

Disclosure of our conflict of Interest: On June 28, 2010 we rendered a fairness opinion to the board of directors of Paramount Gold and Silver in the acquisition of X-Cal Resources. We had confidence in the project and familiarity with the geology. We had covered Amax Inc. and its affiliate, Amax Gold, during the 1986 to 1996 1.66 mm oz gold and 2.3 mm oz silver historic production campaign of the Sleeper Mine. We had visited it several times, and recall the Amax Gold share price collapse as the Sleeper Vein high grade zones ran out in its sixth year. Paramount Gold and Silver paid us \$60,000 plus receipted travel expense remuneration, which caused a legal blackout for PZG within John Tumazos Very Independent Research, LLC as counsel opines that we are not “independent” after any compensation. As the state of New Jersey Bureau of Securities declared our new investment advisor “John Tumazos Advisory and Compensated Research, LLC” (CRD #157606) effective June 29th, we are writing our second JTACR research report concerning Paramount Gold and Silver. Separately, we own 20,000 shares of Paramount Gold and Silver. Four separate subsequent events are uniquely important, including drilling on new zones in Mexico such as the December 9th Don Ese DS-10-005 with 27 m containing \$325 per tonne in 0.1 oz/ton gold and 5.5 oz/ton silver, the April 11th San Miguel interim 43-101 report of 0.81 mm oz gold and 43.2 mm oz silver resources excluding 4 of 9 known zones, the Sept. 13th 3.75 mm oz gold and 33.43 mm oz silver 43-101 Sleeper Mine resources from new ores excluding old ores and waste dumps and Charles Tumazos September 27th Sleeper Mine visit.

PARAMOUNT GOLD AND SILVER (PZG \$2.36, not rated) MAKING MUCH PROGRESS TOWARDS POST-2015 GOLD AND SILVER OUTPUTS IN NV & MEXICO; COMMENTS FROM SEPT 27TH SLEEPER MINE SITE VISIT

- We do not yet have enough data to estimate a gold and silver production schedule either in Nevada or Mexico. There actually are a wonderful range of alternatives to choose from, including new Sleeper oxide leach or sulphide mill ores, old Sleeper waste dumps, mill tailings, old heap leach pads, the San Francisco disseminated gold zone in Mexico and the Don Ese, San Miguel, San Antonio and other zones in Mexico.
- The 43-101 compliant resources reported in 2011 YTD total 4.4 mm oz of gold and 76.6 mm oz of silver compiled by SRK Consulting for new Sleeper resources in Nevada and Mine Development Assoc. for San Miguel in Chihuahua. These are significant amounts and reputable firms.
- We estimate Paramount Gold and Silver documents another 0.5-1.0 mm oz of high grade gold and 20-40 mm oz of silver in Mexico by year-end 2012.
- We estimate Paramount Gold and Silver documents over 1 mm oz of gold resources from historic Sleeper Mine old waste dumps, mill tails and re-rinsing old heap leach tons. Much supporting data, including a Preliminary Economic Assessment, had been prepared by the previous owner.
- We estimate new drilling increases the Sleeper new ore 10% to 20%, or up to 0.75 mm oz of gold and 8 mm oz of silver, by year-end 2012.

- Investors should rejoice at the 465,000 acre Mexican, 19,200 acre Sleeper and other nearby Nevada properties. Paramount's diverse lands are encouraging, and will require another year or two to fine-tune mine plans in various stages.
- We are not establishing a "price target," full formal coverage and detailed financial models pending more information from the company and its outside experts. We are looking for production schedules, up front capital costs, permit schedules and operating cost profiles for the several production processes likely both in Chihuahua and Nevada.
- We expect approximately five separate production flows for Paramount Gold and Silver, including the San Francisco open pit disseminated gold prospect in Mexico, two separate 500+ mtpd very high grade underground mines with a common mill, Sleeper heap leaching from multiple pits or zones and a Sleeper bulk tonnage mill in the range of 5,000 to 20,000 mtpd.
- We estimate the current 4.4 mm oz gold and 76.6 mm oz silver resources will grow by 2.5 mm oz of gold and 48 mm oz of silver by year-end 2012 to total 6.5-7.0 mm oz of gold and 100-125 mm oz silver.
- We expect management to evaluate in early 2013 whether shareholder value benefits more from selling out, drilling more to advance targets even more or building the several production flows to fulfillment.
- We do not expect PZG to acquire more properties, as it has its hands full.

Table 1: Paramount Gold's Sleeper Project 43-101 Resources

	Paramount Sleeper Gold	Paramount Sleeper Silver
	AU	AG
Cutoff Grade		
Oxide	0.2	0.2
Sulphide	0.25	0.25
Oxide Ounces measured & indicated	511,872	5,781,121
Sulphide Ounces measured & indicated	2,113,527	19,446,454
Alluvial Ounces Inferred	9,890	0
Oxide Ounces inferred	136,145	1,450,516
Sulphide Ounces inferred	974,376	6,752,446
Total Ounces	3,745,809	33,430,537
Ore Grades		
Oxide Grams/Ton measured & indicated	0.37	4.20
Sulphide Grams/Ton measured & indicated	0.51	4.68
Alluvial Grams/Ton Inferred	2.03	0
Oxide Grams/Ton inferred	0.32	3.42
Sulphide Grams/Ton inferred	0.44	3.07
Total Grade Grams/Ton	0.45	4.1

Source: Paramount Gold and Silver 9-13-11 press release

Figures 1 and 2: Oxidized and Sulphide Ore from Drilling. 3 mm of the 3.75 mm oz that have been inferred resources are of a such Sulphidic Ore.



COMPANY OVERVIEW

Paramount Gold and Silver is an exploration company whose 2 main exploration projects are in Nevada and Mexico. Their Mexican Project, San Miguel, is located strategically in Chihuahua, Mexico, near Coeur d'Alene Mines' Palmerejo mine containing 3.0 mm oz Au. Its Sleeper Project (3.75 mm oz gold Indicated and Inferred) is ten miles to the south of Newmont's Sandman exploration project recently advanced.

Figure 3 and 4: Paramount's Sleeper Pit is filled with water due to ground water levels as low as 100 meters. There are actually many fish in this old pit. (It was stocked, it was not a natural occurrence)



REVIEW OF OUR SEPTEMBER 27TH VISIT TO SLEEPER PROJECT, 50 miles northwest of Winnemucca, Nevada

Paramount Gold and Silver has hired SRK Consulting to update their NR 43-101 compliant resource. Recently, SRK has updated their Gold and Silver Resources at their Sleeper using an \$1,100 per ounce model. Paramount Gold and Silver expects to have a Preliminary Economic Assessment (PEA) published by early 2012. The PEA will

include (1) daily tons of ore processed or “scale,” (2) estimated recovery rates, (3) gold and silver output schedules for perhaps over a ten year production plan, (4) up front and sustaining capital costs and (5) operating costs. These data will permit us to develop both an NPV model or a yearly income statement, cash flow and balance sheet model.

The Resources are located in a mineralized zone which is over 2km long and 1.3 km wide.

There are other resources that are not incorporated which do not include the above ground mill tailings, waste dumps, and leached ore. These areas are still subject to ongoing analysis.

No Drills were operating during our visit. Paramount informed us that they have not re drilled in Pond One, Pond Two, and in the Old Heaps at Sleeper. The priority focus appears to be “new ores,” and not re-working old tails, heaps or dumps. When we went to visit Paramount on September 27, 2011, we asked for an update on their re-drilling in the various pond areas, old heaps, new facilities, and New West Wood Heap Leach pads. We were disappointed that they did not re drill the any of these areas except some drilling in the New Facilities Heap Leach facility. Paramount Management continues to site the X-Cal Drilling which has a an unusually high CV and Standard Deviation

Figures 5: Old Heap Pad



It should be noted that the high grade Sleeper Vein was depleted, and we are not aware of any exploration program to try to track it to depth or across various faults.

In our June 25, 2010 Fairness Opinion of Paramount's acquisition of X-Cal Resources, we discussed how various gold zones of the Sleeper mine have the highest standard deviations and coefficients of variation which we have ever observed, which provides further evidence that Amax Gold's most diligent efforts to measure ore grade could be inaccurate by 10% very easily and that Zoumotou, Moose Mountain and X-Cal's previous estimates of the ore grades of the old mill tailings could be off. We were optimistic especially for "pond one" associated with the 1986-1990 first five highest grade years prior to the depletion of the Sleeper vein suddenly in late-1991. There is no evidence that PZG is focused on the mill tails, which are finite, but rather the "new ores" that have much larger potential as shown in the September 13, 2011 Sleeper resources (see Table 1).

Moose Mountain reviewed 20,800 Debris Flow assays with a CV of 5.07, 36,067 Tuffs assays with a CV of 21.54 and 9,833 Mesozoic gold assays with a CV of 1.50 in the new "Facilities" planned pit. Moose Mountain reviewed 6,056 Debris Flow assays with a CV of 2.07, 19,939 Tuffs assays with a CV of 3.62 and 7,878 West Wood Breccia gold assays with a CV of 5.21 in the new "West Wood" planned pit. In the Debris Flow highest grade domain, 21 or 0.1% of over 20,000 assays had mean grades 10 grams per tonne, while 119 assays or 0.57% had mean grades of 2.79 g/t and the balance of 99.33% were < 0.6 g/t for the new leach in the Facilities and West Wood pits.

JOHN TUMAZOS ADVISORY AND COMPENSATED RESEARCH, LLC DISCLOSURE

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.

Initially 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, Tara Minerals Corp., 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 Agnico-Eagle to Finland, Chihuahua or Nunavut, Stonegate Agricom to Idaho, Fortescue Metals to its mines, HudBay Mineral to Manitoba, 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.

As of June 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, Augen Gold and Quaterra Resources are the subject of current engagements, and we cannot 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.

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 35 to 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 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.

In August 2011 we advised the board of directors of Augen Gold, which paid us and thanked us but declined to follow our advice.

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

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.

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. Subsequently on June 27, 2011 we registered a separate investment advisor, John Tumazos Advisory and Compensated Research, LLC to address such issues.

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.

POTENTIAL MONEY MANAGEMENT ACTIVITIES

We manage over \$10 mm of my own money. Our trades conform to our published research and follow publication by a minimum of two business days.

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 SilverBirch Energy, HudBay Minerals, VMS Ventures, Advanced Exploration Inc., Rainy River Resources Ltd, Vale, Xstrata, Anglo American, Vale, Allegheny Technologies, Worthington Industries, Tahoe Resources, Everton Resources, Majescor, Anglo Aluminum, Stonegate Agricom, Premier Gold, Wits Gold, Virginia Mines, Royal Gold, 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, Paramount Gold 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 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.

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