Fundamental Research Corp.

Investment Analysis for Intelligent Investors

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November 16, 2007

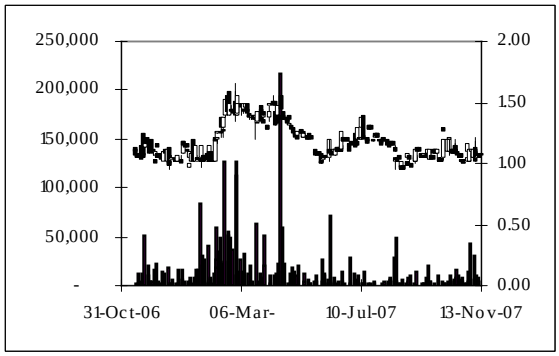
Bralorne Gold Mines Ltd. (TSXV: BPM) – Initiating Coverage; Revival In BC's Most Productive Mining Camp

Sector/Industry: Mining **www.bralorne.com**

Market Data (as of November 14, 2007)

Current Price	C$1.06
Fair Value	C$1.60
Rating*	BUY
Risk*	5 (Highly Spec)
52 Week Range	C$0.95 – C$1.65
Shares O/S	13,575,422
Market Cap	C$14.39 mm
Current Yield	N/A
P/E (forward)	N/A
P/B	0.74
YoY Return	-0.93%
YoY TSXV	14.6%

*see back of report for rating and risk definitions



Investment Highlights

- Bralorne has gathered several past producing gold mines in British Columbia's Bridge River Valley into a large land package. This region produced millions of ounces of gold at average grades of 17.95 g/t (0.53 oz/ton) from 1927 - 1971.
- The company has already invested $2.5 million to build a 125 tpd mill and associated infrastructure.
- Bralorne contracted an independent engineering firm that determined an economically viable mining operation could be established with a resource of 500,000 tons grading 12 g/t at a gold price of US$400/oz.
- We believe the company has potential for at least this much ore in the BK Zone. The company has applied for an underground drifting permit to allow access to this zone to determine a NI 43-101 compliant resource estimate.
- The current NI 43-101 resource estimate is 14,000 tonnes grading 12 g/t gold measured and 125,300 tonnes grading 14 g/t gold inferred. The property has several historic resource estimates.

Risks

- The success of drilling, expansion and determination of favorable resource estimates are important long-term success factors for the company. Permitting is also crucial for the proposed drifting program.

Key Financial Data (FYE - January 31)

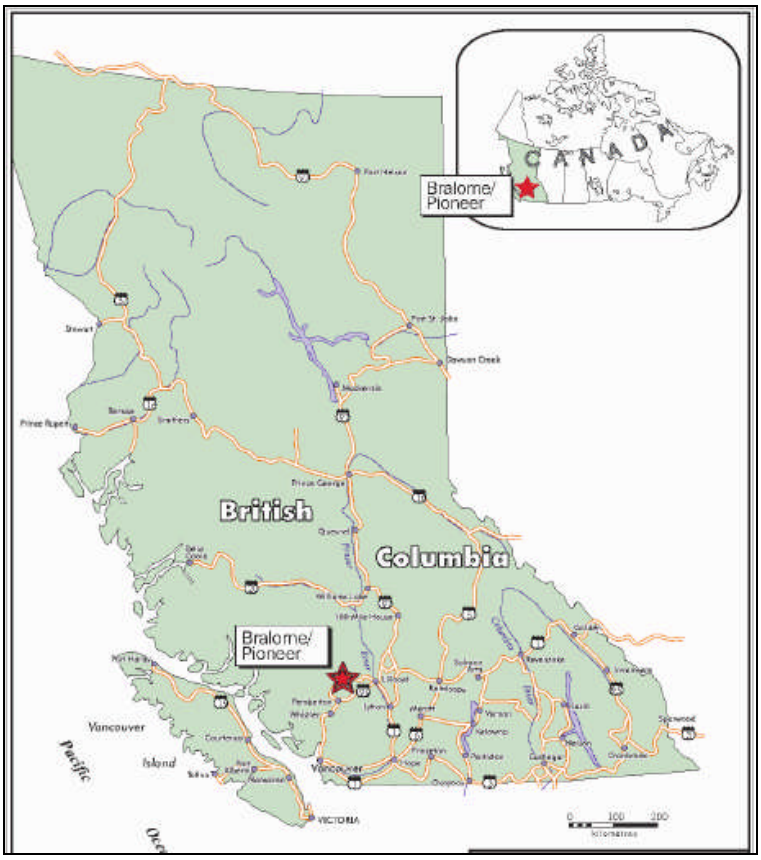
(C $)	2003	2004	2005	2006	2007 (6 mo)
Cash	4,090,586	602,274	5,216,508	2,770,181	1,709,378
Working Capital	4,109,510	102,748	4,919,111	2,512,193	1,364,107
Mineral Assets	4,681,317	10,874,938	14,718,752	16,709,529	18,073,202
Total Assets	9,037,428	11,885,037	20,255,169	19,898,394	20,124,968
Net Income	(2,696,384)	(717,434)	(1,921,938)	401,161	(244,395)
Loss per Share	(0.98)	(0.13)	(0.25)	0.03	(0.02)

Bralorne Gold Mines has assembled the largest past producing gold mines in Western Canada into one land package. They are focusing their efforts on delineating resources in under explored regions of the property and putting the mine back into production.

PLEASE READ THE IMPORTANT DISCLOSURES AT THE BACK OF THIS REPORT

Company Overview

Bralorne Gold Mines, formerly Bralorne-Pioneer Gold Mines, has built a large continuous land package combining all of the major historic mines and regions in the Bridge River Valley of British Columbia. This region is considered the largest mining camp in Western Canada. Over 4 million ounces was mined from the Bridge River mining camp, at an average grade of 0.53 ounces/ton. Many of the major ore structures on the property have been exploited, but one of the company's strongest benefits is that there are portions of land between historic mines that were never explored because they were not owned by any operational mining company. The company has made a new discovery, the BK Zone, in the unexplored gap between the former Bralorne and King Mines. An underground development program is planned.



Source: Bralorne Gold Mines

Mining Outlook British Columbia

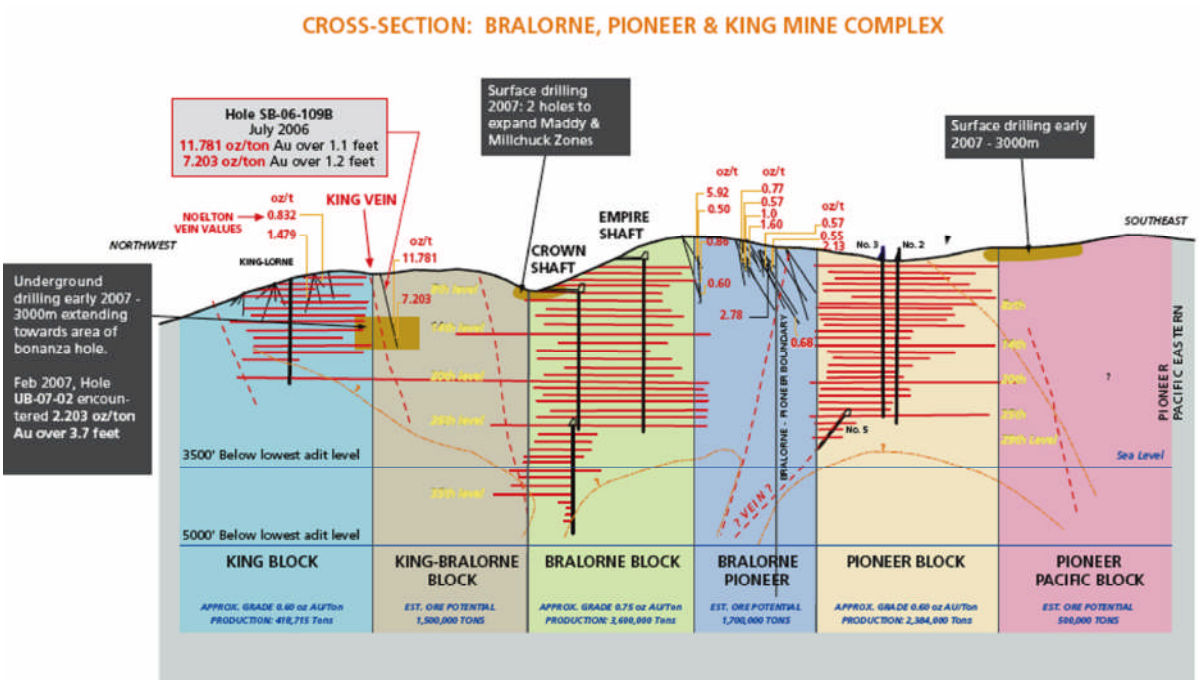
British Columbia is a mineral rich province that has seen a huge mining and exploration revival in the past 10 years. British Columbia was long viewed as a hostile province for mining, but a combination of factors, including a new Conservative federal government, strong economy, and strong commodity prices seemingly turned the province towards mining. In 2007, there were an estimated 25 projects in the mine permitting process in the province, the largest number in Canada. In September 2007, the Joint Federal-Provincial Environmental Review Panel recommended to the government that Northgate Minerals Corp. (TSX:NGX)'s proposed Kemess North mine expansion not be approved. This raised concern about a change in the outlook for mining in British Columbia. While it is too early to tell whether the sentiment towards the industry has changed, we have observed that at

least two new projects have been permitted this year, and construction activity is ongoing. Land acquisition and exploration spending is rapidly increasing.

History of the Bralorne and Pioneer Mines

The first claims were staked in the Bridge River mining camp in 1897, and many small-time prospectors rushed to the area and made money panning gold from the streams in the region. Panning quickly turned into hard-rock mining, and an arrastra was built on the Lorne property in 1889 to process ore. Arrastras are a crude crushing and processing device for gold mining that was introduced to the Americas by the Spanish conquistadors. The gold was processed with mercury. Arrastras have been used often in the early history of the Bralorne mine, as they were a very low cost processing option that could be used to process small amounts of ore intermittently. In the early 1900s, accessibility and other economic factors brought exploration and development to a halt, as operating costs were high and it was difficult to delineate a resource to keep a full-scale mining operation and mill running. With the completion of a telephone line, road and hydro-power to the area in 1915, prospectors moved in once again.

The Bralorne, Pioneer, and King Mines, the largest producers in the region, and Bralorne Gold Mines' key holdings, were in production from 1927 to 1971, and each had small processing mills. They have an estimated historic production of 129.24 tonnes of gold from 7.2 million tonnes of ore, with an average grade of 17.95 g/t gold (0.53 oz/ton gold). Secondary metals produced include 29.61 tonnes of silver, 297 kilograms of zinc, and 216 kilograms of lead. During WW II, scheelite, an important tungsten ore, was mined. It is important to note that the mines on the property did not shut down in 1971 due to lack of ore, but rather due to rising costs and a fixed gold price that made mining at the time uneconomic.



Source: Bralorne Gold Mines

The Bralorne-Pioneer deposit is composed of 30 separate quartz gold veins over a strike length of 4.6 kilometers and a vertical extent of 1.9 kilometers. All of the historic production on Bralorne's property came from three separate mines in the area between the Cadwallader and Ferguson faults. From north to south, these mines were named King, Bralorne, and Pioneer. This area is very well developed, with several miles of underground workings that travel over one mile deep. To the company's credit, they have focused their exploration efforts on previously unexplored regions of the property. Many additional vein structures, including the Maddie, Millchuck, Loki and Mundy veins, were identified. The Peter vein, which the company mined from 2004-2005, is also located in an unexplored block.

Study Participation

Bralorne is cooperating with Natural Resources Canada to study the environmental effects of gold mining from mesothermal type deposits. This program, entitled "Assessing and Reducing Risks from Metals in the Environment" is focused on developing a model to mitigate environmental impacts from this type of gold deposits. It is a credit to the company that they are participating in this important work.

Comparison to other prolific mining camp in Canada

The Bralorne property and the Bridge River Mining Camp has been compared to the Red Lake Mine in Ontario and Goldcorp's (TSX:G) revival of that district. Both areas were historic producers at very high grades, but economic factors caused the mines to fall into disrepair. For both properties, people may have wondered if the ore had been largely exhausted. However, Goldcorp's success proved that it was simply a matter of further exploration, and only time will tell if Bralorne may achieve similar success through their exploration efforts. Compared to Goldcorp's Red Lake mine, the Bralorne property is largely underexplored. Goldcorp drilled over 19,000 holes before they discovered the 3 million ounce High Grade Zone. Bralorne has drilled approximately 1/10th that, around 2,000 holes. **We believe that further exploration may be the key to success.**

Bralorne-Pioneer Gold Property

Property Overview: The 2,492 hectare property combines the historic Bralorne, Pioneer, and King Mines. According to experts in quartz gold vein deposits, this property is considered a world-class deposit, as it has produced 130 tonnes of gold. Average deposits of this size produce between 3 to 100 tonnes of gold from 400,000 to 10 million tonnes of ore. Quartz gold vein deposits are quite high-grade, ranging from 4-12 grams/tonne on average, and Bralorne's historic production is above average, at 17.95 g/t gold.

Ownership: Avino Silver and Gold Mines (TSX.V:ASM), a company with common management, began to acquire properties in this region in 1987 and built the land position to its current area in 1991. Bralorne acquired 50% interest in 1993, and acquired 100% interest in the property in 2002. This 100% ownership is not subject to any net smelter return royalty (NSR).

Historic Production: The history of the Bralorne mining camp has been discussed in detail in the introduction. In this section, we will discuss the company's production on the property in 2004-2005.

The company's intention has always been to bring this property back into production. When

a resource was established by Miller-Tait in 1995, a feasibility study was conducted for a 136 tpd mill to process ore above the 800 level. The analysis determined that the mine would be profitable at a grade of 10.4 g/t and not profitable at 8.6 g/t. Upon identification of the several high-grade veins through successful drilling, drifting, and trenching results, the company began to seriously consider processing ore on site in 2001. They focused their efforts on developing the Peter, 51B FW and Taylor veins. Bralorne Gold Mines began development mining in 2004, by processing a 10,000 tonne bulk sample from the Peter Vein. Drilling, trenching, and underground sampling on the Peter Vein returned very high grades results.

In September 2003, Bralorne continued with the construction of a 120 tpd mill and a tailings pond that was started in 1995. These construction activities were completed in March 2004. The company began processing a 10,000 tonne bulk sample and mill commissioning in March 2004. The company celebrated the first gold pour on the property since 1971, in April 2004. The plan was to process a bulk sample to complete mill commissioning, and then move to processing the Peter vein and stockpiled ore at the Pioneer Mine. The company had estimated 30,000 tons of stockpiled ore averaging 0.30 oz/ton gold.

Although the mill was designed to process 120 tpd, it operated on and off at around 100 tpd. It was shut down in May 2005, having processed 23,032 tons of ore containing 2,210 ounces of gold. According to management, underground development did not proceed as quickly as hoped due to weather and ground conditions, and the mill did not have material to process. The mill was restarted in August 2005, processing stockpiled ore, but was shut down on September 15, 2005, having produced 706 ounces of gold from 2,875 tons. The mill processed ore using gravity and flotation recovery. The gravity concentrate was processed onsite, and the flotation concentrate was shipped and sold to Queenstake Resources and Barrick Gold in Nevada.

Obviously, less than two years of production was not what the company had anticipated or hoped for. The high grades of the Peter vein were confined to the upper portion of the vein, where the company had conducted most of its trenching, drilling, and underground sampling. The vertical continuity of mineralization was not good in this vein and excessive dilution of grade occurred. According to management, poor ground conditions around the Peter vein were also a factor in the lack of success.

Previous Exploration: Since Bralorne acquired 100% of the property in 1995, the company has completed extensive drilling, sampling and trenching above and below ground. This resulted in the identification of the Peter Vein, which Bralorne put into production in 2003.

Upon closure of the mill and the disappointing results of the Peter Vein in 2005, the company developed an aggressive exploration strategy to identify resources in under explored areas of the property. Their exploration program was based on the recommendations of the Beacon Hill Preliminary Assessment Report. The company completed a Mobile Metal Ion (MMI) geochemical survey in October 2005 on the area north of the Fergusson Fault, where no mining has occurred. MMI surveys test leakage of ions from oxidizing ore deposits that migrate to the surface. Therefore, the presence of ions

associated with gold mineralization in the soil, such as arsenic and antimony, can be a very useful test of gold mineralization below. This is especially useful in areas of deep overburden (5-30 meters), where traditional surface sampling was unable to identify mineralization. The geochemical survey identified four gold anomalies trending subparallel to the historic production veins in the areas mined to the south of the Fergusson Fault.

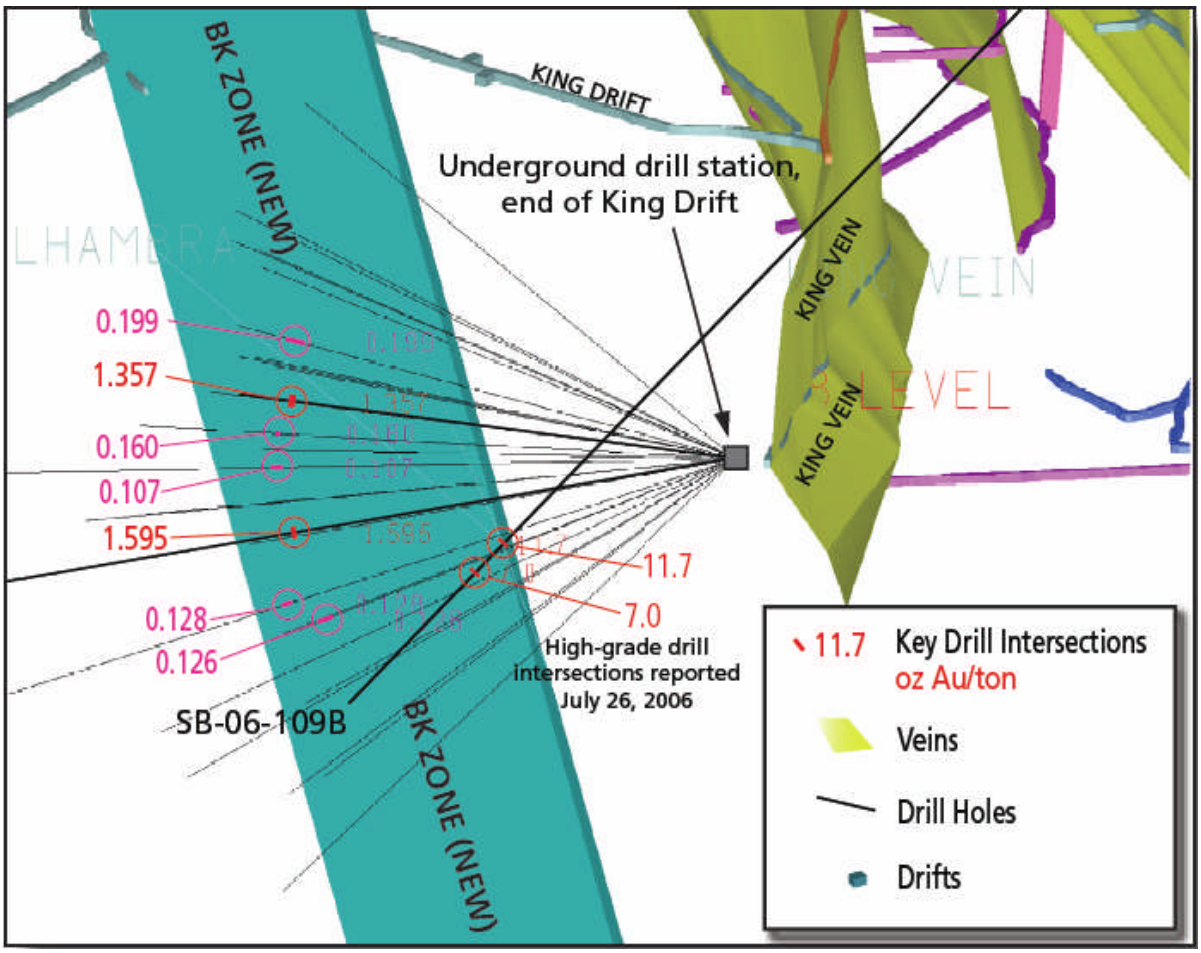
The company had eight targets for its 10,278 meter, 42 hole 2006 surface drilling program. The first phase included 1,700 meters of drilling in 9 holes to test the four gold anomalies outlined by the MMI geochemical survey. The results were generally disappointing, and the company is not pursuing follow up at this time. The second was the Cadwallader serpentine zone in the King-Bralorne block. The third was the Gap Zone, which yielded several positive results outlined below. The fourth was Maud's vein, 1 kilometer south of the Peter vein. The fifth was the New Vein - Noelton Vein as well as eastern continuations of the King vein.

A 14 hole drill program was completed on Maud's Vein. 8 of the 14 holes returned values greater than 5.3 g/t gold. The Maud's vein appears to be a different structure than other mineralization on the property, and warrants further follow up. These drilling results are more promising than those on the Peter vein. An 11 hole program was completed to explore the New/Noelton Vein area and eastern continuations of the King Mine Vein. This vein had not been drilled before. This drilling program included several high grade results, including 28.52 g/t gold over 0.3 meters and 50.71 g/t gold over 0.45 meters.

Drilling of the so-called "Gap" Zone, or the King-Bralorne Block was successful. This gap was relatively unexplored; as both the King Block and Bralorne Block were being mined and little effort was made to explore this region. The SB-06-86 hole returned 10 separate quartz vein intersections ranging from 0.155 oz/ton to 0.233 oz/ton over widths of less than a meter. Another very exciting hole, SB-06-109B, intersected 0.34 meters of 402.58 g/t gold, followed by 0.37 meters of 246.99 g/t gold.

2007 BK ZONE DISCOVERY

In 2007, the company focused on drilling under explored areas of the property with little or no historic production, as they believed these had the greatest potential for a mineable resource. The priority for this program was the so-called Gap Zone, or the King-Bralorne Block, where two bonanza grade intersections in SB-06-109B hole were drilled in the King-Bralorne Gap Zone. The drill rig was located at the end of the 800 Level King Mine drift to drill into a new discovery between the Bralorne and King Mines. The 2007 underground drilling program totaled 42 holes targeting the BK Zone discovered in hole SB-06-109B. Highlights from the 2007 drilling program are presented in the image below. These drilling results delineated a horizontal length of 900 feet and a vertical extent of 650 feet, with widths ranging from 2-16 feet. They are presented in visual format, showcasing the gold grades in ounces/ton.



Source: Bralorne Gold Mines Ltd.

Accessibility: Due to its long mining history and its location in one of the world's premier countries for mining, we believe the Bralorne property is well served for accessibility and infrastructure. The Bralorne property is a 5 to 6 hour drive north-east from Vancouver, British Columbia. To drive from Vancouver, it is 233 kilometers along Highway 99 to Lillooet, and 118 kilometers along Highway 40 to the property. The historic mining town of Bralorne, population 50, is located at the center of the property, and Goldbridge, population 20, is 11 kilometers to the northwest. Highway 99 is a major highway through British Columbia and is paved and maintained year round. Highway 40 is partially paved, but is well maintained for logging and tourist access year round. An alternate summer route utilizing gravel forestry access roads takes 4.5 hours.

Power, water, and other services are all available on the property with little necessary additional cost. Because the property was previously in production, power is available to all the facilities of the mining camp. BC Hydro has imposed a cap of 1,000 kVA on the mill. All of the services necessary to operate a mine are available in Lillooet or Pemberton. Due to Bralorne's proximity to Vancouver, one of the world's mining capitals, we believe the company should be able to attract well-qualified mining professionals.

Mining Infrastructure: In 2004, the company completed construction of their small 100 tpd gravity/flotation processing plant, as they believed they had delineated a resource to recommence mining the property. Thus, the property is very well served for mining infrastructure, as the company invested $2.5 million in the construction of the processing plant, 5 year capacity tailings pond, laboratory, warehouse, shops, offices, and a 45 person camp to board employees onsite. According to management, they plan to use track mining. All of these facilities are several years old and are operational with minimal start-up costs. Because they were in production, surface and underground mining owned by the company is still available. Additionally, we believe a benefit to the project is that the project has permitting in place for up to 500 tpd milling capacity, as well as permits for mining and tailings disposal. The company will be required to reapply for a water, land and air protection permit.

Bralorne's scoping study, completed by Beacon Hill, recommends upgrading the mill to 280 tpd and expanding the tailings pond capacity. Beacon Hill has developed a mining and milling plan for operations at 280 tpd, which is summarized in the following mine plan section.

Mining and Milling Plan: The plan for future operations at the Bralorne Gold Mine is summarized in Beacon Hill's engineering report dated September 2005. This report considered the economics of the entire project and established the best operating situation for the mill. Beacon Hill established a target resource of 500,000 tonnes grading at least 12 g/t gold to sustain mill operations for at least five years at an operating rate of 280 tonnes/day. The estimated operating cost is approximately $30/ton. The 12 g/t cut-off grade was established based on a gold price of US$400/oz, an appropriate price for 2005. Delineating 500,000 tonnes would allow continued exploration and development to further define resources and increase the mine life. This cut-off grade and operating rate were determined based on the minimum to sustain operations and be economically viable.

Beacon Hill proposes upgrades to the mill for an estimated cost of $250,000. The report proposes to treat 280 tonnes/day simply by utilizing the existing crushing circuit. The plan calls for crushing 280 tonnes of ore in one 12 hour shift. Crushing can be accommodated in one shift with the addition of fine ore storage. When the company was in production, they had planned to upgrade the mill to around 300 tpd after successful completion of the bulk sample testing of the Peter vein. There is already a larger ball mill stored onsite. This ball mill is capable of grinding up to 330 tonnes/day, so 280 tonnes/day should be easily accommodated. The company is planning to install this ball mill within the existing mill building, with some rearrangement in the mill circuit and slight additional capital cost.

The company will also be required to expand their gold recovery circuit. The current mill configuration has one existing Wemco cell used for rougher/scavenger circuit operation. There are several Wemco flotation cells, stored on site, as part of their planned mill upgrade. The milling plan calls for the addition of 4 Wemco 2.8 cubic meter cells, and possibly 1 more, which would allow flexibility to increase processing tonnage beyond 280 tpd. The existing Hazen cells in the mill used for rougher-scavenger operations would be reconfigured for cleaning of the rougher/scavenger concentrate.

Mining Method

The configuration of veins at the Bralorne Gold Mine is best mined by the shrinkage mining method. The mineralized zones dip at such an angle to allow a gravity mining method, but the pinching and swelling of the mineralization requires maximum control of the excavation width. The shrinkage method allows miners to maximize mineral recovery and minimize dilution. Dilution in mining refers to extraction of material that is below cut-off grade that lowers the overall grade of ore material that enters the processing plant. This can have disastrous effects on costs and recovery.

Geology and Mineralization: The Bralorne-Pioneer gold deposit was the most productive gold deposit in the Canadian Cordillera, the "backbone" of mountains that stretches the length of western North America. The type of gold deposit is called by many names, but is recognized as mesothermal (medium temperature) gold-quartz vein deposits. Quartz vein deposits are typically very high grade in nuggetized pockets of mineralization. There are many such gold deposits throughout the world, and many of the largest occur in Archean greenstone belts. The Bralorne-Pioneer deposit in British Columbia is one of the largest deposits to occur in younger Mesozoic rocks.

The gold veins at the property have strike and dip lengths of 100 to 1,000 meters and can occur singly or in vein networks. The striking feature of Bralorne's veins is their vertical continuity, with little change in grade over 1 kilometer of depth. The largest vein mined, the Empire/51 vein, has 1.4 kilometers in strike and 854 meters in depth. Other veins have been mined to even greater depths. This contributes to the mine's world-class quartz-gold vein deposit status. The mineralization of the veins is dominated by quartz and carbonate, with lesser amounts of chlorite, scheelite, tourmaline and native gold. The main ore minerals are free gold, arsenopyrite, chalcopyrite, and pyrrhotite.

Mineralization in the Bralorne-Pioneer property is controlled by the Cadwallader fault. This fault extends greater than 50 kilometers along strike, but changes direction abruptly in the area of the gold deposits. All of the historic gold production came from veins situated between the Cadwallader and Fergusson faults. The Fergusson fault breaks off the Cadwallader fault south of the productive area and rejoins the Cadwallader fault north of the productive area. Some geologist have concluded that the quartz gold veins formed within extension and shear fractures between the bounding faults.

Difficulty of Resource Delineation

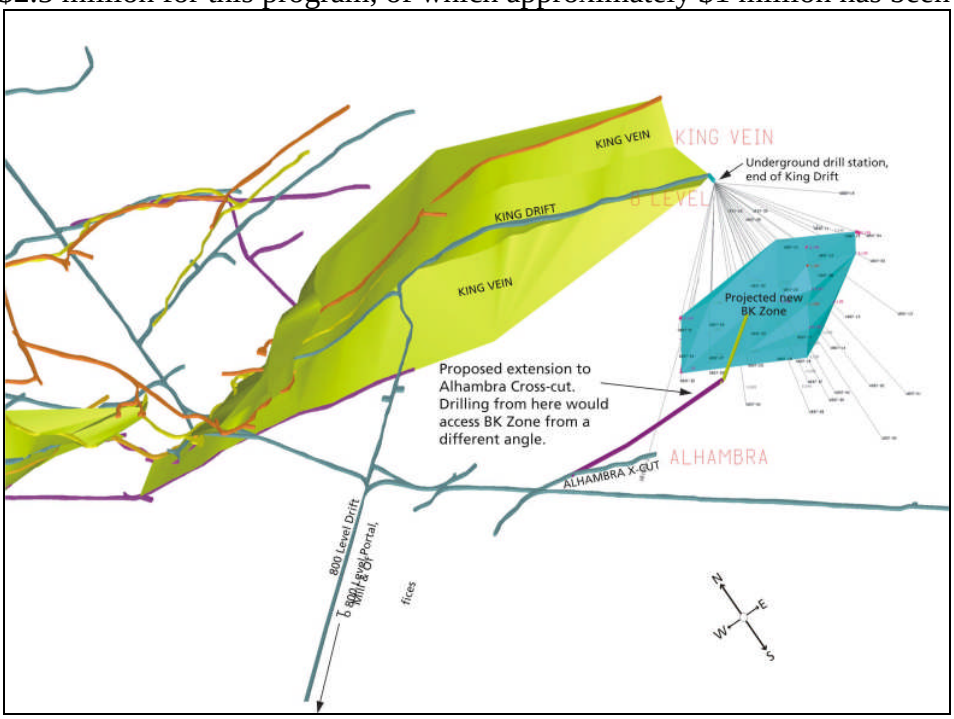
The narrow vein structure of this type of gold deposit, while often very high-grade, can pose difficulties for exploration and production. It is difficult to obtain an accurate representation of the grade from drilling, due to the nuggetized nature of the gold mineralization and the pinching and swelling of the vein structures. Diamond drilling is usually only sufficient to establish resources in the inferred category. To establish measured and indicated resources, drifting and development sampling is required to provide closely spaced understanding of the grade and thickness of mineralization. Raises should also be driven within the mineralized structures to determine the vertical continuity of the mineralization. Thus, the adage, "Drill for structure, drift for grade." Underground drifting and very close-spaced drilling together make building an indicated resource on this type of deposit difficult and expensive. Drifting and raising do not guarantee that a mineable resource will be delineated. This is why mines on gold quartz vein deposits often have several years of mine life ahead of

them while in production for decades.

Metallurgy: Bralorne's operations have indicated that the ore is quite amenable to gravity and flotation processing. The company has estimated a recovery rate of 92%, 61% by gravity and 31% by flotation. When the mill was operating, the company processed the gravity concentrate on site and poured gold bars. The flotation concentrate was sold mostly to Barrick Goldstrike with a couple of truckloads to Queenstake for further processing due to the high arsenic content. The arsenic content of the ore does make the gold less marketable, but these smelters have the capability of processing this.

It is of environmental significance to note that the mill does not use cyanide to achieve acceptable gold recoveries. Cyanide was traditionally used at the Bralorne and Pioneer mines to achieve good recoveries, and we believe it is a credit to the company that they have established a recovery method without toxic chemicals that achieves similar recovery rates.

Current Status: The successful underground drilling program that identified the BK Zone has led the company to focus on advancing this deposit towards a NI 43-101 compliant resource estimate and ultimately production. As previously discussed, upgrading inferred resources determined from drilling requires drifting and underground sampling to move these resources into the measured and indicated categories. Beacon Hill has completed a second update to their preliminary assessment, which suggests a 125 meter cross-cut be cut into the BK Zone to commence sampling and drilling for a NI 43-101 compliant resource. At this time**,** Bralorne is prepared for a $2.5 million dollar drifting program, which will commence immediately upon receipt of the permit to drive the cross-cut. The company has earmarked $2.5 million for this program, of which approximately $1 million has been spent.



Source: Bralorne Gold Mines Ltd.

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Resource Estimates

Resource Estimates: Many resource estimates have been made that are not compliant with NI 43-101. The resource estimate cited below, as calculated by Beacon Hill, replaces a NI 43-101 compliant resource estimate of 21,154 tonnes measured and indicated and 412,702 tonnes inferred at an average grade of 10 g/t released in April 2005. The resource cited below was that determined to be economically mineable based on Beacon Hill's scoping study, while the previous resource estimate was a geologic resource without considering mining operations. The company is drilling to define a larger NI 43-101 resource, based on the Beacon Hill technical report that recommends delineating a resource of 500,000 tonnes measured and indicated grading 12 g/t for a viable mining operation with a 5 year mine life. The current resource is quite small, but with current economic conditions, including the price of gold, it could likely be upgraded.

NI 43-101 Compliant Resource, released September 2005			
Zone, Category	**Tonnes**	**Grade (g/t gold)**	**Ounces**
51BFW Vein			
Measured	14,000	12	5,419
Inferred	20,578	31.74	20,999
51B FW Vein			
Inferred	53,142	11.01	18,811
51 FW			
Inferred	7,165	19.95	4,595
King			
Inferred	4,420	9.35	126
Taylor			
Inferred	40,000	8.57	11,188
Total Measured	14,000	12	5,419
Total Inferred	125,300	14.09	56,950

Historic resource estimates were made before the initiation of NI 43-101 compliant guidelines. The most accurate historic resource estimates for the Bralorne property were calculated in 1995 and 1996, and although historic, are considered to have been calculated using the same methodology as would be used today. The resource estimate between the 800 and 2600 levels is flooded, and mining this resource would require significant expenditure and development to dewater the underground workings. We believe the company will not mine this resource until it has been in production for several years and has significant capital resources to develop this area.

Summary of Relevant Historic Resource Estimates			
Year, Zone	**Tonnes**	**Grade**	**Ounces**
1995, Miller-Tait			
Accessible zones above 800 level	433,500 tonnes width: 1.43 m	10.7 g/t	149,267
1996, Miller-Tait			
Between 800 and 2600 levels	604,432 tons	0.27 oz/ton	163,467
Note: Both of these resources are considered to be in the inferred category			

As previously discussed, resource definition has historically been difficult for this type of deposit. Many successful gold mines of this type operated for decades with one to two years of ore reserves delineated at any time. We believe it is important for investors to understand this fact, and the risk it entails.

Potential: The company is aggressively targeting the BK Zone to determine a NI 43-101 compliant resource estimate. Upon delineation of the target resource, management has indicated they will proceed with a full feasibility study before initiating production. The timeline for this entire process depends largely upon the determination of a 500,000 tonne resource estimate. However, management has indicated they are aiming for production by 2009.

Management

The management of Bralorne Gold Mines is drawn from a group of people who manage multiple mining companies. Together they bring many years of experience in mining with properties at all levels, from grassroots to full production. They also benefit from a strong technical team with experience in geology, metallurgy, mill fabrication and engineering. The company is committed to hiring local labor at the Bralorne mine whenever possible.

Louis Wolfin, CEO and Director

Mr. Wolfin's career in management and finance spans more than forty years and includes notable achievements in exploration and mine development. He managed funding and development of the Avino Silver Mine in Mexico, which operated continuously for over 30 years. He has directed development of the Bralorne mine since the company's inception in 1995.

William Kocken, President and Director

Mr. Kocken brings over 40 years' experience in mine development to the company, and he played a key role in bringing the Bralorne to start-up. Prior to joining Bralorne, Mr. Kocken built Inlet Metal and Machining Co. into one of Vancouver's largest mine and transport equipment fabrication companies. The firm's projects included Roberts Bank (coal stacker loader and conveyors); Vancouver Wharf (conveyor and loading systems); and a number of mines. Serving a CEO for Terra Mines, Mr. Kocken was instrumental in completing a 250 ton-per-day facility for that company. Mr. Kocken also serves as a director for the Mining Association of British Columbia.

Lloyd Andrews, Chairman and Director
Mr. Andrews, a former Washington State Senator, provides Bralorne with extensive experience in both the private and public sectors. He is a retired member of the Board of Smith Barney Mutual Fund.

Matt Wayrynen, Vice President of Operations and Director
Mr. Wayrynen brings to Bralorne extensive finance experience in a variety of industries. He has sourced and managed venture capital, mergers and acquisitions, and startups. He played a key role in Bralorne's funding over the past four years.

David Wolfin, Vice President of Finance, Director
David Wolfin, who is the President of Avino Silver and Gold Mines, learned the mining business from the ground up, starting as a geologists' assistant doing field work in 1986, and later working in a variety of mining-related capacities. Over the last 17 years, he has been instrumental in financing, investor relations and overall management for the company.

William Glasier, Director
Mr. Glasier has been instrumental in expediting development of the Bralorne Mine, particularly with regard to the permitting process. He provides financial and resource consulting for a number of public companies, and his primary expertise lies in finance and project management.

Florian Riedl-Riedenstein, Director
With more than 30 years of experience in corporate finance and international banking, Mr. Riedl-Riedenstein provides Bralorne with valuable exposure and counsel regarding foreign investment. He specializes in the funding of resource companies and offers extensive experience in, and knowledge of, the mining industry.

Ian Woods, Director
Mr. Woods is an honours graduate in Economics & Statistics from the University of Aberdeen, Scotland and is a Certified General Accountant with over 33 years of experience in finance and management, mostly with Canadian corporations in Toronto. He presently serves as Managing Director of Abbaye Management & Consulting S.A., an independent Switzerland based consulting company and as a Director of Nerine Fiduciaire S.A. in Geneva.

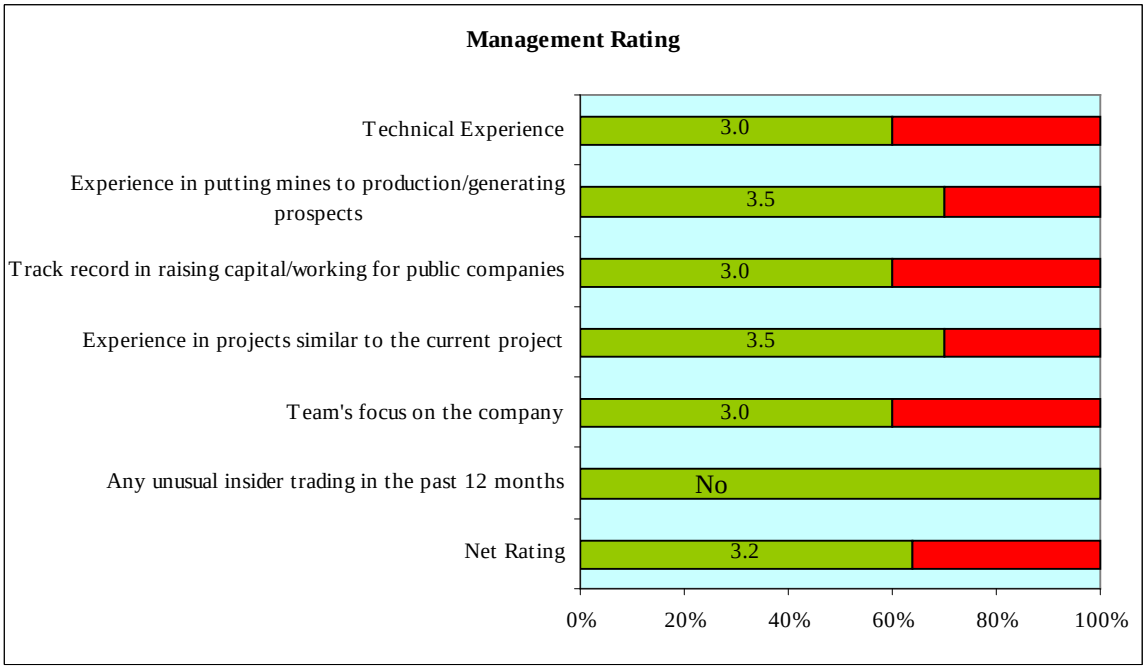
Gary Robertson, Director
Mr. Robertson is a Certified Financial Planner. He has worked in the financial industry for the past twenty years, and presently serves on the board of several private companies as well as on the board of 6 Canadian junior gold mining companies: Bralorne Gold Mines Ltd., Avino Silver & Gold Mines Ltd., Coral Gold Resources Ltd., Mill Bay Ventures Inc., Levon Resources Ltd. and Sage Gold Inc.

Mimy Fernandez-Maldonado, Corporate Secretary
Mimy Fernandez-Maldonado has over nine years corporate and management experience in public companies and has worked in the mining industry since 2005. As Corporate

Secretary, her main responsibilities include communications with the board of directors, corporate governance and regulatory compliance. Prior to joining Bralorne Gold Mines Ltd., she was the Corporate Secretary of Leisure Canada Inc., X-Tal Minerals Corp. and La Mancha Resources Inc. Ms. Fernandez-Maldonado is a member of the Canadian Society of Corporate Secretaries and is fluent in English and Spanish.

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 Bralorne Gold Mines is 3.2, which we have rated average.**



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 Bralorne, 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 Committee. This report also identifies any non-arms length transactions and management's compensation.

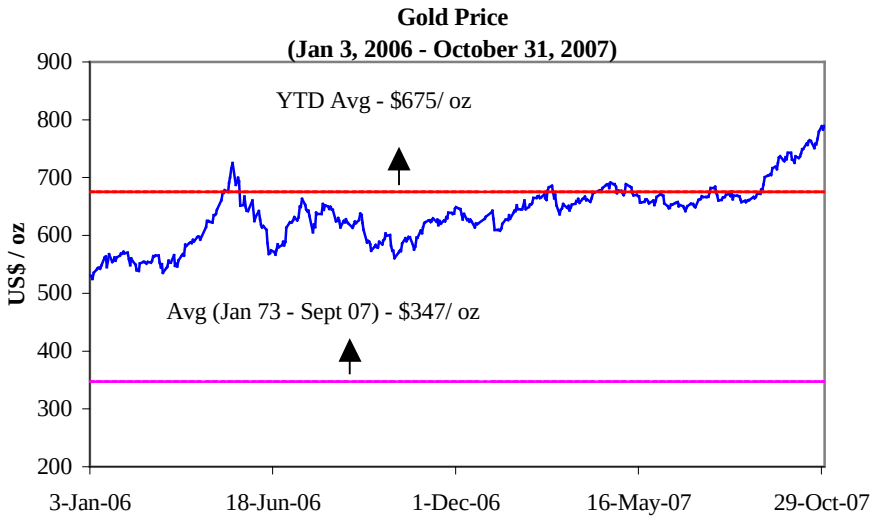
Bralorne's Board of Directors is made up of 9 individuals: Louis Wolfin**,** William Kocken**,** Lloyd Andrews**,** Matt Wayrynen**,** David Wolfin**,** William Glasier, Florian Riedl-Riedenstein, Ian Woods, and Gary Robertson. None of the directors have filed for personal bankruptcy. All directors hold shares in the company. The related/non-independent directors are Louis

Wolfin, William Kocken, David Wolfin, and Matt Wayrynen, as they are executive officers of the company and receive compensation. The Audit Committee is made up of Gary Robertson, Ian Woods and William Glasier. The Compensation Committee is made up of Gary Robertson, William Kocken, Lloyd Andrews, and David Wolfin. The Corporate Governance Committee is made up of Lloyd Andrews and Ian Woods.

The company does have one non-arms length transaction. They conduct drilling through a private corporation, ABC Drilling, owned by Oniva Corporation, which is in turn owned by a group of companies including Bralorne. The company paid $1.2 million for drilling services over the last year.

Outlook for Gold

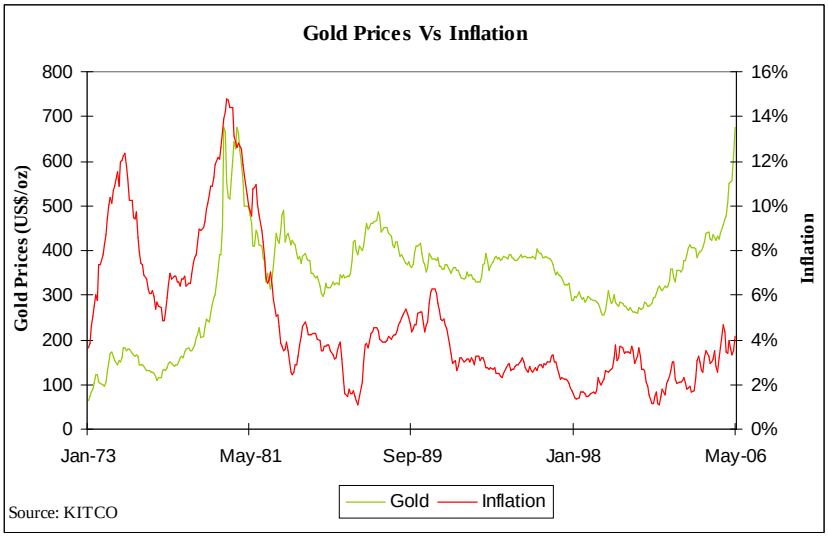
The chart below shows gold prices since January 2006. As of October 31, 2007, gold was trading at US$790/oz, which reflects a YOY increase of 29%.



Source: KITCO

Prices have not dropped below the historical average price of US$347/oz since April 2003. Although gold prices have risen considerably in the past few weeks, and are currently trading at record highs, we have maintained our positive outlook on gold due to the following macro economic conditions.

Projected depreciation of the U.S. dollar: Gold is traditionally viewed as a capital preservation asset and regarded as a better hedge against the U.S. dollar, inflation and geopolitical risks, than any other commodity. The chart below shows the relationship between gold prices and inflation. It can be noted from the chart that gold prices were higher whenever inflation was high.



We believe that the demand for gold will stay high as long as it is perceived as a capital preservation asset by investors. Gold is a non-perishable asset that bears no credit risk and has a high value to volume ratio, which makes it easily transferable, with low transport and storage costs. Hence, we do not expect any other commodity to substitute gold as a capital preservation asset. Historically, gold prices have been negatively correlated to the U.S. dollar (as shown in the chart below).

The U.S. dollar is expected to depreciate with respect to other major global currencies, based on an expected slow down in the U.S. economy, and relatively lower real interest rates in the U.S., compared to other major countries in the world.

The U.S. housing industry is not expected to recover before the end of 2008, and recently, the U.S. economy reported job losses for the first time in four years. Both these factors further signal a slowdown in the U.S. economy. The U.S. Federal Reserve cut interest rates by 75 basis points (to 4.50%) in their last two meetings, as a move to tackle the ongoing credit crunch problems and the softening U.S. housing industry. All these factors suggest

that the U.S. dollar will depreciate further going forward, which will help gold prices stay high.

Solid Investment Demand: As of October 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 22.26 million ounces, which reflects a YOY increase of 47%. We believe that it is the steady rise in investment demand, and not physical demand, which will play a more significant role in setting gold prices going forward.

Positive correlation with oil prices: We have also noticed a positive correlation between gold and oil prices in times of high oil prices. We found that changes in the average monthly prices of the two commodities during January 2006 – September 2007 had a significant positive coefficient of correlation of 0.53. High oil prices create inflationary expectations among investors and lead them to drift towards the capital preservation asset, gold. According to Oil and Gas Consultants, Sproule and GLJA, oil prices are expected to stay above US$60.00/bbl for the rest of 2007 and 2008, which we believe will have a positive impact on the demand for gold.

Forecast: Therefore, based on a forecasted depreciation in the U.S. dollar, higher inflationary expectations, relatively lower U.S. real interest rates, and high oil prices, we continue to be bullish on gold prices. We do not expect prices to move up from current levels for the rest of the year, however, we expect prices to gradually move up, as the U.S. economy moves closer to a recession. The average forecasts for gold prices are US$670/oz in 2007, and US$749/oz in 2008.

Financials

During the first six months of FY2007 (ended July 2007), the company had a net loss of $0.24 million, compared to a net loss of $0.13 million in the same period in the previous year. We estimate the company had a burn rate (cash spent on operating and investing activities) of $0.24 million per month in the first six months of FY2007 and FY2006 (12 month period). The company expects to spend about $2.5 million in the next 12 months.

Cash Position and Liquidity: Cash and working capital at the end of Q2-2007 (end of July 2007) were $1.71 million and $1.36 million, respectively, compared to $2.77 million and $2.51 million at the end of FY2006 (January 2007). The table below shows a summary of the company's cash and liquidity position at the end of Q2-2007.

	2003	2004	2005	2006	2007 (6 mo)
Cash	4,090,586	602,274	5,216,508	2,770,181	1,709,378
Working Capital	4,109,510	102,748	4,919,111	2,512,193	1,364,107
Current Ratio	45.9	1.1	13.8	6.7	4.0
LT Debt / Assets	-	-	-	-	-
Burn Rate (per month)	(162,114)	(513,237)	(475,064)	(235,753)	(244,443)
Cash From Financing Activities	5,397,632	2,670,531	9,430,530	2,400	405,853

Options and Warrants: At the end of July 2007, the company had 7.36 million share purchase warrants outstanding (all of them are currently 'out-of-the-money'), with a weighted average exercise price of $1.72, and maturity periods between December 2007 and

April 2010. The company also had 1.09 million stock options outstanding, with a weighted average exercise price of $1.16, and a weighted average maturity period of 3.54 years.

Conclusion: Based on a burn rate of $0.24 million per month, we believe the company has sufficient access to capital until the end of February 2008. We expect the company will have to raise additional capital by mid 2008. However, the negative impact on dilution will not be very significant as our estimate of the company's capital costs is only $12 million.

Valuation

We valued the company based on a Discounted Cash Flow (DCF) model and a real options valuation model.

Resource Estimate: We have assumed the company will delineate 500,000 tonnes of ore grading 12 g/t gold in the BK Zone. In addition, we have valued the current NI 43-101 compliant resource, which the company may explore and further develop when the BK Zone is in production.

DCF Valuation - $22.95 million, or $1.64 per share: A summary of our DCF valuation is shown below.

DCF Valuation Summary	
Resource (in tonnes)	639,300
Gold Grade (gpt)	12.41
Recovery - Gold	83.5%
Recovered Gold (in troy oz)	212,981
Production Commencement	2009
Mill Processing (tpd)	280
Mine Life (in years)	6.5
Gold Price Forecasts	2009 - $US850/oz; 2010 - US$790/oz; 2011+ - US$600/oz
Exchange Rate (C$/US$)	2009 - 1.05; 2010 - 1.10; 2011+ - 1.15
Average Operating Costs ($/tonne)	$110
Capital Costs - in $mm	$12
Discount Rate	11.49%
Net Present Value	**$22,323,719**
Working Capital	630,779
Debt	-
Fair Value of BPM	**22,954,498**
No. of Shares	13,575,422
Value per Share	**$1.64**

Estimated Timeline:

- Receive Permits – Q4-2007
- Underground Development and Resource Delineation - Q1 & Q2-2008
- Commence Production – early 2009

All the inputs and assumptions that we used in our valuation model are presented in the table above.

Sensitivity Analysis: The table below shows the sensitivity of our fair value estimate to changes in gold prices and discount rates.

Gold Prices Discount Rates	-20%	-10%	0%	10%	20%
8.00%	$1.00	$1.50	$2.00	$2.50	$3.00
10.00%	$0.87	$1.33	$1.79	$2.24	$2.70
11.49%	$0.79	$1.22	$1.64	$2.07	$2.50
14.00%	$0.66	$1.05	$1.43	$1.82	$2.20

Real Options Valuation - $20.58 million, or $1.56 per share: Our real options valuation model is a good technique to value early stage mining companies like BPM. In this technique, the company's projects are valued as if they were options. This model also serves as a check on our DCF valuation.

Our real options valuation on the company is $1.56 per share (shown below).

Real Options Valuation				
Resources (in tonnes)	**Grade (g/t)**	**Contained Metal (in troy oz)**	**Price (US$/oz)**	**Value (C$)**
639,300	12.41	255,067	750.00	167,722,631
Operating Costs ($/tonne)	110.00		Total Value (C$)	$167,722,631
Recovery (Au)	83.5%		Operating Costs (C$)	$72,423,000
C$/US$	1.05		Net Value (C$)	**$95,299,631**
Inputs relating to the underlying asset				
Estd. Mineral Resources (in tons)				639,300
Estd.Value of Minerals if extracted today				$80,691,620
Annualized Standard Deviation of Mineral prices				19%
Capital Investment				$12,000,000
Estd. Mine Life (years)				6.5
Riskfree Rate				4.20%
Output				
Stock Price	$80,691,620		T.Bond rate	4.20%
Strike Price	$12,000,000		Variance	0.04
Expiration (in years)	6.5		Anlzd. div yield	15.33%
			Value of Option	**$20,579,979**
d1 =	2.674		Working Capital	$630,779
N(d1) =	0.996		Debt	-
d2 =	2.188		Number of shares	13,575,422
N(d2) =	0.986		**Value per share**	**$1.56**

Relative Valuation – We did not perform a relative analysis as we are not aware of any other junior mining company that has a past producing gold project in British Columbia with good infrastructure, and in a similar stage of development.

Conclusions & Rating

As both our valuation models gave very similar fair value estimates (DCF model - $1.64 per share, and Real options model - $1.56 per share), we believe the true fair value of the company is very close to our valuation. We believe that it is a conservative estimate as our valuation only accounts for only the minimum resource required to reopen the mine, and the BK Zone has significant potential.

Resource estimation is a strategy that is rewarded by investors. We believe that investors will show a vote of confidence in Bralorne upon the definition of their resource estimate goal, as confidence was shaken by the disappointing results of the 2004-2005 mining operations. Even in a producing mine, we believe investors like to see a resource base and an extended mine life delineated. The difficulty of defining resources on this property has been discussed, and Beacon Hill has delineated a strategic direction for the company that should prevent future operations from the difficulty of the 2004 - 2005 production trial.

We believe there is significant upside potential for production on the Bralorne property. We believe the property is vastly under explored considering its tangible evidence of gold mineralization. As Beacon Hill discusses in their technical report, there is still great

potential for exploration and further gold resources on the property. However, we believe there are still barriers to successful production on the Bralorne Property. The nature of the mineralization on the property, while strong in terms of grade, is notoriously difficult to delineate in terms of resources. There is potential for a large resource below the 800 level, but access to this flooded area is a significant expense and difficulty, considering the high arsenic levels of the water which would require treatment.

Based on our valuation models, and analysis of the company's projects, we initiate coverage on Bralorne with a BUY rating (Risk 5: Highly Speculative), and a fair value estimate of $1.60 per share. Upside catalysts will arise as the company receives permits for underground development and upgrades their NI 43-101 compliant resource estimate. Our fair value estimate reflects an upside potential of 51% from current price levels.

Risks

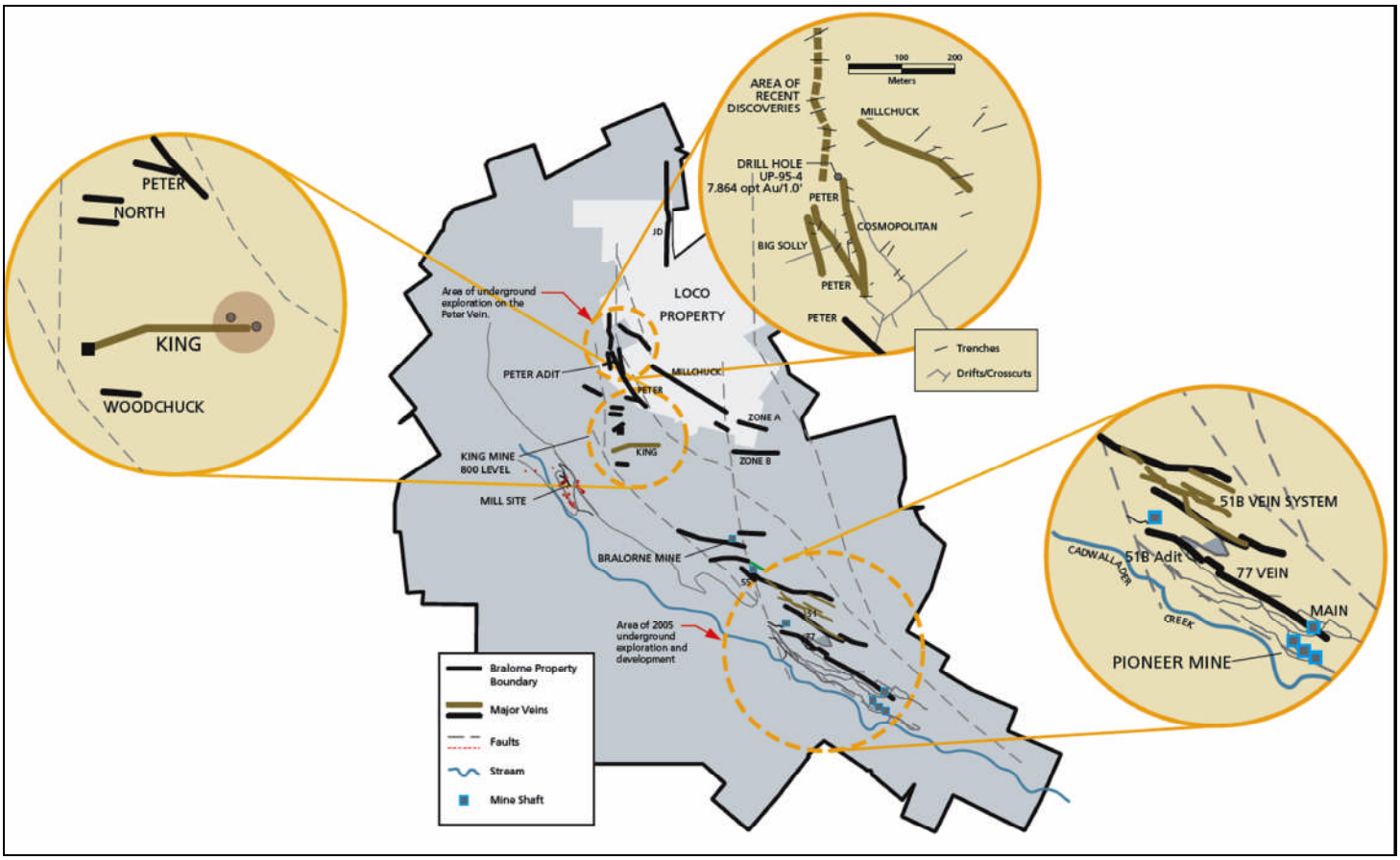
The following risks, though not exhaustive, will cause our estimates to differ from actual results:

- The company is exposed to all the risks associated with mineral exploration. Bralorne does not have any operating mines, and hence, does not generate any revenues or positive cash flows. However, this risk is minimized by the mining infrastructure and the ability to go into production relatively quickly.
- The success of drilling, expansion and determination of favorable resource estimates are important long-term success factors for the company.
- Bralorne's success is dependent on the management and development of its exploration projects.
- The value of the company depends heavily on commodity prices.

Sources: Information on the history of mining in the Bridge River Valley was taken from

Green, Lewis. 2005. The Great Years: Gold Mining in the Bridge River Valley. Tricouni Press, Vancouver.

Appendix



An overview of the Bralorne Property
Source: Bralorne Gold Mines

Fundamental Research Corp. Equity Rating Scale:

Buy – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk
Hold – Annual expected rate of return is between 5% and 12%
Sell – Annual expected rate of return is below 5% or the expected return is not commensurate with risk
Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

Fundamental Research Corp. Risk Rating Scale:

1 (Low Risk) - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

2 (Below Average Risk) - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

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.

4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

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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