Vetas Underground Assays at Various Economic Cutoffs

Economic Cutoff (g/t)	# Observations or Assays	Mean Uncut Au Grade (g/t)	Mean Au grade w/ 100 g/t cap	Standard Deviation Au	Coef. Of Variation	Avg. Intercept Thickness (m)
2	437	18.54	11.58	81.78	4.41	1.07
2.5	375	21.24	13.13	88.00	4.14	1.12
3	330	23.77	14.55	93.54	3.94	1.17
3.5	291	26.52	16.06	99.31	3.75	1.21
4	259	29.33	17.59	104.95	3.58	1.26
4.5	224	33.26	19.68	112.37	3.38	1.30
5	201	36.52	21.39	118.22	3.24	1.33

Note: 2 g/t Au lower cutoff grade was used for underground assays

Note: Standard Deviation and Coefficient Variation are calculated using uncapped assays

Source: Galway Gold Assay Results and John Tumazos Advisory and Compensated Research LLC. Estimates

VETAS SURFACE DRILL HOLE GEOSTATISTICS

Table 9: Vetas Suface Drilling Results and Geostatistics

Number of Drill Holes	Number of Assays	Avg. Gold Grade (g/t)	Avg. Silver Grade (g/t)	Avg. Interval Width
16	117	2.58	9.67	1.77
Avg. Grade Thickness (g/t)*m	Gold Std. Deviation	Gold Coef of Variation	Silver Std. Deviation	Silver Coef. of Variation
4.65	5.83	2.26	53.19	5.50

Note: 0.5 g/t Au lower cutoff grade was used for surface drill holes
Source: Galway Gold Assay Results and John Tumazos Advisory and Compensated Research LLC. Estimates

The surface drilling results consist of 117 assays from 16 drill holes. We estimate an uncut silver grade of 9.67 g/t, an uncut gold grade of 2.58 g/t, an average interval width of 1.77 meters, an average gold grade thickness of 4.65 (g/t)*m, and a gold coefficient of variation of 2.26.

INVESTMENT RATIONALE AND PRICE TARGET

We maintain our Overweight investment rating on Galway Gold, and our $2 price target. We use a free cash flow valuation model for Galway Gold, at a 10% discount rate. We also include the companies 16.3 mm in cash balances to in the valuation. We have increased our fully diluted shares base to 174 mm, after the assumed exercise of 7 million of options with a strike price of C$0.20. The estimate $33.75 mm 2015 payment to secure 100% of the Vetas project also had a significant negative impact on our estimated NPV/share, as did the higher CAPEX, and OPEX estimates. This being said, the higher 2016 onwards gold price estimates were more than enough to offset all these negative changes.

Table 10: NPV Analysis for Galway Gold

Year	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E
Free Cash Flow	(8)	(34)	(72)	45	56	60	64	68	72	76
Discout Rate	10%									
NPV	$352.16									
Plus: current net cash	16.3174									
Fair Market Value	$368.48									
FD Shares Outstg (mm)	174									
NPV/share	**$ 2.12**									
Company Value	**368.48**									
Price Target	**$ 2**									

Source: Galway Gold Carve Out Financial Statements, Galway Resources Financial Statements, and John Tumazos Advisory and Compensated Resarch LLC. Estimates

An alternative approach is to value Galway Gold as a "perpetuity" as $0.36 EPS divided by "r," the 10% discount rate, which calculates a $3-$4 price target. After all, **the Vetas mine has operated 423 years continuously since 1590**. The next longest continuously running mine we know was the 125 year campaign of the former “Homestake” mine in Lead, SD from 1876 to 2001.

The Vetas mine has produced consistently roughly 423 years. For this reason we considered valuing the Galway Gold’s earnings as a perpetuity. Using 2019 EPS of $0.36, divided by our discount rate of 10%, we would obtain a price target of $3.60. WE BELIEVE THIS TO BE THE CORRECT VALUATION METHODOLOGY, BUT REMAIN CONSERVATIVE WITH OUR $2 PRICE TARGET OBTAINED FROM OUR NPV ANALYSIS BECAUSE IT IS VERY EARLY DAYS.

EARNINGS REVISIONS

Our 2016-2018 EPS are down by $0.03 on average primarily due to higher interest expense, higher operating costs and a higher fully diluted share base,. Our 2019 EPS estimate is unchanged as the higher gold price offsets the higher operating costs and additional shares. For 2020 and beyond the higher gold prices we estimate have more than offset higher operating expenses and more shares, causing our EPS estimates to increase.

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

Our price target in Table 6 may be different than a “Fairness Opinion” rendered to a board of directors by a large investment banking firm. First, our “price target” is estimated from public information, while a transaction will likely involve an up-to-the-minute data. 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 a premium offer and the stock price later falls to force closure. 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 hurriedly that an offer is “fair” if the primary banker obtains no other bids or fails to have another bidder even sign a confidentiality agreement. Potential bidders may be overwhelmed by their own existing projects, opportunities, vendor non-performance or internal staff shortfalls. 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 Gold is subject to the same commodities “macro” dynamics as other mining companies involving fluctuations in gold and silver prices. Fluctuations in currencies, interest rates, prospective capital costs, prospective operating costs and the global economy impact Galway Gold as well.

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.

We have estimate that Galway Gold issues $50 million of debt in 2014 and 2015 to finance the $50 million of upfront CAPEX to build the Vetas project, pay the 1.5% gold resource value for a full 100% interest in the project, and fund operating costs such as exploration and S,G+A. We estimate that Galway Gold is able to secure this financing at a 6% interest rate. There are risks to both the availability of this financing and the interest rate we estimate. There is also dilution risk if Galway Gold is forced to tap the equity markets. Galway Gold announced on June 4, 2013 that they issued 7 million stock options, exercisable at C$0.20 each. Additional stock options could be issued, causing more dilution.

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 **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 none-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.

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 is 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.

JTACR

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.

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 DISCLOSLURES

"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 CF Industries, FCX, CLF, Platinum Group Metals, Packaging Corp. of America, Domtar, SilverWillow Energy, VMS Ventures, Advanced Exploration Inc., New Gold, Vale, Anglo American, Allegheny Technologies, Tahoe Resources, Everton Resources, Majescor, Anglo Aluminum, Stonegate Agricom, Premier Gold, Wits Gold, Virginia Mines, Paramount Gold and Silver, Entrée Gold, Torex Gold, Claude Resources, Kirkland Lake Gold, Magellan Minerals, Argonaut Resources, Northern Superior, Connacher Oil and Gas, Duluth Metals, URU Metals, Appia Energy, Texas Rare Earth Resources Corp., Galway Gold, Galway Metals, Eco-Oro/Greystar Resources, Pilot Gold, Rennaissance Gold, St. Andrews Goldfields, Silvercrest, Pretium Resources, Torex Gold, Hecla Mining, Detour Gold and Atna Resources, neither JTVIR, its members or is 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 Quanex. 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.

Information contained herein is based on data obtained from recognized statistical services, issuer reports or communications, or other sources, believed to be reliable. Any statements nonfactual in nature constitute only current opinions, which are subject to change.

There are risks inherent in international investments, which may make such investments unsuitable for certain clients. These include, for example, economic, political, currency exchange rate fluctuations, and limited availability of information on international securities. John Tumazos Very Independent Research, LLC, and its affiliates, make no representation that the companies which issue securities that are the subject of their research reports are in compliance with certain informational reporting requirements imposed by the Securities Exchange Act of 1934.

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