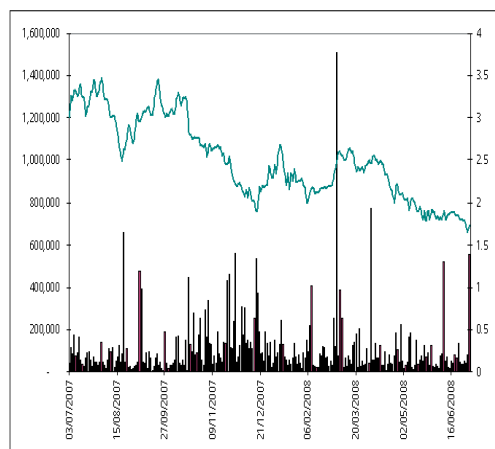


July 7, 2008
Etruscan Resources Inc.
(EET:\$1.78)
Initiating Coverage
Outperform
Target Price:\$4.00


Market Capitalization (\$ million)	221		
Outstanding Number of Shares (million)	124		
Options and Warrants (million) (as of Feb 29, 2008)	16		
(\$ million except per share data)	2007	2008E	2009E
Revenues	2.3	24.7	62.3
EPS	(0.34)	(0.26)	(0.06)

Citadel Securities Estimates

Etruscan Resources Inc. (Etruscan) is a diversified Canadian mining company that has been exploring for gold and diamonds in Africa for over 13 years. Today, Etruscan holds one of the largest strategic land positions in West Africa covering more than 13,000 km² in the rich gold belts of Mali, Niger, Burkina Faso, Côte d'Ivoire, and Ghana. The Company's diamond interests are in South Africa.

Promising properties and cash flow

A producing miner - Etruscan has ownership in three operating mines: 40% in Samira Hill Gold Mine, 90% in Youga Gold Mine, and 54% in Etruscan Diamonds. Now more than three months into production, Youga is expected to increase its production and reach to 6,700 ounces/month recovery rate. Etruscan Diamonds continues its operations with 5,465 carats recovered from 209,231 cubic meters of gravel with an average rough tender value of US\$613 per carat, aggregating US\$3,350,000 for the period December 2007 to May 2008.

Full-exploration/development pipeline - On top of the development list is Agbaou Gold Project in Côte d'Ivoire. With 871,000 ounces of indicated resources (at a 1.0g/t cutoff), the Company expects to have feasibility results for this project soon. With this report, the Company expects to go forward with plans for constructing a mine. Following Agbaou, Finkolo is an advanced exploration project with 382,000 ounces of Indicated and 364,000 ounces of Inferred resources. This project is owned by a joint venture with Resolute Mining (60%).

Large land package - Etruscan has 13,000 square kilometers of land in West and South Africa. This land package is strategically located on some of the most potentially lucrative gold belts in West Africa.

Geographical risk and advantage - Focusing on precious metals, especially gold and diamonds, Etruscan is one of the juniors that will benefit from the time and capital investment that its management has been putting in for 13 years in Africa. This continent's political arena has been always volatile and should be taken into consideration. However, having properties in 6 countries and working with local communities, the Company mitigates part of this risk. Also, West African Countries have been improving their mining codes.

Valuation – We have valued Etruscan by using Net Asset Value (NAV) Method. We have determined our minimum price using takeover values for the Estimated Resources of the Company. Second value is established by using group of Tier 3 gold producers/explorers as a peer group. Weighted average of these two valuations gave us a target price of \$4.00 for the Company. Our rating term is 12 months and our recommendation is Outperform for Etruscan.

Executive Summary

Based in Halifax, Nova Scotia, Etruscan Resources Inc. (Etruscan) is one of the well-known junior gold companies of Atlantic Canada. The Company's focus is mainly precious metals, particularly gold and diamonds, and its properties are in West and South Africa. The Company has built a land package of 13,000 square kilometers in 13 years.

Although the Company is considered junior, there are basic differences in its investment case from most other junior mining exploration companies. The first major difference is that Etruscan is already a producing gold miner. Samira Hill Gold Mine is the first commercial open pit gold mine in Niger and began operation in September 2004. The pre-production mineable reserves from two pits, Samira Hill and Libiri, are estimated to total 10.08 million tonnes grading 2.2 grams of gold per tonne from which 618,000 ounces will be recovered over a 6.3-year mine life. Etruscan has 40% ownership in this operation. More importantly, the Company has 90% ownership in the Youga Gold Mine in Burkina Faso. Production started early March 2008, and in the first three months of operation, Etruscan recovered approximately 7,800 ounces of gold and poured in excess of 6,200 ounces. The Company's plan is to ramp up the processing production to 83,000 tonnes per month and recover an average of 6,700 ounces of gold per month.

Etruscan has also 54% ownership in Etruscan Diamonds, which has started production in its Tirisano Diamond Mine in South Africa. The Company is currently undertaking a pre-feasibility study on the Blue Gum Diamond Project. The pre-feasibility study is being led by MDM Engineering of South Africa. Upon successful completion of this study, there are plans to list Etruscan Diamond on a stock exchange and offer the company's shares to the public. This financing will be instrumental in bringing production to the full-scale 260,000 cubic meters of gravel per month.

The second major difference is having a full pipeline of projects in different stages. Etruscan's most advanced project in its pipeline is Agbaou Gold Project in Côte d'Ivoire. The Company expects to have a feasibility study completed by mid-summer 2008 for this project, which has 382,000 ounces of Indicated Resources.

Another advanced and promising project is Finkolo Gold Project in Mali. This project is undertaken by the Etruscan-Resolute Joint Venture (40% - 60%). NI 43-101 compliant resource estimate of the Tabakoroni gold deposit is 382,000 ounces of Indicated Resource and 364,000 ounces of Inferred Resource.

In addition to these two flagship exploration projects, Etruscan has been drilling Ouaré Zone on the Bitou Area, and Boulounga Permit and Banfora Project in Burkina Faso. In Mali, the Company is exploring over 2,300 km² with its land package along the Syama Gold Belt and Keniebandi Project in Mali West. The Company has expanded its land position in Ghana to cover over 2,200 km². Also, Etruscan has new permits in Côte d'Ivoire and Namibia.

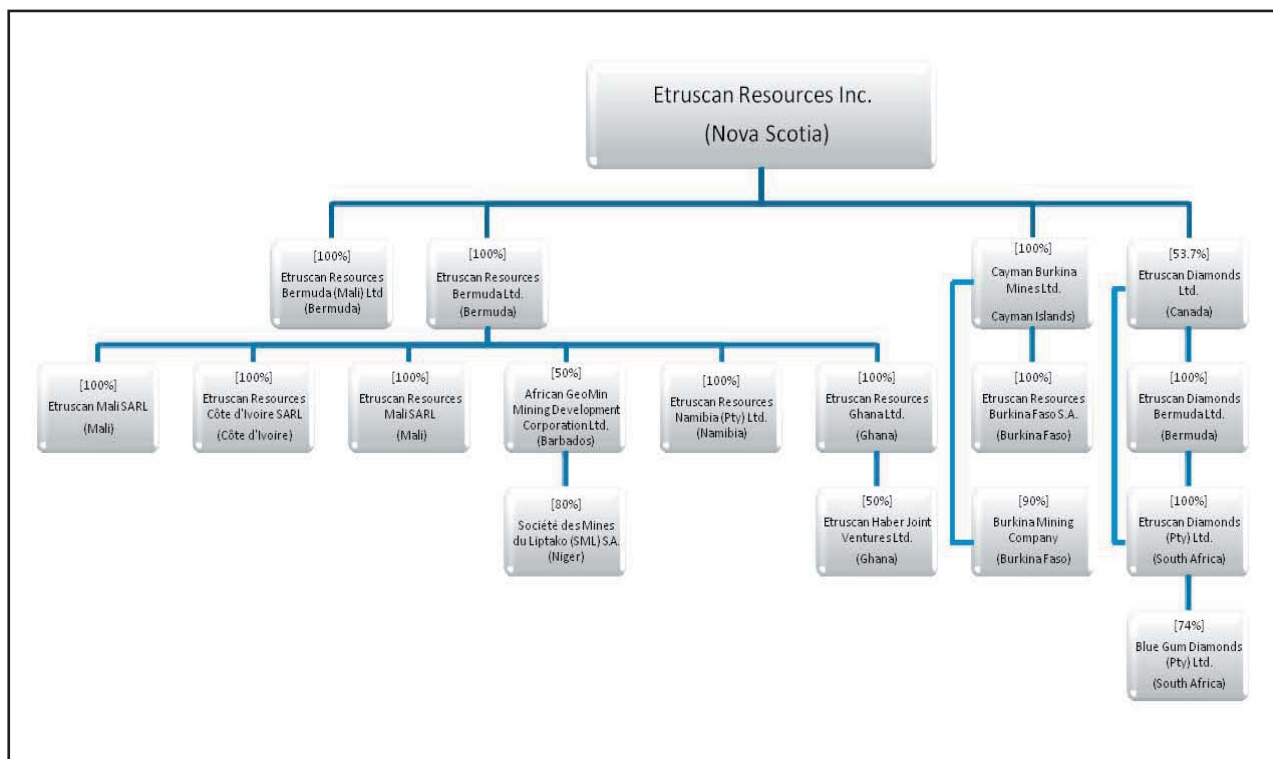
There is a geographical risk, however, stemming from Africa's volatile political landscape. Owning properties in 6 countries and working with local communities there mitigates part of this risk. In addition, West African countries have been improving their mining codes.

We have valued Etruscan by using Net Asset Value (NAV) Method. We have determined our minimum price using takeover values for the Estimated Resources of the Company. Second value is established by using group of Tier 3 gold producers/explorers as a peer group. Weighted average of these two valuations gave us a target price of \$4.00 for the Company. Our rating term is 12 months and our recommendation is Outperform for Etruscan.

Etruscan Resources Inc.

Etruscan Resources Inc. has been headquartered in Nova Scotia with its current name since August 12, 1997. The Company is in the business of acquiring, exploring and developing gold and diamond properties, primarily in Africa. Etruscan's strategy is to acquire a dominant land position within a district scale gold or diamond belt where the potential for new discoveries is considered high.

The corporate structure of the Company is depicted in the following chart:

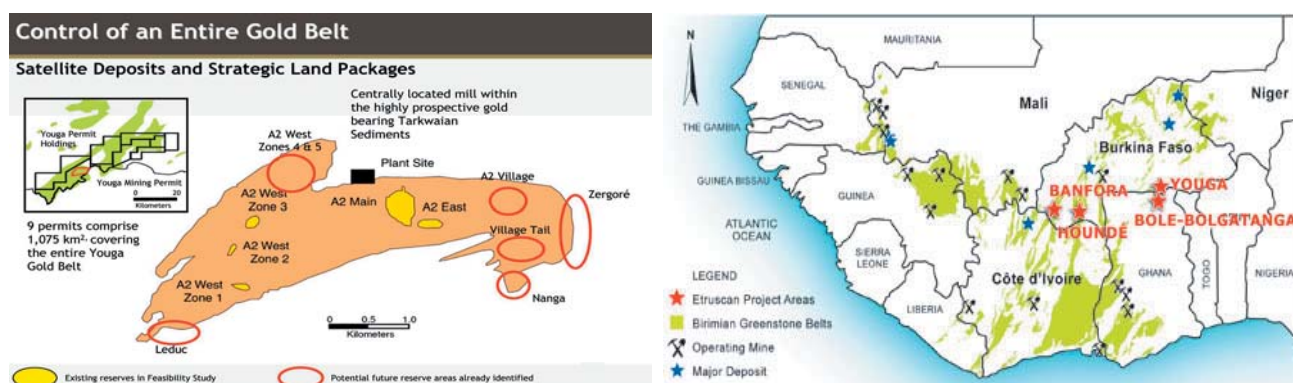


The Company has interests in gold- and diamond-producing operations as well as advanced-stage projects and earlier-stage exploration opportunities. The Company's main projects are presented by the following table:

Project	Location	Metal	Stage
Youga	Burkina Faso	Gold	Producing
Agbaou	Ivory Coast	Gold	Feasibility
Finkolo	Mali	Gold	Advanced Exploration
Keniebandi	Mali	Gold	Exploration
Samira Hill	Niger	Gold	Producing
Blue Gum (ED)	South Africa	Diamond	Prefeasibility
Tirisano Mine (ED)	South Africa	Diamond	Producing
Other Projects	Various (Africa)	Gold	Early Stage Exploration

Youga Gold Project - Burkina Faso

The Youga Gold Project is located on the Youga Gold Belt, approximately 180 kilometers southeast of Ouagadougou, the capital city of Burkina Faso, and four kilometers north of the border with Ghana. Etruscan acquired Cayman Burkina Mining Ltd. for a purchase price of US\$6.5 million in December 2003 and, thereby, acquired a 90% interest in the Burkina Mining Company S.A., which holds the mining permit for the Youga gold deposit. The remaining 10% is held by the Government of Burkina Faso. Since the purchase, the Company has incurred \$10.4 million in exploration costs on the Youga Project and surrounding permits.



The Youga Gold Deposit feasibility study completed in January 2005 and updated in October 2006 concludes that Youga will produce an average of 88,000 ounces of gold per year from five deposits over a 6.6-year mine life. The table below summarizes the resource estimates at a 0.7 g/t cutoff grade for the five zones (A2 Main, A2 East, A2 West Zone-One, A2 West Zone-Two, and A2 West Zone-Three).

Resources				
	Measured	Indicated	Inferred	
Tonnes	4,591,000	6,890,000	2,458,000	
Grade	2.9 g/t	1.9 g/t	1.4 g/t	
Ounces	429,000	423,000	114,000	
Reserves				
	Proven	Probable	Total	
Tonnes	4,000,000	2,700,000	6,600,000	
Grade	3.1 g/t	2.3 g/t	2.7 g/t	
Ounces	388,000	193,000	580,000	

The first gold was poured at Etruscan's Youga Gold Mine in March 2008. Production started early March 2008, and in the first three months of operation, Etruscan recovered approximately 7,800 ounces of gold and poured in excess of 6,200 ounces. The mine poured in excess of 2,200 ounces during the first two weeks of June. Etruscan's management anticipates that the mine will achieve commercial production by June 30. The gold recovery plant continues to operate at projected efficiency with an average gold recovery of over 92%. Gold production is scheduled to increase over the next 4-6 weeks as plant throughput and grades reach forecast levels. At design capacity the Youga Gold Mine will be processing 83,000 tonnes per month and recovering an average of 6,700 ounces of gold per month.

The initial mining operation is comprised of five pits with the ore being processed through a conventional gravity-CIL (carbon-in-leach) plant with a design capacity of one million tonnes per annum. All of the ore and waste will be mined from the open pits using conventional mining equipment by a mining contractor. The average gold-recovery and mining-strip ratio are 93% and 5.2:1, respectively.

The primary water supply for the plant is pumped from the nearby Nakambe River via an 11 kilometer pipeline to a raw water-storage pond. The tailings area is designed to maximize water recovery in an effort to minimize the primary water demand.

A permanent power supply will be by way of grid power from the nearby Ghanaian national power grid operated by the Volta River Authority. A 15-kilometer power line is being built from the town of Zebila in Ghana directly to site. The capacity of the line is designed for a minimum transmission of 10 MW. Full onsite back-up power generation capacity (8 mega watts) is provided via diesel generators. The diesel generators are currently being utilized until grid power is available and, thereafter, will ensure that milling operations continue uninterrupted should there be any periodic load shedding during the summer months. The power plant was supplied and commissioned by SDMO of France.

Employment on the Youga Gold Project during production is approximately 350 full-time employees including both expatriate and local positions (85%). There is an extensive training program for the local workforce to prepare them for management and skilled positions.

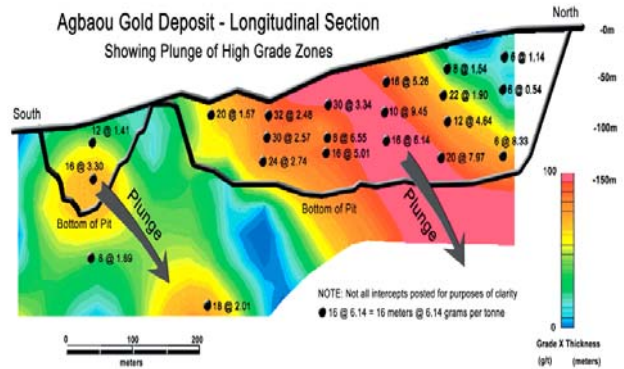
The total financing requirement for the development of the Youga Gold Mine to the end of February 2008 was \$80 million including capital costs, pre-production costs, working capital, and financing costs. This requirement was partly satisfied by a US\$35 million senior debt facility and a US\$7.5 million subordinated project debt facility by RMB Australia Holdings Ltd. and Macquarie Bank Limited with the balance (US\$32.5 million) funded by the Company. (Please see the Financial Analysis for the details.)

Etruscan's management believes that there is a significant potential to extend the mine life of Youga. In addition to the current mine reserves, six other mineralized zones have been identified on the Youga mining permit and all are within a three-kilometer distance of the central milling facility. The Company intends to systematically upgrade these zones into reserve and resource categories as mining progresses in the first five open pits.

Etruscan holds or has under application a strategic land position covering 1,026 square kilometers of contiguous ground in the Youga Gold Belt in Burkina Faso and an additional 580 square kilometers of the continuation of the belt into Ghana.

Agbaou Gold Project - Côte d'Ivoire

The Agbaou Gold Project is located on the Agbaou gold belt in Côte d'Ivoire, approximately 200 kilometers northwest of the port city Abidjan. The Agbaou permit was granted to Etruscan in November 2003. Etruscan will have an 85% interest in any mining company established to mine at Agbaou with the remaining 15% being held by the State of Côte d'Ivoire.



cut-off grade	Indicated Resources			Inferred Resource		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
0.5 g/t	16.6 million	1.90	1,015,000	5.1 million	1.67	272,000
1.0 g/t	10.5 million	2.58	871,000	2.8 million	2.46	218,000

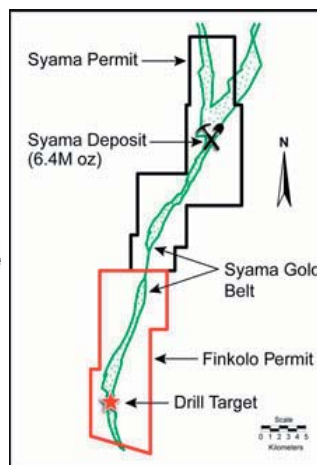
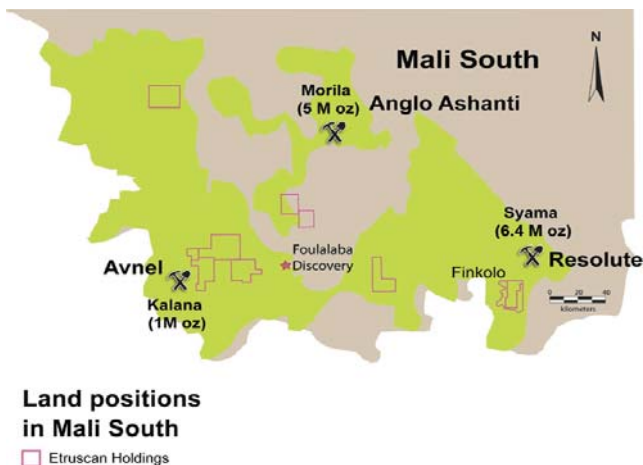
The NI 43-101 compliant, independent resource estimate shown in the table above was prepared by Coffey Mining Pty. Ltd. in February 2008. The Company expects to have a feasibility study completed by July 2008. The feasibility study is presently under way under the supervision of MDM Engineering of South Africa.

In late 2007, the Company announced that reconnaissance diamond drilling in proximity to the Agbaou Gold Deposit in Côte d'Ivoire has identified three satellite discoveries. High-grade, near-surface, mineralized vein structures related to gold-in-soil anomalies were intersected and highlighted by:

- 14.3 meters of 4.9 g/t (including 1.0 meter at 32.0 g/t)
- 11.8 meters of 2.8 g/t (including 2.0 meters of 8.1 g/t)
- 9.8 meters of 2.9 g/t (including 2.0 meters of 9.1 g/t)
- 1.3 meters of 21.2 g/t

The three satellites discoveries are, respectively, situated 330 meters southwest, 600 meters west, and 500 meters north of the Agbaou West Deposit. Additional drilling is required to determine strike length and depth extent; however, the soil and drill results suggest potential strike lengths of 200 to 400 meters for each structure.

Finkolo Gold Project - Mali



Etruscan controls in excess of 3,100 km² of strategic landholdings throughout Mali located on the world-class gold belts of Mali West and Mali South. Finkolo Gold Project is the Company's most advanced project in Mali. This project is located on the Syama gold belt, approximately 300 kilometers southeast of Bamako, the capital of Mali.

The Finkolo permit covers 160 square kilometers along the Syama gold belt and is contiguous with the Syama holdings of Resolute Mining Ltd. (Resolute), which hosts the Syama gold deposit (approximately 6.4 million ounces). Resolute is managing and funding the exploration program at Finkolo pursuant to an option and joint venture agreement. Resolute earned a 60% interest in Etruscan's 100% interest in the Finkolo Permit by expending US\$3,000,000 on the permit. Under the terms of the joint venture agreement, Resolute must fund all costs of the joint venture until production of a feasibility study, and Etruscan will reimburse Resolute from 50% of its share of future project cash flow.

Resolute (ASX: RSG) is an Australian mining company with over A\$500 million market capitalization. Resolute's focus is generally on production and development of mines, but the company also has exploration projects. Golden Pride (Tanzania) of Resolute has 687,000 ounces of total proven and probable reserves and 138,421 ounces of annual production (2007). Another producing mine that Resolute has is Ravenswood in Australia where the company produced 117,521 ounces in 2007. In addition, Resolute has exploration projects in Tanzania, Mali, Australia, and Ghana.

Resolute reported the initial JORC-compliant resource for the Tabakoroni prospect in 2005-2006. Then two extensive programs of follow-up drilling totaling 8,700m of reverse circulation and 850m of diamond drilling in 87 drill holes were completed in 2006-2007. These program were aimed at infilling and extending the resource along strike and at depth. Resource estimates reported by Resolute in November 2007 are presented in the table below.

JORC (Australasian Joint Ore Reserve Committee) Code. This is a code for reporting of mineral resources and ore reserves used as a standard for professional reporting purposes. It was first published in 1989, with the latest revised version being published late in 2004. Since 1989 and 1992, respectively, it has been incorporated in the listing rules of the Australian and New Zealand Stock exchanges making compliance mandatory for listing public companies in Australia and New Zealand. It is also permitted by the NI 43-101 for the listed Canadian issuers as a reporting standard.

Resources (0.5 g/t cut-off rate)

	Measured	Indicated	Inferred
Tonnes	4,580,000	2,340,000	9,110,000
Grade	1.96 g/t	1.96 g/t	1.60 g/t
Ounces	289,000	147,000	468,000

Resources (1.0 g/t cut-off rate)

	Measured	Indicated	Inferred
Tonnes	3,140,000	1,480,000	4,540,000
Grade	2.52 g/t	2.68 g/t	2.49 g/t
Ounces	254,000	127,000	364,000

A further drill program is presently under way to test the potential of the Tabakoroni Zone at vertical depths of approximately 150-300 meters below surface. Partial results from this drilling program are announced early July. Highlights to date include 44 meters of 11.6 g/t (including 9 meters of 30.6 g/t) gold in hole TACD 272 and 16 meters of 16.2 g/t (including 4 meters of 56.3 g/t) gold in hole TAC 258. Six of the eight deeper exploration holes have intersected significant mineralization at vertical depths up to 300 meters - 14 meters of 3.4 g/t gold in hole TACD 270, and 14 meters of 3.1 g/t gold and 7 meters of 2.7 g/t gold in hole TACD 269. Results from two of the deeper exploration holes which targeted vertical depths to 300 meters are still pending. Also the Company's JV partner Resolute indicated to the management that it is committed to an additional 15,000 meters of in-fill drilling in support of a feasibility study that will determine the most effective means of exploiting the deposit. The Company estimates the drilling budget for this project for 2008 would be approximately \$450,000.

Keniebandi Gold Project - Mali

In Mali West, Etruscan has over 600 km² that is contiguous with the Sadiola property of AngloGold Ashanti and IAMGOLD. It covers the southern extension of the Mali West Shear Zone along strike of the 14 million ounce Sadiola Mine in the Kofi Formation as well as prospective ground to the west in the Keniebandi Formation. The project area is comprised of seven contiguous permits (Diba, Kobokotosou, Badiazila, Djelimangara, Sebessoukoto, Keniebandi, and Koussili). Much of the Company's effort has been focused on the northernmost target at Diba.

In the Keniebandi formation, the Company made a significant gold discovery at Diba in June of 2006. Exploration outlined an area of anomalous gold mineralization over a distance of 2.5 kilometers, and the Company focused drilling on the southeastern portion of the zone where mineralization was most consistent and higher grade. Diba is characterized by disseminated gold in a broad, low-grade (0.1 to 0.5 g/t) halo over 20 to 50 meters in thickness with narrow bonanza grade intercepts of 60-900 g/t over 1 to 2 meters. The last round of drilling at Diba confirmed that mineralization in the arkosic sediments is open down dip to the east, and a number of reconnaissance holes in the northwest intercepted wide zones of low-grade gold mineralization in a series of intrusive rocks. Exploration drilling will continue to focus on these two aspects of Diba.

The discovery at Diba and subsequent confirmation by diamond drilling of similar mineralization 10 kilometers to the south at Kobokotosou and indications from auger drilling of another system 30 kilometers to the south at Keniebandi strongly suggest that Etruscan may have discovered a new district-scale gold belt with potential for additional new discoveries.

Samira Hill Gold Mine

The Samira Hill Gold Mine is the first commercial open pit gold mine in Niger and began operation in September 2004. The pre-production mineable reserves from the Samira Hill and Libiri pits are estimated to total 10.08 million tonnes grading 2.2 grams of gold per tonne from which 618,000 ounces will be recovered over a 6.3-year mine life.

The Samira Hill Gold Mine is operated under the Nigerian company Société des Mines du Liptako (SML) S.A. (SML). SML is owned 80% by African GeoMin Mining Development Corporation Limited (AGMDC) and 20% by the State of Niger. AGMDC is, in turn, owned by Etruscan (50%) and Semafo Inc. (50%). Semafo Inc. is the operator of the Samira Hill Gold Mine.

Production Statistics

	YE 2004	YE 2005	YE 2006	YE 2007
Gold Sales (Ounces)	12,143	95,753	n/a	n/a
Gold Production (Ounces)	18,022	92,270	51,713	76,399
Plant Throughput (tonnes)	344,489	1,337,195	911,485	1,433,657
Head-grade (g/t)	2.10	2.36	2.22	1.97
Recovery (%)	89	88	81	84
Cash Operating Cost (US\$/ounce)	210	247	n/a	n/a

Other Exploration Projects

In addition to primary exploration and development projects, Etruscan has a pipeline of projects for which management has significant expectations.

Burkina Faso

Etruscan is exploring over 3,750 km² in Burkina Faso on three major greenstone belts referred to as the Youga Project area, the Boulounga project area, and the Banfora project area.

The Company's exploration efforts in the Youga Project area are currently focused on the Bitou area, and in particular on the Ouaré Zone, which is located 35 kilometers northeast of the Youga Gold Mine. Since November 2007, Etruscan has undertaken more detailed soil geochemical coverage and auger drilling over the Bitou area (1,150 soil samples and 775 auger holes) to test for extensions of the Ouaré Zone and for new targets. This work has extended the potential strike length of the Ouaré Zone for an additional 600 meters to the east and 880 meters to the west for a total strike length of over two kilometers. A parallel gold trend with a strike length of 850 meters has been identified 500 meters south of the Ouaré Zone, and two new soil anomalies have been identified five kilometers further along strike that have been traced for 3.0 and 2.8 kilometers, respectively. A 5,000-meter, reverse-circulation drilling program is presently under way to determine the resource potential and extensions of the Ouaré Zone. The auger drill will move on to test the two new soil anomalies.

The 170 km² Boulounga Permit is situated 120 kilometers north of Ouagadougou and was optioned in November of 2007. Following drilling and exploration coupled with regional compilations, this project area has been significantly expanded and will ultimately comprise close to 900 km² in the Boromo greenstone belt. Regional geochemical surveys on this target are completed. RAB drilling confirmed gold mineralization in two zones, including 9.7 g/t over 9 meters, 3.3 g/t over 12 meters and 1.3 g/t over 18.0 meters. Geotech Airborne Limited of Canada has completed 4,500 line kilometers of airborne geophysics and structural analysis of satellite imagery identify six new regional scale targets. The Company has drill-program planning in progress. The Boulounga project is situated in the same greenstone belt as High River Gold's one million-ounce Bissa project.

The Banfora project area is situated in western Burkina Faso and comprises over 1,400 km² and has a number of geochemical and auger drilling targets that are scheduled to be tested in 2008.

Mali

Etruscan is exploring in two major areas in Mali: Over 2,300 km² in Mali South (Syama Project Area) and over 1,200 km² in Mali West (Keniebandi).

The Company's Finkolo Permit is contiguous with and south of the Syama land holdings of Resolute Mining. Resolute is about to put the 6.4-million-ounce Syama Gold Mine into production. Since establishing the Etruscan-Resolute Joint Venture in 2003, additional permits have been added to the Joint Venture. Etruscan has also acquired permits on the Syama Gold Belt outside of the Joint Venture. Through these strategic acquisitions Etruscan, Resolute, and the Etruscan-Resolute Joint Venture collectively control almost the entire 100-kilometer strike length of the prospective Syama Gold Belt in Mali. In addition to Finkolo Permit and Keniebandi Project, as explained earlier in this report, N'Gokoli permit acquired by the JV in 2006 added another 15 kilometers of strike extension on the Syama belt to the south of Finkolo.

Etruscan is also independently exploring two other permits on or adjacent to the Syama Gold Belt, namely the Pitiangoma and Piama permits. These permits comprise 359 km² with Pitiangoma being contiguous with and south of N'Gokoli and Piama situated 1.5 kilometers west of the Syama Gold Mine to the west of the "Syama Sequence". Both permits are at an early stage of exploration to develop drill targets.

Ghana

Etruscan has expanded its land position in Ghana to cover over 2,200 km². Etruscan is exploring the southwestern extension of the Youga Gold Belt into Ghana on the Nangodi-Bolgatanga project area and has been building a strategic land package in southern Ghana where it now holds over 1,600 km².

Four target areas within the Nangodi Prospecting Licence have been tested by 4,800 meters of shallow RAB drilling, and the Company believes that two of these targets warrant further drilling. Etruscan made an application to convert the Bolgatanga Reconnaissance Licence into three separate prospecting licenses to allow these areas to be drill tested.

Etruscan formed its first joint venture in southern Ghana with Haber Mining Ghana Ltd. to explore gold concessions in the Sefwi Volcanic Belt and the Kumasi Sedimentary Basin in August 2007. Additional permits have since been added to the land package through option agreements with local landholders. These gold belts in southern Ghana host a number of significant gold deposits including the 13-million-ounce Ahafo deposit, the 9-million-ounce Bogoso-Prestea deposit, the 5-million-ounce Bibiani deposit, the 2-million-ounce Obotan deposit, and the 2-million-ounce Chirano deposit. The JV outlined regional scale gold anomalies from stream sediment surveys covering 280 km². The systematic soil survey has been under way at Dominase and Kente to determine source, and auger drilling is being planned at Mpohor to test 1-2 kilometer scale soil anomalies.

Côte d'Ivoire

In addition to the Agbaou Gold Project, which is undergoing a feasibility study, the Company has applications in progress for nine new permits in different gold belts throughout the country, three of which have been granted prospecting authorizations. This allows the Company to undertake preliminary reconnaissance work on the ground. The three new permits on which exploration activities have been initiated comprise 3,000 km² and are all in eastern Côte d'Ivoire on the geological extensions of the Sefwi Belt and the Sunyani Basin from Ghana, which host important gold deposits including Ahafo (13 million ounces), Bibiani (3.3 million ounces), and Chirano (2 million ounces). Two project areas are at an early grassroots stage, and one permit (Allangoua) has seen significant historical exploration that has identified a number of favourable targets.

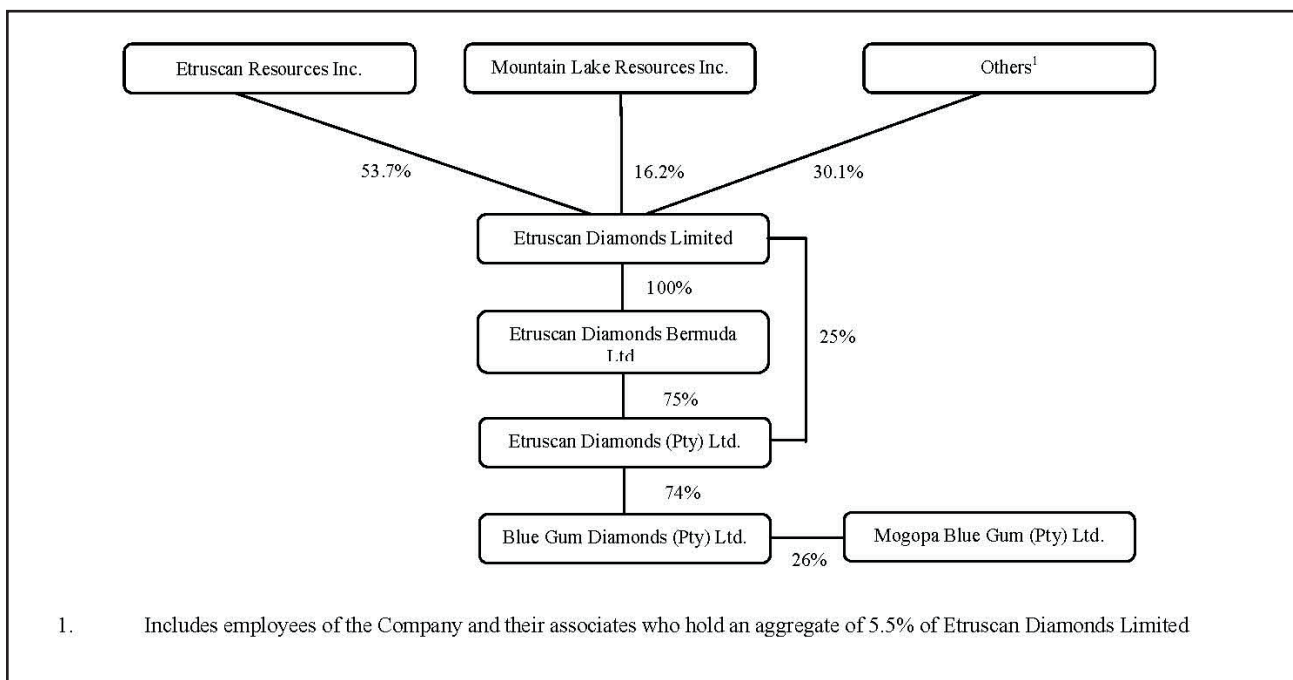
Namibia

Etruscan is exploring almost 9,000 km² in the country of Namibia. Etruscan selected its strategic land packages in Namibia on the basis of the observations of a PhD thesis authored by Alberto Guerrero on the potential for iron-oxide-copper-gold (IOCG) deposits in northern and eastern Namibia, on regional compilations studies that included an evaluation of the Namibian geological and geophysical database, and on an exclusive, detailed satellite-imagery study carried out by the NPA Group of the UK. Etruscan's licenses are evenly split between land holdings in northern Namibia (Kamanjab project) approximately 375 kilometers northwest of the capital city of Windhoek and in east-central Namibia (Witvlei-Rehoboth project) approximately 50 kilometers east of Windhoek. Regional prospecting has been completed over much of the ground in northern Namibia and the first drill program on the Kamanjab project area has been initiated. Regional prospecting is continuing in eastern Namibia over the Witvlei-Rehoboth project area.

Etruscan Diamonds

The Company, through its subsidiary Etruscan Diamonds (Pty) Limited (Etruscan Diamonds), has acquired strategic properties in the Ventersdorp and Lichtenberg alluvial diamond districts, located approximately 150 kilometers and 200 kilometers, respectively, west of Johannesburg, South Africa.

The ownership structure of Etruscan Diamonds is presented below.



The Ventersdorp Alluvial Diamond District covers over 5,000 square kilometers. The area has not been commercially exploited on a large scale. From 1926 to 1984, over 667,000 carats were produced from here. Over the past six years, Etruscan Diamonds has been acquiring strategic properties throughout the Ventersdorp District and presently holds two mining permits and 13 prospecting permits covering approximately 2,100 km² with an additional two prospecting permits under application.

Blue Gum Diamond Project

The Blue Gum Diamond Project, taking its name after the Blue Gum Tree standing in the middle of the property, is located some 35 kilometers due north of the town of Ventersdorp in the North West Province approximately 150 kilometers west of Johannesburg. Etruscan Diamonds holds one mining permit and three prospecting permits over three adjacent properties in the Ventersdorp Alluvial Diamond District (Nooitgedacht, Hartbeestlaagte, and Zwartrand properties) covering 103 square kilometers. The mineral rights in respect of the properties comprising the Blue Gum Project belong to the State. Etruscan Diamond owns the portion of Nooitgedacht where the Tirisano Diamond Mine is located.

The Tirisano Diamond Mine represents the first phase of development for the Blue Gum Project. In December 2007, Etruscan Diamonds signed an agreement with Mogopa Minerals (Pty) Ltd. (Mogopa) that transferred Etruscan Diamonds' 26% interest in the Tirisano Diamond Mine to Mogopa in consideration for the payment of 26 million rand. Mogopa replaces Mvelaphanda Exploration as the entity providing the Black Economic Empowerment (BEE) for the Tirisano Mine as required by South African mining legislation.

Black Economic Empowerment (BEE) is the main thrust of attempts to correct the imbalance in ownership of the economy inherited from apartheid and one of the main pillars of the South African government's economic policy. Its intention is to redress the exclusion of the majority of South Africans from the mainstream economy. Where possible, the government has made BEE a requirement of doing business in South Africa and encouraged the private sector to help in this national project of economic transformation. A range of policies is being pursued to encourage equity ownership by Black-owned firms in the corporate sector, affirmative action, training, and small business development.

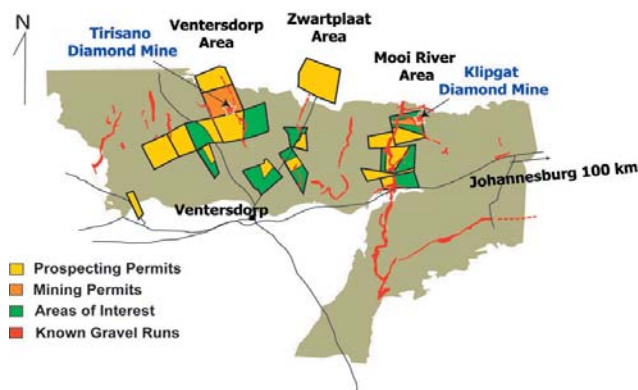
Definition taken from the website of TheBusinessMap Foundation which is a South African based not-for-profit research organisation and think tank, focusing on the economic transformation of South Africa and the region.

Blue Gum Diamond Resource

	Indicated Resources (million m ³)	Inferred Resources (million m ³)	Grade (ct/100 m ³)	Value (US\$/ct)
Upper Gravel Package	12.76	9.18	1.77	466
Lower Gravel Package	7.75	7.82	2.86	466
Total	20.51	17.00		466

The table above shows the estimates from the NI 43-101 report entitled Technical Report on the Blue Gum Alluvial Diamond Project dated January 31, 2008, and completed by Tania R. Marshall, Pr.Sci.Nat. (Professional Natural Scientist) of Explorations Unlimited.

The Company is currently undertaking a pre-feasibility study on the Blue Gum Diamond Project. It is being led by MDM Engineering of South Africa. Upon successful completion of the pre-feasibility study, the Company is planning to list Etruscan Diamonds on a stock exchange. This financing will be instrumental to bring production to the full-scale, 260,000 cubic meters of gravel per month. In the meantime, Etruscan Diamonds has recommenced mining at the Tirisano Diamond Mine. The gravel from the mine is being processed at the Tirisano plant, which can efficiently treat 40,000 cubic meters of gravel per month. The Company has also installed four, 16-foot pan plants, which have added an additional 60,000 cubic meters per month capacity to the Tirisano operations.



In addition to the permits comprising the Blue Gum Project, Etruscan Diamonds presently holds one mining permit and 10 prospecting permits covering approximately 2,000 square kilometers in the Ventersdorp District with an additional two prospecting permits under application. The mining permit is located on the Klipgat property located approximately 40 kilometers east of the Blue Gum Project. This property was mined intermittently by contract operators from February 2002 to March 2007 when mining operations ceased and rehabilitation commenced. Exploration is ongoing on the remaining prospecting permits.

Management

Gerald McConnell, Q.C., President & Chief Executive Officer - Gerald McConnell has over 20 years experience in the mining sector. Mr. McConnell founded NovaGold Resources Inc., a Toronto Stock Exchange-listed Company (NG.TSX) in 1984 and served as its President and Chief Executive Officer until 1998 when he chose to devote his full-time attention to Etruscan. Mr. McConnell has been President and Chief Executive Officer of Etruscan since June 1990. In 2003, Mr. McConnell received the Paul Harris Award from Rotary International in recognition of Etruscan's humanitarian contributions to health and education initiatives in Africa. Mr. McConnell is a graduate of Dalhousie University Law School; he received his Queen's Counsel designation in 1986.

Donald Burton BSc, MSc, Vice President Corporate Development & Chief Operating Officer - Don Burton has been the Chief Operating Officer of Etruscan since 2000 and was appointed Vice President Corporate Development in 2007. He joined Etruscan in 1990 as Exploration Manager and was responsible for setting up the Company's operations in West Africa. He held the position of Vice President Explorations from 1997 to 2007. Mr. Burton was Exploration Manager and later Vice President Exploration with NovaGold Resources Inc. during the period 1987-1998. Prior to this he had worked throughout northern Canada in gold, uranium and base metal exploration and as a research scientist for the province of New Brunswick. Mr. Burton holds a BSc (Honors) in Earth Sciences from the University of Waterloo (1978) and an MSc. in geology from the University of New Brunswick (1984). He is a Fellow of the Geological Association of Canada.

Werner Claessens, Vice President Exploration - Werner Claessens has over 20 years of experience in gold exploration throughout West Africa and has been involved in the discovery of three of the larger gold deposits in West Africa: Sadiola Hill and Morila in Mali ,and Samira Hill in Niger. Mr. Claessens joined Etruscan as Director of Exploration for West Africa in 1997 and was appointed Vice President Exploration in 2007. He holds a license in geological sciences from the Katholieke Universiteit Leuven in Belgium.

Glenn Holmes, CA, Vice President Finance, Chief Financial Officer & Treasurer - Glenn Holmes joined NovaGold Resources Inc. in 1987 as Corporate Controller and later was appointed Vice President Finance. Mr. Holmes was Corporate Controller for Etruscan from 1990 to 1997 and was appointed Vice President, Finance in 1997. Mr. Holmes holds a Bachelor of Commerce (Honours) from Saint Mary's University and received his chartered accountant designation in 1988. He is a member of the Canadian Institute of Chartered Accountants and the Institute of Chartered Accountants of Nova Scotia.

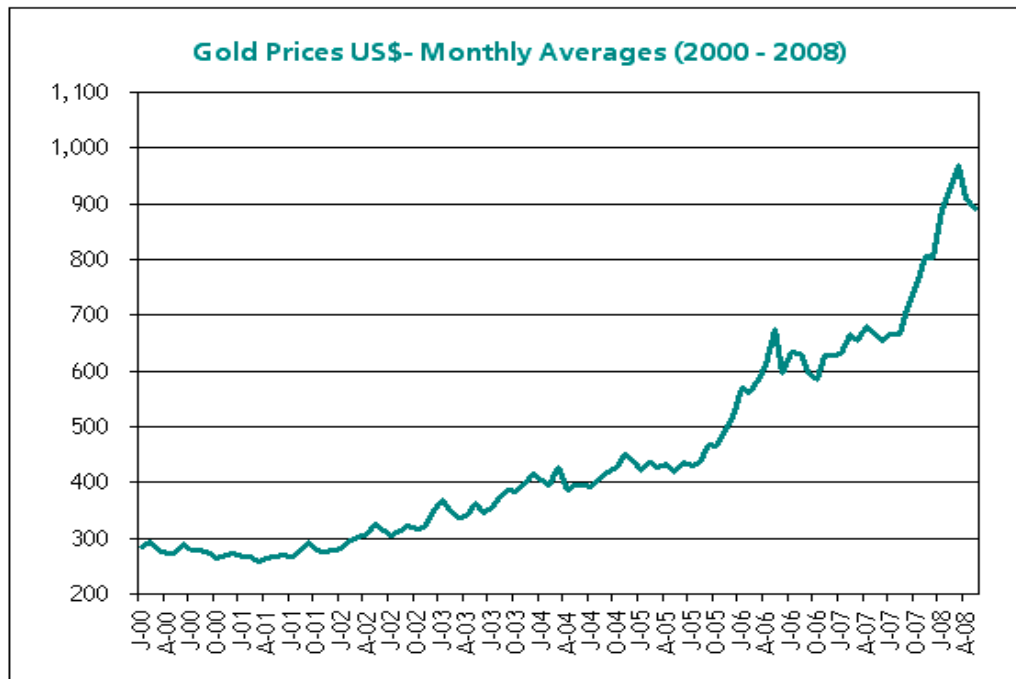
Robert Harris, P. Eng., Vice President Operations - Robert Harris has over 18 years of professional experience in the resource sector holding various industry and government positions prior to joining Etruscan. He served as the Company's Technical Director from August 1997 to September 2003. In October 2003, Mr. Harris assumed the position of Vice President Operations and is responsible for the management of the Company's development and production projects. Mr. Harris holds a BSc (Honours) and a Master's degree in chemical engineering from the University of New Brunswick and a Diploma in Marketing and International Business from Saint Mary's University.

Janice Stairs, LLB, MBA, Vice President, General Counsel & Secretary - Prior to joining Etruscan full time in July 2004, Ms. Stairs was a partner with the law firm of Patterson Palmer located in Halifax, Nova Scotia. Ms. Stairs practiced law in private practice for 19 years specializing in corporate finance, securities and resource-related issues for private and public companies. Ms. Stairs holds a law degree from Dalhousie University in Halifax and a Masters in Business Administration from Queen's University in Kingston, Ontario.

Industry

Gold

The total above-ground stocks of gold are approximately 158,000 tonnes as estimated by GFMS Ltd. Of this stock, 66% had been mined since 1950. The supply of gold comes mainly from three sources: mine production (61%), recycled (scrap) gold (25%), and central banks (14%). In recent years, due to the de-hedging of the large gold producers, the supply of gold has been tight. On the demand side, jewellery still represents more than half of the total demand, and the rest is shared by industrial, investment and official demand. The total identifiable demand as announced by the World Gold Council and GFMS Ltd. was 3,547 tonnes. During 2007, this amounted to a value of approximately US\$79.2bn. Total supply, on the other hand, was 3,469 tonnes.



Source: Bloomberg L.P., LME, World Gold Council

Exploration budget - Exploration trends have always been significant indicators in the mining industry. Metals Economics Group has analyzed these trends every year since 1989 in their World Exploration Trends Report. The 2007 analysis revealed that the exploration budgets of the 1,821 surveyed companies totaled \$9.99 billion, which they estimated covers almost 95% of worldwide commercially oriented nonferrous exploration expenditures (excluding uranium) – a 40% increase over the 2006 estimated total. The Group estimates that approximately 42% of the 2007 budget is for gold targets. Although this precious metal attracts more exploration expenditures than any other commodity, its share has been declining in recent years. (©Metals Economics Group - Corporate Exploration Strategies 2008)

De-hedging - Hedging by definition is a transaction for the protection of an investment against of various risks. During those times when gold prices were depressed, large gold companies hedged themselves against the decline in price. When the wind changed direction, they started to unload their hedge books. In 2007, the size of de-hedging reached almost 10% of the total demand. Although companies are believed to enter into these transactions for risk-reduction purposes, the industry and especially investors had a few concerns about these practices:

- Hedging and de-hedging gives an indication of a company's expectation about the direction of the price. There are a few types of hedging strategies. In one case, a company locks itself into a fixed price. Without any other transaction to counter this strategy, if the gold price goes higher than this amount, this company will have opportunity loss assuming that it hedged only for the amount it produces. If the price goes lower, then the company protects itself and earns what it planned. In another type of hedge, a company can lock itself into a range by purchasing different derivative instruments. In yet another option, a company can purchase a put option for insurance purposes. Except for this last one, options are almost impossible to consider without having an assumption about the future price of gold.

- There is a risk of recording losses from hedging. A company can enter a hedging transaction with borrowed gold although this type of transaction should not be called hedging since the purpose is not solely for protection against risk. In addition to this adverse situation, the same company can also be faced with paying extra interest when it has to rollover since it does not have the gold to deliver.

Inflation - Since the gold standard was abandoned, the monetary quality of gold has attracted the attention of investors considering gold as an inflation hedge. Although in different periods, gold provided a certain level of security for those investors, the inflation-hedge theory was never completely proven. Inflation expectations could be a factor in investment demand for gold. However, gold has both monetary and commodity qualities, therefore it is difficult to link gold prices with inflation on a one-to-one basis.

Diamonds

The hardest known substance, diamond is carbon in its most concentrated form. Diamonds crystallize at very high pressures, indicating they are created by geologic processes at great depth within the Earth. Diamonds ascend to the Earth's surface in rare molten rock or magma. Primary sources are called kimberlites. Kimberlite pipes occur in many parts of the continental crust, but most diamond-rich ones are found in archons, which are older than 2,500 million years. Often kimberlites pass through regions that contain diamonds, and they carry the diamonds with them. Those diamonds that are deposited in a new environment such as a river bed, an ocean floor or a shoreline are called alluvial diamonds.

Natural vs. Synthetic Diamonds - Long after the scientists discovered in 1796 that diamond is a carbon, a method of producing a synthesized diamond was invented in the early 20th century. As opposed to those already present in the nature, synthetic diamonds are produced by using two common technologies: HPHT (High Pressure - High Temperature) and CVD (Chemical Vapour Deposition). HPHT primarily involves converting graphite to diamond under pressure over 55,000 atmospheres and temperature over 1,400C, and using molten iron to facilitate the conversion. Approximately 80 tons of synthetic diamonds are produced annually by large firms like GE and De Beers using this method. The CVD method involves producing thin films using a chemically reacting flow to deposit a solid material on a substrate. Both methods have their advantages and disadvantages; however, CVD is newer, and there is room to grow in terms of advancing technologies, areas of usage, and cost of production.

Supply and Demand - Industrial demand for diamonds varies from special lenses, heat sinks in electric circuits, wire drawing, computing, wear and corrosion-resistant coatings, and use as an abrasive in cutting, drilling, grinding, and polishing. Approximately 90% of the industrial diamond demand is satisfied by synthetic diamonds. Jewellery demand for diamonds, on the other hand, is sensitive to income level and marketing ability of the diamond companies. In terms of dollar value, the jewellery market is much larger and is mostly fed by natural diamonds due to differences in quality. Jewellery demand is also the driver behind diamond mining.

Mining in West and South Africa

West Africa

WEST AFRICA



As the second largest continent in the world in both area and population, Africa has about 30,244,000 km² of land (including its adjacent islands) which account for 20 percent of Earth's total land area. With approximately 885 million inhabitants, Africa has about 20 percent of the world's population. West Africa, which contains 15 countries, has more than 250 million inhabitants spreading over some 5,000,000 km². According to ECOWAS (Economic Community of West African States), the total GDP of the region for 2006 was US\$104.9 billion. Approximately 30% of this is derived from mining and quarrying, manufacturing, energy, and construction. Among these activities, mining has the largest share at 19%.

Etruscan's West African properties are in Burkina Faso, Mali, Côte d'Ivoire, and Ghana. Therefore, brief descriptions of these countries are included in this report.

Burkina Faso

Burkina Faso (formerly Upper Volta) achieved independence from France in 1960. Repeated military coups during the 1970s and 1980s were followed by multiparty elections in the early 1990s. The current President came to power in a 1987 military coup and has won every election since then. The last election was held on November 13, 2005; the next is scheduled for 2010.

About 90% of the population is engaged in subsistence agriculture. Cotton is the main cash crop, and the government has joined with three other cotton-producing countries in the region – Mali, Niger, and Chad – to lobby the World Trade Organization for fewer subsidies to producers in competing countries. Since 1998, Burkina Faso has embarked upon a gradual but successful privatization of state-owned enterprises. Having revised its investment code in 2004, Burkina Faso hopes to attract foreign investors. Thanks to this new code and other legislation favoring the mining sector, the country has seen an upswing in gold exploration and production.

Mali

The Sudanese Republic and Senegal gained independence from France in 1960 and became the Mali Federation. Senegal withdrew after only a few months, and what had formerly made up the Sudanese Republic was renamed Mali. Rule by dictatorship was brought to a close in 1991 by a military coup enabling Mali's emergence as one of the strongest democracies on the continent. The current president was elected to a second term in 2007.

Economic activity is largely confined to the riverine area irrigated by the Niger River. About 10% of the population is nomadic, and some 80% of the labor force is engaged in farming and fishing. Industrial activity is concentrated on processing farm commodities. Mali is heavily dependent on foreign aid and vulnerable to fluctuations in world prices for cotton, its main export, along with gold. The government has continued its successful implementation of an IMF-recommended structural-adjustment program that is helping the economy grow, diversify, and attract foreign investment. Mali's commitment to economic reform and the 50% devaluation of the CFA Franc in January 1994 have pushed up economic growth to an average of 5% from 1996 to 2007.

Côte d'Ivoire

The country has maintained close ties to France since its independence in 1960. In December 1999, a military coup – the first ever in Côte d'Ivoire's history – overthrew the government, and the country subsequently experienced difficulties in terms of political stability. In March 2007, the President and the New Force (NF) rebel leader both signed the Ouagadougou Political Agreement. As a result, the NF rebel leader joined the government as Prime Minister, and the two agreed to reunite the country by dismantling the zone of confidence separating north from south, integrate rebel forces into the national armed forces, and hold elections. Several thousand French and UN troops remain in Côte d'Ivoire to help the parties implement their commitments and to support the peace process.

Côte d'Ivoire is the world's largest producer and exporter of cocoa beans and a significant producer and exporter of coffee and palm oil. Despite government attempts to diversify the economy, it is still heavily dependent on agriculture and related activities, which engage roughly 68% of the population. However since 2006, oil and gas production have actually become more important engines of economic activity than cocoa. According to IMF statistics, earnings from oil and refined products were \$1.3 billion in 2006 while cocoa-related revenues were \$1 billion during the same period. Côte d'Ivoire's offshore oil and gas production has resulted in substantial crude oil exports and provides sufficient natural gas to fuel electricity exports to Ghana, Togo, Benin, Mali, and Burkina Faso.

Ghana

Formed from the merger of the British colony of the Gold Coast and the Togoland trust territory, Ghana in 1957 became the first sub-Saharan country in colonial Africa to gain its independence. Ghana endured a long series of coups before 1981. After approving a new constitution, multiparty politics was restored in 1992. The next elections are scheduled for December 2008.

Well-endowed with natural resources, Ghana has roughly twice the per capita output of the poorest countries in West Africa. Gold and cocoa production, and individual remittances are major sources of foreign exchange. The domestic economy continues to revolve around agriculture, which accounts for about 35% of GDP and employs about 55% of the workforce, mainly small landholders. Sound macro-economic management along with high prices for gold and cocoa helped sustain GDP growth in 2007.

Source: CIA Factbook.

Mining Codes in West Africa

Since the mid-90s West African countries have changed their mining codes. There is also an effort by these governments to have a standard code of mining. Therefore, although there are differences in the details, mining codes of the four West African countries have the following in common:

- Mineral properties contained in the country's ground and underground are owned by the State.
- The State owns 10% of an operating company's shares.
- Research (exploration) permits are valid for three years. Generally they may be renewed twice for a consecutive period of three years. However, there may be certain reductions in the area of exploration in renewals.

Also in Burkina Faso, industrial operating permits for a large mine is valid for 20 years whereas for a small mine, it is 10 years. It can be renewed for a consecutive period of 5 years in both cases. Mining royalties in Burkina Faso, Mali and Côte d'Ivoire are 3%. Ghana has 3-6% royalty structure, but there is a bill under consideration to increase this.

South Africa



Dutch traders landed at the southern tip of modern day South Africa in 1652 and established a stopover point on the spice route between the Netherlands and the East, founding the city of Cape Town. After the British seized the Cape of Good Hope area in 1806, many of the Dutch settlers (the Boers) trekked north to found their own republics. The discovery of diamonds (1867) and gold (1886) spurred wealth and immigration and intensified the subjugation of the native inhabitants. The Boers resisted British encroachments but were defeated in the Boer War (1899-1902); however, the British and the Afrikaners, as the Boers became known, subsequently ruled together under the Union of South Africa. In 1948, the National Party was voted into power and instituted a policy of apartheid - the separation of the races. The first multi-racial elections in 1994 brought an end to apartheid and ushered in Black majority rule.

South Africa is a middle-income, emerging market with an abundant supply of natural resources; well-developed financial, legal, communications, energy, and transport sectors; a stock exchange that is 17th largest in the world; and modern infrastructure supporting an efficient distribution of goods to major urban centers throughout the region. Growth has been robust since 2004, as South Africa has reaped the benefits of macroeconomic stability and a global commodities boom. However, unemployment remains high and outdated infrastructure has constrained growth.

At the end of 2007, South Africa began to experience an electricity crisis because state power supplier Eskom suffered supply problems as a result of aging plants, necessitating "load-shedding" cuts to residents and businesses in the major cities. South African economic policy is fiscally conservative but pragmatic, focusing on controlling inflation, maintaining a budget surplus, and using state-owned enterprises to deliver basic services to low-income areas as a means to increase job growth and household income.

Source: The CIA World Factbook

Mining Code in South Africa

Since Etruscan started its exploration in South Africa in 2001, the mining legislation of this country has changed. As in other countries, the State is the custodian of mineral rights and mining royalty for diamonds is 3%.

Financial Analysis

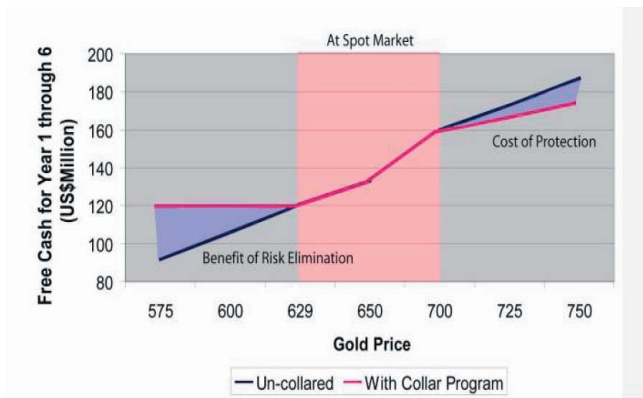
Etruscan has various active projects at stages varying from grassroots exploration to production. Therefore, the Company is still considered to be in a transitional stage in terms of its financial structure. Typical mining-exploration companies have no revenue from their core business, a large deficit and deferred mineral costs. Their major financing source is equity markets; therefore, they generally have positive shareholders' equity despite a deficit and very small to none bank debt. When a company expands its horizons from exploration to development, bank debt comes into play due to large capex needs to build up a processing plant and working capital needs after starting production. Deficit keeps increasing while exploration facilities continue. Until a company builds up a reasonable inventory and starts selling the metal it processes, a development company's financials would not be meaningful to analyze with conventional financial-analysis techniques.

As of Q1/2008, Etruscan's revenue source is mainly interest and investment income in Canada and South Africa.

In terms of the balance sheet structure, as opposed to a typical mining-exploration company, Etruscan has \$125.7 million worth of property, plant and equipment (PPE) in addition to \$33.9 million worth of mineral properties and related deferred costs. The largest share in the PPE belongs to Youga Gold Project at \$98.6 million. Etruscan Diamonds' Blue Gum project has a \$22.1 million share of the PPE.

Etruscan's long-term bank debt is \$36.6 million (including the current portion) as of the end of Q1/2008. The Company executed a debt-facility arrangement for US\$35 million with RMB Australia Holdings Limited (RMB) and Macquarie Bank Limited (Macquarie) for purposes of developing the Youga mine on November 30, 2006. The loan is repayable on a quarterly basis over a four-year term and bears interest at LIBOR plus 3% pre-completion and LIBOR plus 2.5% post-completion. Also in the first quarter of 2008, the Company completed and drew down subordinated project debt financing for US\$7.5 million from RMB and Macquarie. This subordinated loan is repayable in two equal quarterly installments following the repayment of the senior debt facility and bears interest at LIBOR plus 3.5%. The Company also has two smaller loans. Since the Company netted deferred financing costs (\$5.7 million) against long-term debt, the amount shown in the long-term debt is slightly lower than the total calculated debt load. Since the majority of the debt load is dominated in US dollars, Etruscan has a foreign exchange exposure in its indebtedness. Since the Canadian dollar has been stronger, this created a slight advantage for the Company.

As a covenant of its major project financing, Etruscan had to implement a gold price protection program for the Youga Gold Project. Therefore, Etruscan bought put options to protect its 100% of gold production for the first five years at a minimum price of US\$629/oz. In order to fund the cost of buying put options, the Company wrote call options covering 45% of the feasibility study life-of-mine gold production (approximately 298,000 ounces) uncapped and fully exposed to any upward increase in the gold price above US\$700/oz. With this hedging, Etruscan mainly eliminates the 100% of the downside risk while keeping 55% of the upside potential.



The table (source: Etruscan) on the left shows the impact of this collar hedging program. There are two impacts of this hedging program to the Company's financials:

- Impact on Revenue as explained above.
- Impact on the bottom-line through unrealized loss assuming that the gold price is over US\$700/oz. Since this collar structure does not meet the requirements for hedge accounting under current Canadian GAAP, it has to be recorded at fair value (marked to market).

This results in recording unrealized loss due to the value of financial derivative liability with the gold prices higher than US\$700/oz. Since the liability will be reduced gradually through the years, the impact will be weakened even if the gold price goes higher every year. Since this is a paper-loss, cash flow will be a better indicator of the Company's operating performance going forward.

Estimations

Although EPS in Etruscan's case is not an indicative parameter, the Company's estimated income statement highlights are presented at the table below.

Assumptions:

- 35,000 ounces of production for 2008 and 80,000 ounces for 2009,
- Cash costs of US\$500 for 2008 and US\$450 for 2009,
- US\$900/ounce and US\$1000/ounce average price for gold for 2008 and 2009 respectively,
- Debt and equity levels are taken as they are.

The assumption of gold price is a fairly conservative one. As for the cash costs, we expect it to be higher than expected during the initial year.

Income Statement Highlights (\$000 except per share)				
	2006	2007	2008E	2009E
Revenue	1,135	2,272	24,658	62,257
Cost of Revenue	32	122	17,500	36,000
Operating Expenses (incl. Unrealized L)	6,823	38,766	44,398	40,236
Net Income (Loss)	(10,472)	(35,832)	(35,240)	(7,979)
Basic EPS	(0.12)	(0.34)	(0.26)	(0.06)

Valuation

As mentioned earlier, Etruscan is in a transitory stage of developing gold mines while actively continuing exploration. In terms of valuation, the most suitable technique for such a company is Net Asset Valuation (NAV) since this method makes it possible to capture the value of each project in different stages.

Using this method, the metal value on the ground was first determined using the US\$40 per ounce for Measured and Indicated and US\$15 per ounce for Inferred Resources. Although this calculation gives minimum values, it does not capture the upside potential of the Company because it ignores the advanced level of exploration projects as well as producing mines. The next step was to compare Etruscan with Tier 3 gold producers, those with less than \$100 million in revenue. In calculating individual project values, two types of discount rates were used: 10% for Youga and 50% for all other projects. The reasoning behind this discount was to factor the development stage in. (There was one exception in this calculation: Etruscan Diamonds. Although it has been producing, it was included in the exploration group.)

As a result, the target value for the Company is calculated as \$497 million (\$4.00 per share). According to our estimates, 64% of the value will be derived from Youga, Etruscan Diamonds and Agbaou, and the rest from other exploration activities of the Company.

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