Fundamental Research Corp.

Investment Analysis for Intelligent Investors

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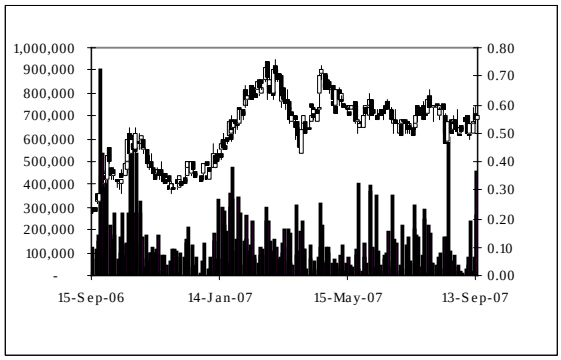
Grenville Gold Corporation (TSX.V: GVG) –Silveria Project Advancement

Sector/Industry: Junior Mining **www.grenvillegold.com**

Market Data (as of September 14, 2007)

Current Price	C$0.51
Fair Value	C$1.30 ↑
Rating*	BUY
Risk*	5 (Highly Spec)
52 Week Range	C$0.23 – C$0.76
Shares O/S	23,286,570
Market Cap	C$13.04 mm
Current Yield	N/A
P/E	N/A
P/B	8.79
YoY Return	154.5%
YoY TSXV	7.4%

*see back of report for rating and risk definitions



Investment Highlights

- Since our initial report, the company has focused their exploration on the Silveria property. Grenville has made good progress on the property. We believe their work is a good example of how to advance a mining project.
- Grenville's properties all have historic production and/or are located in an area of known mineralization. The other projects have great potential, but are not being explored this year to focus on the Silveria project.
- The company announced exploration potential for approximately 40 million ounces of silver at Silveria.
- Grenville plans to put the Silveria project into production as quickly as possible, likely through the sale and processing of rock dump material for conventional processing.

Risks

- The success of drilling, expansion and increasing favorable resource estimates are very important for the company's future prospects.

Key Financial Data (FYE - October 31)

(C $)	2005	2006	2007 6 mo
Cash	21	928,758	168,676
Working Capital	(250,458)	850,190	247,474
Mineral Assets	272,315	418,564	1,092,695
Total Assets	272,336	1,399,249	1,417,614
Net Loss	(77,240)	(994,631)	(1,156,522)
Loss per Share	(0.01)	(0.09)	(0.060)

Grenville Gold is pursuing the Silveria Silver-Polymetallic project in Peru, which is a historic producer. They aim to bring the historic resources to NI 43-101 compliance and eventually production. They aim to generate positive cash flow through production as quickly as possible. They have several advanced stage properties with historic resource estimates in Peru and Ecuador.

PLEASE READ THE IMPORTANT DISCLOSURES AT THE BACK OF THIS REPORT

Company Overview

In our initial report, we introduced Grenville Gold Corp., including its properties, management, and outlook. The purpose of this report is to update our coverage based on the company's news since that time. We have been impressed with the company's progress at Silveria since our initial report. We believe it is a very good example of how to advance a mining project. They have been diligently collecting as much information as possible about the deposit to add as much value as possible to their upcoming exploration and development program.

Attention from Potential Suitors

During this time, it is obvious that the company and the property have attracted attention from potential acquirers. The company has announced that geologists from three separate groups, Hochschild Mining PLC (LSE: HOC), Glencore, and Solway, have been on site to evaluate the merits of the project. Hochschild Mining is the world's 4th largest silver producer, and is focused on operations in Latin America. Glencore International AG is a private company that provides commodities and raw materials to industrial clients. Glencore holds significant stakes in Xstrata Plc, Century Aluminum, and Minara Resources. Solway Group is an asset management company with over $900 million in assets. They own several mineral projects in Europe, Asia, and Africa, but none in South America currently. Three senior geologists with Solway spent over a month on the property in April, but news has not emerged from this visit at this time. While there is no guarantee any group will acquire the company, this is a very positive sign for the merits of the project. In February, the company announced their intention to list on the Lima Stock Exchange (Bolsa De Valores De Lima).

Mining Outlook for Peru and Ecuador

In our initial report, we briefly outlined the mineral potential and political risk of Peru and Ecuador. The company holds properties in both countries, but is primarily focused in Peru due in part to the greater risk in Ecuador. Analyst consensus with regards to Ecuador seems to be "great potential, wrong country." Ecuador's mining law is outdated and unclear, and the mineral exploration in the country is frequently targeted by anti-mining and environmental groups. Grenville owns properties with significant potential in Ecuador, which the company plans to explore in the future.

Property Overview

Property	Country	Commodity	Historic Resource	Stage
Silveria	Peru	silver, base metals	8.46 million ounces silver (targeting 10-25 million tonnes grading 113 g/t silver)	Priority property, NI 43-101 technical report, exploration
Chorobal	Peru	gold	400,000 ounces gold	exploration
Espanola	Peru	copper, gold	No	exploration
La Tigrera	Ecuador	gold	723,000 ounces gold 2.89 million ounces silver	Scoping study, exploration
Rio de Oro	Ecuador	gold	No	exploration
Parkman	Canada	diamonds	No	Drilling, exploration
2/3 owned subsidiary				

PERU

Silveria Silver-Polymetallic Property

Property Overview: The Silveria property includes the formerly producing Pacococha, Millotingo, Germania, and Silveria Mines. Since our initial report, the company has completed mapping, airborne imagery, and underground sampling. They have initiated an environmental impact statement and a scoping study to examine the factors affecting the reopening of these mines. They hope to begin processing rock dump and underground development material to generate cash flow in 2008. They are primarily focused on the Pacococha and Millotingo areas.

Ownership: Since our initial report, the company exercised their option to increase their interest in the property to 90%. The company made an important advancement by securing the surface rights to the entire property. Although agriculture and residential land use will continue, the company has secured the surface rights for mining. However, this also incurs a liability for all land use on the property. The company has a safety and liability program in place to ensure the safety of everyone on the property.

Previous Exploration and Production: These four mines have been in production for many years. They were mined from 1960 to 1992, and produced silver, copper, zinc, and lead, often at very high grades. The company has reported minimum historic production from Millotingo and Pacococha at 18 million ounces of silver, 88 million pounds of copper, and 96.8 million pounds of zinc. The mines were closed due to low metal prices at the time and a lack of financing. Gold Hawk Resources (TSX.V: CGK) is ramping up to full-scale production on the Coricancha Mine nearby, which is accessible along the same road as Grenville's historic mines. High River Resources (TSX.V:HRR) has staked claims between and surrounding Grenville's property package.

Accessibility and Infrastructure: The Silveria project is located in a remote, mountainous region of Peru at a high elevation. One advantage is its proximity to Lima, as there is a road that connects the property to Lima in approximately four hours. In our initial report, we stated that the mills onsite were connected to the electrical grid at San Mateo. However, the recently released technical report states that the lines to Pacococha and Germania appear to be stripped, and power on site is from diesel generators. The company is in negotiations to purchase the 350 tpd flotation mill at Millotingo, which appears to be connected to electricity.

Tailings: In our initial report, we highlighted the potential of the Millotingo mine tailings, as poor recovery left significant precious and base metals in tailings from these four mines. The company has found 1-3 grams/tonne gold and 3-20 ounces/tonne of silver remaining in the tailings. According to management, they will utilize tailings as mill feed when they build a processing plant in 2008.

Current Exploration: Grenville hired MineFill Services, Inc. to complete an independent NI 43-101 report for the property, which was completed in August 2007. Since our initial report, the company has begun 3D modeling of underground workings, mapping, underground sampling, and engineering work. They have continued underground

development at Pacococha to access new mineralization in the 7.5 kilometers of underground workings and prepare for an underground drilling program. They have received a blasting permit to remove rock material as part of this underground rehabilitation process. We expect drilling in the winter of 2007-2008. The ongoing projects are summarized in the table below.

Task	Contracted To:	Comments
Scoping Study	Knight Piesold Consulting	Preliminary economic assessment, primarily with regards to engineering and design for mine development
Environmental Impact Statement	MINERA TULIN S.A.C	This is required to receive a Class C drilling permit
Drilling Permit	MINERA TULIN S.A.C	In progress with EIS
Geological Consulting	Ellsworth Geological, managed by Peter Ellsworth	Mr. Ellsworth is experienced in exploration project management in South America
Aerial Mapping	Horizons South America S.A.C.	Mapping, digital terrain model, and aid in topographic mapping

Scoping Study: The priority of the scoping study currently underway is the location of the future tailings facility, waste rock dump, and processing plant. The engineering work will look at water management issues, slurry piping, geotechnical concerns, and topographical layout with regards to future mining operations.

Resource Estimate: The Millotingo Mine has a historic mineral resource of 587,543 tonnes grading 9.82 oz/ton silver and 251,564 tonnes grading 10.90 oz/ton silver. The Pacococha Mine has a historic resource estimate of 363,171 tonnes proven at 1.72% copper, 4.45% zinc, and 4.57 oz/ton silver. These mineral resources were estimated in the 1990s, and are not compliant with NI 43-101 guidelines. We obtained them from "The Peru Report's Guide to Mines and Miners in Peru." In the longer term, the company is targeting between 10-25 million tons grading 113.4 g/t silver, 1% copper, and 2.5% zinc. We expect the company to complete a NI 43-101 compliant resource estimate in 2008.

Potential: In our initial report, we highlighted our belief in the great potential of the Silveria Project. It is obvious that ore is there, and the company hopes to generate cash flow as quickly as possible by processing tailings, rock dump material, and ore left in stopes. In the medium term, the company plans to build a 350 tpd mill. Longer term, the company is aiming to delineate a bulk mineable (open pit) deposit encompassing the dozens of veins identified at Pacococha.

La Espanola Copper-Gold Property

Property Overview: This six kilometer property was acquired in July 2006. The property is located 100 km southeast of the City of Lima in the Province of Canete. The property was a historic copper producer.

Ownership: The company exercised their option to increase interest to 90%.

Previous Exploration and Production: The Rosa Maria Mine operated from the 1940s to the 1970s from three underground levels. Poor copper prices forced their shutdown.

Geology and Mineralization: The Rosa Maria vein is a quartz vein with sulfide copper mineralization. It is oxidized for the upper 50 meters.

Current Exploration: Grenville released a NI 43-101 technical report that highlighted the high grade copper potential of La Espanola. Underground and surface samples included assays of up to 12% copper. The samples averaged 2.51% copper, which should be considered high grade.

Resource Estimate: This property does not have historical or NI 43-101 compliant resource estimates at this time.

Chorobal Gold Property

Property Overview: Grenville Gold acquired the 17,900 hectare Chorobal project in May 2006. The negations to acquire the adjacent Santa Christina project were terminated since our initial report. The regional geology consists of a gold-molybdenum-copper epithermal vein system and widely disseminated mineralization.

Ownership: The company exercised their option to increase their interest in the Espanola property to 90%. The Rosa Maria claims are being purchased from five separate vendors through staged payments.

Current Exploration: Geologists are working on a NI 43-101 complaint technical report for the properties. Grenville is not planning to go forward with its previously planned work program, including drilling, as they have shifted their focus to other properties.

Resource Estimate: The property has a historic resource estimate of 400,000 ounces as calculated by Savage Exploration.

ECUADOR

La Tigrera gold project

Property Overview: Grenville Gold has acquired a 100% interest in the 1,622 hectare La Tigrera property in November 2006. The property is located approximately 50 kilometers from Machala, the capital city of the El Oro province in southwest Ecuador.

Previous Exploration and Production: Climax Resources, an Australian mining company, spent U.S.$3 million on an exploration program in the early 1990s. They calculated a historic resource estimate of 723,000 ounces gold and 2.89 million ounces silver. Due to a corporate strategy of only developing million ounce gold projects, and poor metal prices at the time, Climax eventually passed on the project.

The previous owners of the property did an in house scoping study that determined a 1,000 tonnes/day conventional flotation mill could be established in a year for a cost of US$12 million. Stephen Brown, former director of Grenville Gold, was involved with this study.

Resource Estimate: As previously discussed, La Tigrera has a reported historic resource estimate of 7,544,000 tonnes of ore grading 2.65 g/t gold and 4 g/t silver equaling 723,000 ounces gold and 2.89 million ounces silver. However, 7.544 million tonnes of ore grading 2.65 g/t gold and 4 g/t silver equals 645,000 ounces of gold and 1 million ounces of silver. We have taken the conservative tonnage resource in our valuation. Through continued exploration and drilling, Grenville hopes to upgrade this resource to one million ounces gold, a target for many successful gold projects. Previous drilling on the property never went lower than the 50-meter level, and the company believes that drilling may identify additional ore bodies at depth.

Current Exploration: Due to the project's location in the more politically risky country of Ecuador, and the company's focus on the Silveria project, the proposed work program for 2007 has not happened.

Rio De Oro Gold-Silver Property

Property Overview: The 80,000 hectare Rio De Oro (River of Gold) property is located in Ecuador's historic gold producing regions of Pinas and Zaruma-Portovelo in the El Oro Province. Grenville has acquired a large land position in this area, which will give them significant potential for exploration. The large property is basically unexplored.

Ownership: Grenville acquired 16 mineral concessions from the Ministerio de Energia y Minas to form the Rio De Oro Property. In our initial report, we announced that Grenville had entered into a joint venture with Buckingham Group Partnership I Ltd. This agreement was mutually terminated in February 2007.

Previous Exploration and Production: As previously discussed, Iamgold had conducted exploration in the area, on the Retanzuz claims in 1995. There was no previous production on the Rio de Oro claims, and the nearest production was about 30 kilometers north of the property.

Current Exploration: Grenville Gold has budgeted $200,000 for exploration and the production of a NI 43-101 technical report. They will be exploring the extent of the vein system and conducting sampling and mapping to identify additional targets. They are focusing on identifying ore bodies along strike and down dip of currently identified mineralization.

Resource Estimate: This property does not have historical or NI 43-101 compliant resource estimates at this time.

Parkman Diamond Property, Ontario Canada

Property Overview: Parkman is Grenville's oldest property that was spun off into a two-thirds owned subsidiary in November 2005. The property is located 60 kilometers northeast of North Bay, Ontario, close to the eastern border with Quebec. A private company owns 50% of the diamond/precious stones portion of the property.

Current Exploration: In the spring, Parkman completed a ground magnetic survey using Mobile Metal Ion-Diamond (MMI-D) technology to identify anomalous magnetics associated with kimberlite mineralization on the property. They identified the Northern Magnetic zone. Grenville announced the commencement of drilling on the property in May 2007 to test anomalies identified through surface sampling and ground magnetic survey. In September, the company announced that no significant results were obtained and they are assessing the future of the project at this time.

New Management

In our initial report, we highlighted Grenville Gold's experienced management team. Since our initial report, the company accepted the resignation of Mr. Stephen Brown as CFO and director and appointed Melvin Rokosh as CFO and director. His biography follows.

Melvin Rokosh, *Director, CFO*
Mr. Rokosh is a certified management accountant (CMA) who has held various positions including chief financial officer, vice-president, business development, and director, with both public and private sector companies. He brings over 30 years of business experience in finance, administration, planning and development. The management team currently consists of CEO A. Paul Gill, Corporate Secretary Stacy Broadoway and Chairman & VP Business Development Len De Melt.

Advisory Board

The company has assembled an advisory board as they advance Silveria towards production.

Peter Ellsworth, B.Sc., M.Sc.
Mr. Ellsworth has had over 22 years of experience in exploration, development and mining. He has been the President of Ellsworth Geological, PC since 1991 and is an active officer of several junior public and private exploration companies. Mr. Ellsworth's experience in the exploration sector ranges from gold, to silver, to base metals and diamonds throughout North and South America. In addition, he is fluent in Spanish and holds a registered professional geologist designation.

Jeffrey Reeder, P.Geo
Mr. Reeder graduated in 1988 from the University of Alberta with a Bachelor of Science degree in Geology. He has been involved in the mineral resource business for over 15 years, including more than 10 years in South America. He is a director of Lateegra Resources and Acero-Martin Resources and has provided consulting services to mineral exploration and development companies.

Peter Childers
Childers, a nine-year executive veteran of Red Hat -- widely considered the most successful open source software company -- brings a diverse background in strategy, marketing, global operations, and general management. Pete serves as CEO of Claritive Systems, a consulting and strategy company, and is based in Palo Alto, CA.

Pete has held executive leadership positions in major business units at Red Hat, most recently as vice president of Online Strategy and Operations. From 1998 to 2006, he served as vice president of Red Hat's Global Learning Services (GLS), leading the global teams that

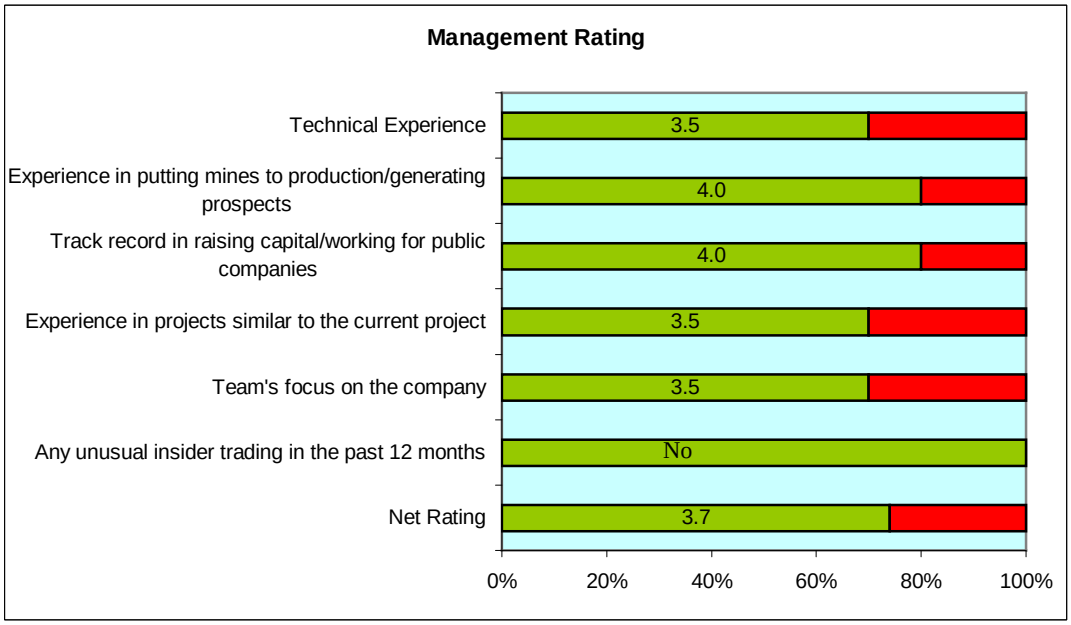
established Red Hat Certified Engineer (RHCE) as the premier Linux certification and one of Red Hat's most successful brands. GLS became the world's largest provider of Linux and open source training and certification, one of the five largest business lines in all of open source, and Red Hat's largest line of business after its Red Hat Enterprise Linux operating system.

Prior to Red Hat, Pete managed professional services at Seagate Software's network and storage management group (acquired by Veritas) and consulted for network hardware, network management software, and telecommunications companies.

Pete holds degrees from Yale University and Duke University and has engaged in venture advising and board service in software, ecommerce, learning, clean technology and energy.

Management Rating

We believe that the most important aspect of a junior mining company is its management. Our management rating system is a quantitative way to rate management based on a number of factors, including technical experience, the ability to raise financing, and management's time commitment to the company. We also analyzed trading records to identify for evidence of unusual trading by management. **Our net rating for Grenville Gold is 3.7, which we have rated above average.** We rated the company's management and advisory board highly for many aspects of our rating. We have been impressed with the quality of Grenville Gold's highly experienced management team. The acquisition of the Silveria property reflects well on the ability of management to generate prospects. We believe, Len De Melt, a mining engineer experienced in South America, and Paul Gill, a finance professional with a good record of accomplishment at running public companies, make a strong team to move Grenville Gold forward.



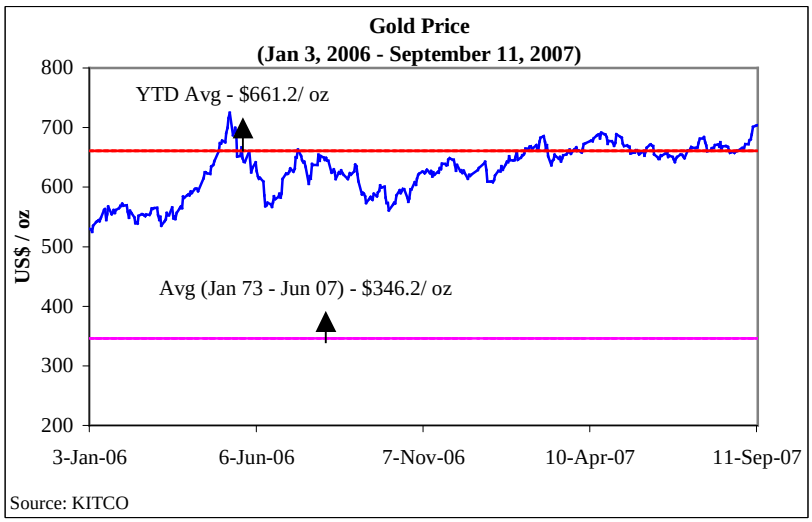
Strength of Board

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

Grenville Gold's Board of Directors is made up of four individuals: Paul Gill, Len De Melt, Melvin Rokash, and Michael Kraft. Paul Gill is the only related/non-independent director, as he is a named executive officer of the company and receives compensation. All board members hold shares in the company. The Audit Committee is made up of Paul Gill, Mel Rokash, and Michael Kraft. Therefore, these boards should be considered independent. Grenville Gold does not have any non-arms length transactions.

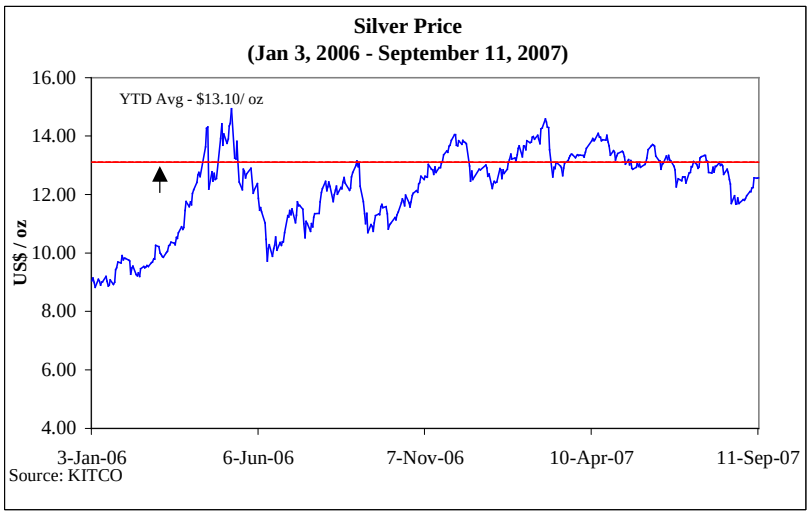
Industry Outlook

Outlook on Gold: We continue to maintain our positive outlook on both short-term and long-term gold prices. The chart below shows gold prices since January 2006. As of September 11, 2007, gold was trading at US$704.15/oz, reflecting a YOY increase of 12.9%.



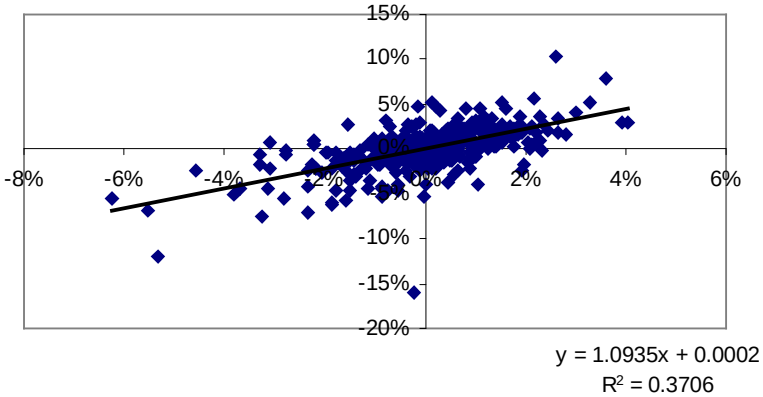
Gold prices have not dropped below their historical average price of US$346/oz since April 2003. Our outlook on gold prices is positive based on a forecasted depreciation of the U.S. dollar (with respect to other major global currencies), and continued long-term demand for gold as a capital preservation asset. The increase in gold ETF demand and producer de-hedging will also positively impact prices going forward. As of August 15, 2007, total ETG assets held by two major exchanges, the New York Stock Exchange (NYSE: GLD) and the London Stock Exchange (LSE: GBS), were 19.25 million ounces, which reflects a YOY increase of 28.2%. The average forecasts for gold prices are US$670/oz in 2007, and US$720/oz in 2008.

Outlook on Silver: The chart below shows silver prices since January 2006. As of September 11, 2007, silver was trading at US$12.57/oz, reflecting a YOY drop of 2.3%.



Although the supply and demand fundamentals of silver play a key role in setting prices, we believe silver prices will continue to follow gold in the short-term and mid-term. Silver prices have moved in tandem with gold prices in the past (as shown in the chart below), and we believe that this will continue in 2007 and 2008.

Relationship b/w daily percentage changes in Gold & Silver prices (Jan 3, 2006 - August 15, 2007)



Our study shows that statistically significant coefficient of correlation (0.61) and R^2 (37.1%) existed between daily log changes of gold and silver prices.

We believe that strong investment demand for silver (as of August 15, 2007, iShares Silver Trust assets were 141.61 million oz, which reflects an increase of 574% since the introduction of the ETF in April 2006), amidst decreasing physical demand, will also help prices stay high. The average forecasted prices are $13.4/oz in 2007, and $14/oz in 2008.

Financials

During the first six months of FY2007, the company reported a net loss of $1.16 million (eps: -$0.06), compared to $0.16 million (eps: -$0.02) in the comparable period in the previous year. We estimate the company's burn rate (cash required for investing and operating activities) for the first six months of FY20007 was $0.26 million per month, compared to $0.08 million per month in FY2006 (12-month period).

The table below shows the company's cash and liquidity position.

	2005	2006	2007 - 6 mo
Working Capital	(250,458)	850,190	247,474
Current Ratio	0.0	7.6	4.8
LT Debt / Assets	-	-	-
Burn Rate	(3,240)	(83,857)	(261,728)
Cash from financing activities	38,875	1,935,016	810,288

At the end of April 2007, the company had cash and working capital of $0.17 million and $0.25 million, respectively, compared to $0.93 million and $0.85 million at the end of FY2006.

Recent Financing: In June 2007, the company announced that it completed a brokered private placement of $1.84 million, by issuing 3.07 million units at a unit price of $0.60. Each unit consists of one common share and one share purchase warrant.

Stock Options and Warrants: At the end of April 2007, the company had 1.57 million stock options outstanding, with exercise prices ranging between $0.22 and $0.52, and a weighted average time to maturity of 3.47 years. The company also had 7.02 million stock options outstanding, with exercise prices ranging between $0.25 and $0.60, and expiry dates between April 2008 and December 2008.

Conclusion: Based on our discussions with management, we expect the company to spend about $6 million in FY2007 on exploration, primarily on Silveria. We believe the company will have to raise an additional $5 million to pursue the proposed exploration program.

Valuation

The company currently has historic resource estimates on three of its projects, namely, the Silveria Project (Millotingo and Pacococha), the Chorobal Gold Property, and the La Tigrera gold project. We continue to believe that only these three projects contribute value to the company. In the next section, we present our revised valuation on these three projects.

Silveria Project: We made the following changes to our valuation model.

- Resource Estimates – Previously, we had valued the Silveria project based only on the historic resource estimate of the Millotingo Mine. We now add the historic resource estimates of the Pacocoha Mine in our valuation model. Note that we continue to discount the historic resource estimate by 50%, for conservatism.
- Operating Costs and Recovery Rates – Based on the recently released technical report, we have increased our assumption for recovery rates from 85% to 89%, and

operating costs from $45/tonne to $52.75/tonne.

- Commodity Prices – We have raised our long-term silver price forecasts, from US$10/oz to US$11/oz, based on our continued positive outlook on silver prices.
- Share Dilution – Our revised estimate of the number of diluted shares is 26.54 million, compared to 21.55 million at the time of our previous report.
- Discount Rate – We have also increased the discount rate, from 12% to 14.1%, to account for a country risk premium.
- Production – We expect the company to start selling ore for processing in January 2008, and commence full-scale production from the mill (at 350 tpd) in January 2009.

As a result of all these changes, the valuation on the Silveria project increased from $7.55 million ($0.35 per share) to $11.00 million ($0.41 per share). A summary of the valuation model is shown below.

Summary of DCF Valuation - Silveria	
Resource (in tonnes)	601,139
Average Grade (opt) - silver	8.46
Contained Metal (in troy oz)	5,085,706
Recovery	89.0%
Production Commencement	2008
Mill Processing (tpd)	350
Mine Life (in years)	6
Silver Price (in US$/oz)	$11.00
Average Operating Costs ($/tonne)	$51.75
Capital Costs	$5,000,000
Discount Rate	14.1%
Net Present Value	$11,000,421
No. of Shares	26,543,234
Value per Share	**$0.41**

Chorobal Gold Property: The following changes were made to our valuation model.

- Commodity Prices: We have raised our long-term gold price forecasts, from US$550/oz to US$600/oz, based on our continued positive outlook on gold prices.
- Operating Costs – We have increased our estimate of operating costs, from $35/tonne to $40.25/tonne
- Discount Rate – We have also increased the discount rate, from 12% to 14.1%, to account for country risk premium.
- Share dilution – as mentioned in the previous section.

As a result of the above-mentioned changes, our valuation on the Chorobal project increased from $8.40 million ($0.39 per share) to $11.69 million ($0.44 per share).

Summary of DCF Valuation - Chorobal	
Resource (in tonnes)	1,382,377
Average Grade (gpt) - gold	4.50
Contained Metal (in troy oz)	200,000
Recovery	85.0%
Production Commencement	2010
Mill Processing (tpd)	1,000
Mine Life (in years)	4
Gold Price (in US$/oz)	$600.00
Average Operating Costs (US$/tonne)	$40.25
Capital Costs	$15,000,000
Discount Rate	14.1%
Net Present Value	$11,687,244
No. of Shares	26,543,234
Value per Share	**$0.44**

La Tigrera Gold Project: The following noteworthy changes were made to our revised valuation model.

- Commodity Prices: We have raised our long-term gold and silver price forecasts, from US$550/oz to US$600/oz, and US$10/oz to US$11/oz, respectively.
- Production commencement: In our previous model, we had assumed that production will commence in 2009. Since the company has set aside the La Tigrera project at this time, we revise our estimate to 2011.
- Discount Rate – We have also increased the discount rate, from 12% to 17.1%, to account for country risk premium.
- Share dilution – as mentioned in the previous section.

Based on all these changes, our revised valuation on the La Tigrera project dropped, from $10.91 million ($0.51 per share) to $9.43 million ($0.36 per share).

Summary of DCF Valuation - La Tigrera	
Resource (in tonnes)	3,772,000
Average Gold Grade (gpt)	2.65
Average Silver Grade (gpt)	4.00
Contained Gold (in troy oz)	321,372
Contained Silver (in troy oz)	485,090
Recovery	85.0%
Production Commencement	2011
Mill Processing (tpd)	1,000
Mine Life (in years)	11
Gold Price (in US$/oz)	$600.00
Silver Price (in US$/oz)	$11.00
Average Operating Costs ($/tonne)	$25.00
Capital Costs	$7,500,000
Discount Rate	17.1%
Net Present Value	$9,434,584
No. of Shares	26,543,234
Value per Share	**$0.36**

Valuation Summary: A summary of our revised valuation is shown below.

Valuation Summary		
Silveria	$11,000,421	$0.41
Chorobal	$11,687,244	$0.44
La Tigrera	$9,434,584	$0.36
Working Capital	$2,087,474	$0.08
Total	**$34,209,722**	**$1.29**

Based on our revised valuation models, our fair value estimate on GVG increased, from $1.25 per share to $1.29 per share.

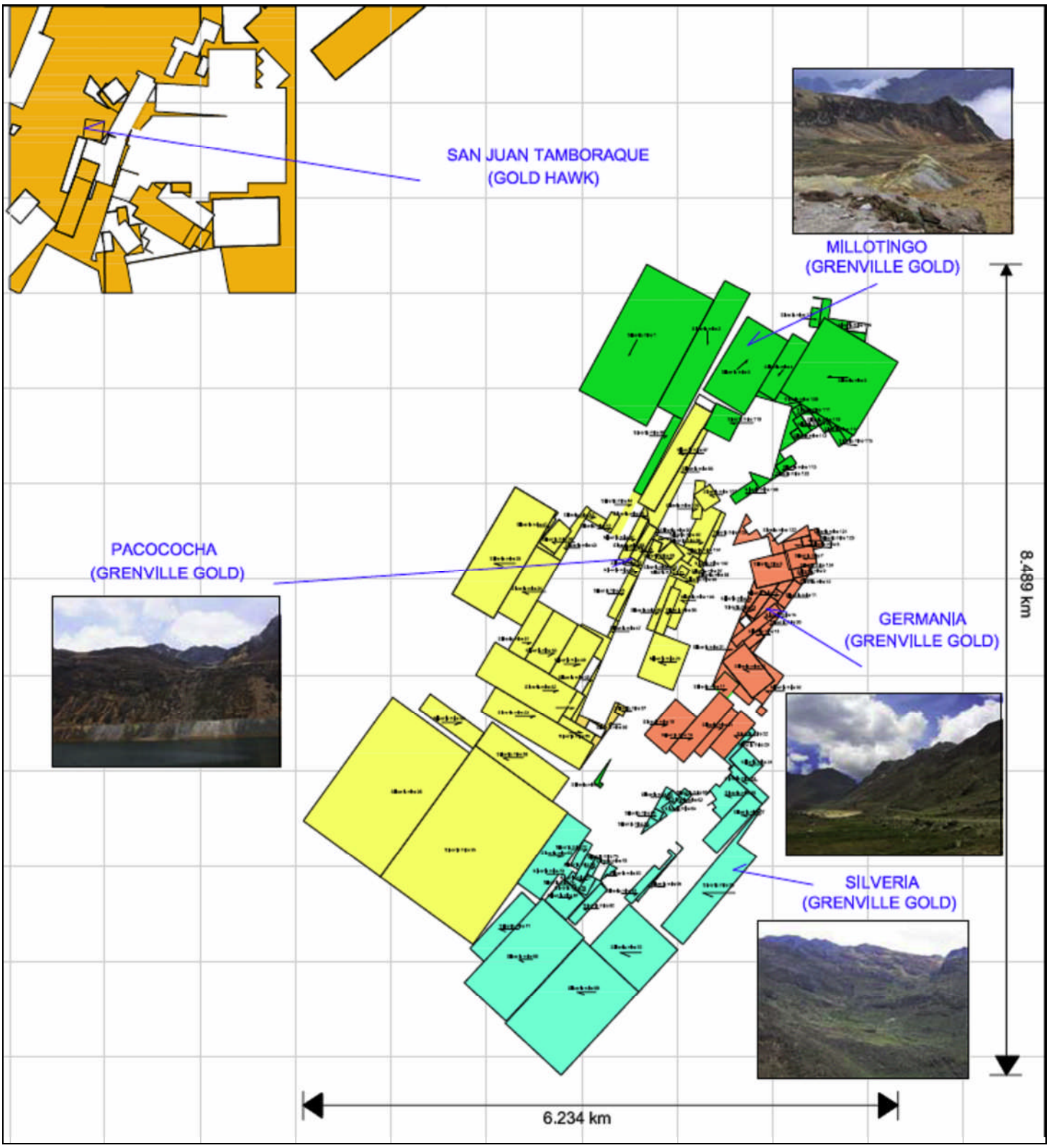
Conclusions & Rating

We have been very pleased with Grenville Gold's progress to date and have great confidence in the future success of the Silveria project. The company plans to start generating cash flow by shipping ore material to be processed off-site. This will fund a large exploration program at the Pacococha Mine, which is what the property needs. We have little doubt that the ore is there, and the company is now in the process of delineating it and determining the best economics for the project. In the past, operations at the four mines have been small scale, underground operations. With the consolidation of the four mines, the company is considering a large-scale operation encompassing the many veins and mineralized zones identified on the large property.

Based on our valuation models, and analysis of the company's projects, we reiterate our BUY rating, and raise our fair value estimate on the company to $1.30 per share.

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

- The success of drilling, expansion and determination of favorable resource estimates are important long-term success factors for the company.
- Delays in putting the Silveria property into production would negatively impact Grenville's goal of generating positive cash flow.
- The value of the company depends heavily on commodity prices.
- We believe that the company will be required to raise more capital through share offerings, or debt, to conduct future operations and exploration activities for 2007 and 2008.



Grenville holds a large land position with four adjacent properties in a well-known area of gold mineralization. Gold Hawk is going into production on their Coricancha (formerly Tamboraque) property shortly.
Source: Grenville Gold

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3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

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5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.

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