

DAVID PESCOD'S STOCKTALK LATE EDITION

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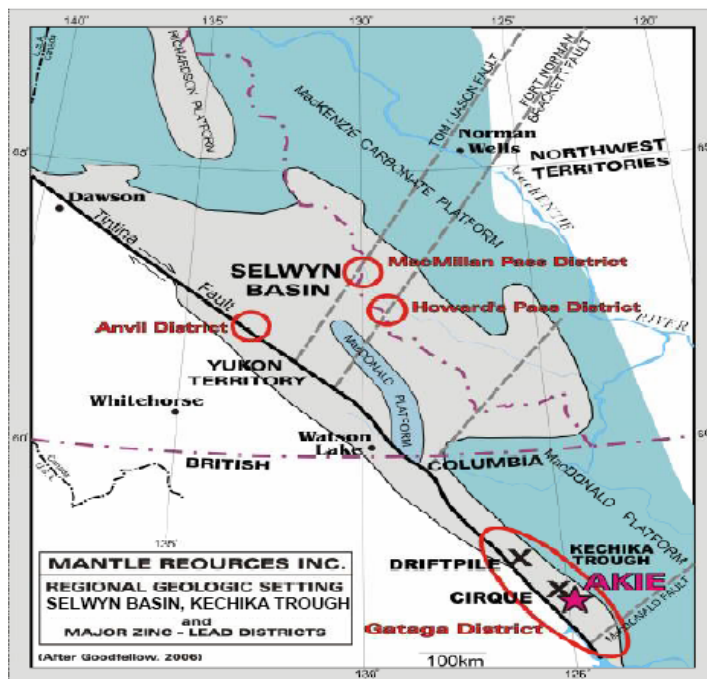
AN INTERVIEW WITH JIM MUSTARD, PRESIDENT OF MANTLE RESOURCES (As of October 11, 2007)

We are here with *Jim Mustard* who has suddenly made quite a change, going from critiquing other people's work as an analyst, a widely respected one at *Haywood Securities* to suddenly joining the exploration game himself, leading *Mantle Resources (MTS)*, a lead/zinc play in British Columbia that many people have some hopes for.

David Pescod: Jim, first of all we notice that in your background which has many years in the geology business, you actually spent some time working for government. Was this a phase?

Jim Mustard: This was a phase when nobody cared about the resource industry except for half of the government and jobs were pretty lean. I managed the Vancouver office of a short lived program called the "Canadian Exploration Incentive Program" (perhaps better known as CEIP) that was set up by the federal government to provide a grant system in lieu of the accelerated write off of 33.5% (the MEDA portion for those who have been in this business long enough to remember it). They had cancelled the accelerated write off portion in the late 1980's and because there was a large and audible cry of protest (along the lines of tax changes affecting Income Trusts) largely coming out of mining communities in Ontario and Quebec, the federal government replaced it with a grant program that was subject to a lot of paper work and inspections (i.e. bureaucracy) – but it only lasted just over two years. I managed the Vancouver office of that program one of five offices across Canada.

D.P.: Now that you are no longer an analyst but you're in the business, you don't have the constraints that many brokerage analysts do have, so we can ask some hard questions. First of all, with your look around the world, which are the commodities that you think have great futures and which ones might you be worried about and how long will this commodity boom go for?



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J.M: In terms of the overall commodity boom, clearly it's a combination of factors at play here. Global demand has caught everybody by surprise and mostly coming out of Asia, where it was very difficult to get hard information for some time. Longer term, I do see the commodity prices remaining at or above current levels, irrespective of the US financial and economic concerns because we are not dealing with just a North American growth phenomenon anymore that we are mostly familiar with - the global demand is sustainable for considerable time yet. In fact in my career, I have never witnessed a time when ALL commodities have experienced such a sustained demand - it makes me giddy! As infrastructure build out continues in many countries combined with a growing middle class, particularly in Asian countries commodities in the near-term and the longer-term will continue to see increased levels of demand, combined with strained production. Commodities that are of interest to me; would include uranium for the long-term. It's had a significant pull-back of late, largely because the spot price that everybody focuses on, which has been the main driver of near term investor interest. But the longer-term positive outlook is even better than before with the build out of nuclear reactors and the lack of ability of being able to put new mines into production on a timely basis. This is a great commodity to be in with vastly more attractive valuations going forward.

Obviously, zinc (and lead) is a favourite commodity of mine and for much of the same reasons. Long-term, fundamentals are quite strong and long-term supply side issues are in fact even better because of the forecast decline in production from several key mines over the next several years, without the prospects of large new mines to replace shuttered production. Lead is of specific interest as I'm sure many of your readers have never seen lead prices greater than zinc - I certainly never have! Certainly gold and the precious metals sector has been on fire vis-a-vis the concerns over the U.S. dollar and that will continue to be a focal point - I expect gold to touch upwards of \$800 or more, perhaps very soon.

D.P: Are there any minerals at all that you are worried about?

J.M: To be honest, I can't think of any of the metals or anything you can dig out of the ground that I have a concern over in terms of its valuation and in terms of the near-term or even the long-term prospects.

D.P: One thing a mining guy in Canada such as yourself has to be looking at is the big rise in the Canadian dollar, which has definitely increased costs. How bad has it affected potential players?

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J.M.: There's no question that it will take a lot of the value off the bottom line of those projects that are in production or will soon be in production from Canadian-based assets. We will soon see reporting of revenues and profits, and we are likely to see reduced earnings across the board – some more than others as they may have been caught with currency hedges the wrong way. Companies with projects not yet in production or not likely in production for perhaps two or three years are certainly attractive, because I can't see our high loonie lasting much beyond a couple of years as the US economy cranks up and starts taking advantage of that low buck. The flip side is that any companies that have projects with a diversification in other countries and specifically those that have assets in the US are going to see some additions to the bottom line.

D.P.: Seeing as you were a well thought-of analyst for a while, it's time to ask you some questions now that there's no constraints on some of the stories of the day, two of which are definitely attracting time on the screen and that's Noront Resources (NOT) and VMS Ventures (VMS). What are your thoughts on those two plays?

J.M.: Those companies have made legitimate new discoveries in mining friendly jurisdictions. Obviously Noront's nickel discovery in Ontario was a complete surprise to many because it was really a system of base metal occurrences that were identified several years ago, initially by De Beers when they were looking for diamonds. I think what Noront has and because of the grade so far, is very significant; Noront's valuation is obviously pushing the envelope, but the significant opportunity to add to that whole district probably will be quite material to Noront going forward and be particularly attractive to any company that wants to have a blue sky exploration nickel play in a brand new district. It will take some time for this story to unfold as the area is remote and they definitely will need road access eventually to move any bulk material out. Given the liquidity and lots of news flow stacked up, this makes a classic trading play to own many times over – and don't forget there are many other players rallying in the area.

VMS has made a copper + base metal discovery in Manitoba, a legitimate mining area where many, many discoveries have been made and there have been several operating mines in the past. The world class Flin Flon camp is nearby, so infrastructure is very good. The challenge is that these two projects are basically geophysical discoveries and we have no idea what the ultimate size and scale of them may be. I would not expect these deposits or these discoveries to lead to a deposit that's in the 20 to 30 million tonne range, but because the good infrastructure, even a 5 to 10 million ton-type target of these kind of grades is quite significant for VMS.

The NOT discovery will take much more work as it is in a less developed area.

D.P.: Are there any other exploration plays around the world right now that you find yourself watching?

J.M.: Aquiline Resources (AQI) in Argentina comes to mind. They have the Navidad project which has been the subject of a long, protracted legal battle with IMA Explorations (IMR) which has gone through two lower court hearings that have awarded this to Aquiline - it's a very significant resource. It's in a province that is uncertain about its mining opportunity because of some issues over the use to cyanide and various other green movements, but I think at the end of the day, this is a very developable asset. It's virtually at surface - a lot of it is open pit and I think we'll see a pragmatic approach from the Province of Chubut that we will allow mining in certain parts of the province and perhaps restrict mining opportunities in some of the more pristine or more tourist-prone areas. Clearly, Navidad is located in a fairly benign area. It's a stock that trades around \$11 but it has a real asset and I think it's a potential take-over target for anybody that wants a) base metal exposure and b) significant silver exposure as well. A sister company that I like is Laramide Resources (LAM) who are about to commence drilling on their key uranium asset in Australia – a deposit hosting a sizeable amount of uranium. I've got oodles of ideas!

D.P.: Before we talk about your own company though, let's get your top three picks at this time and of course we are looking for doubles.

J.M.: Obviously, coming from where I came from, I've seen a tremendous number of deals; opportunities and deal flows and many of them continue to come with me. Many of them are still private, to be honest. I think Orko Silver (OK) is a name that is a potential take-over target at its current level and could easily be a double because they are evolving and they continue to expand the resource property in Durango, Mexico where they're drilling with 4 rigs. They have a high grade silver vein-type target: – a recent resource update defined 73 million ounces at a grade of 200 g/t – and I believe they are adding with each drill hole. VMS Ventures (VMS) because its valuation is still not recognizing what it potentially could have. And certainly from these levels this could be an easy double. Grandview Gold (GVX) is a name that has caught my attention because of a recent drill intercept on their Pony Creek project along the Carlin Trend in Nevada – a drill intercept of 2.18 g/t Au over 36; the property hosts 1.4 million ounces of inferred resources.

D.P.: On to Mantle Resources (MTS), which obviously you must like their project and lead/zinc to have made this career change.

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J.M.: Certainly both lead and zinc prices are at very attractive levels - not at their highs but certainly close to their recent highs and have shown positive movements in the last several days. The fundamentals for both commodities look very compelling and zinc specifically, has always been a late-comer to the commodity cycle. So with the continuing infrastructure build-out in countries like China/India demand is well set – and there is no substitution for zinc. I think global construction demand will remain fairly high and as I indicated before the fundamental supply side looks very strong because within about two to perhaps three years, there are scheduled mine closures that will take a lot of production off the table currently in production - these are deposits that will be depleted, these are not closing because of cost pressures. So I think from a supply point of view, there is a concern over the ability to meet very robust demand in the years to come.

In terms of Mantle's activity, we have two key assets in BC and that's another reason I think it's a great company because it is in BC and we are not dealing with any foreign risk exposure. Mantle has a very large land package within the Akie or Kechika district that was explored heavily in the 1970's and led to several discoveries including the Cirque deposit (owned by others) which consists of two deposits combined totaling 50 million tones of mineralization. Our large exploration land package along that favorable belt of rocks is one of our key assets.

The other focal point of our activity is the Akie property, and the Cardiac Creek mineralized zone where we are currently drilling with three rigs to outline a resource that will eventually be 101-Compliant. Historic information certainly identifies this is a significant zone of mineralization and we are currently defining both the limits (although I don't think we found some of the limits yet) as well as infill drilling in order to do a proper resource estimate. The grade that we are experiencing here is about 12% to 15% on average combined lead/zinc and it is clearly an underground target because of the depth and therein lies the ability to put a project like this on the table with minimal surface impact or disturbance in respect to environmental permitting down the track.

D.P.: What kind of a time frame do you see?

J.M.: We are looking at a potential underground program by the end of next year. We have just applied for an extension for a road which will be approximately 8km in length that will allow us to drill more efficiently and extend our drilling season.

Disclosure: IMA Exploration: Canaccord Capital covers this stock and has a Hold rating on it. (Hold: The stock is expected to generate risk-adjusted returns of 0-10% during the next 12 months.) Canaccord has recently led a financing for IMA Exploration.

Right now it's all helicopter supported from our base camp which is about 10 km from the sight of drilling. The base camp is road accessible by a very good logging road. So next year we are looking at commencing an underground decline that will allow a lot more closed space drilling to define this zone. In terms of moving forward, we are probably 18 months to two years before we have a sufficient amount of data to really go forward in any kind of assessment of the property from an economic stand point.

We have a large exploration belt of rocks that we control on which we have done very little work because of resources and time limits. We are focused on defining the mineralized zone on the Akie property and next summer we certainly want to ramp up the exploration activity on the larger district because there are any number of untested anomalies or anomalies that were historically tested, but were never followed up when metal prices collapsed and government support waned. Virtually no exploration has been done in this district for up to 15 years or more. So there's a lot of unfinished business and numerous targets that certainly will see focused work over the coming years.

D.P.: Now of course we don't want to put you in an awkward spot, but what kind of resource do you think you have at this time?

J.M.: All I can say is that there was an historic and non 43-101 compliant estimate completed by Inmet after three years of drilling on the property in 1994 through 1996 and they had an estimate of slightly in excess of 10 million tons for the Cardiac Creek Zone mineralization. That's based on very wide-spaced drilling and obviously a lot of assumptions about continuity. We are dealing with a very regular panel of mineralization, so continuity I think, is fairly well demonstrated because we are not focused on trying to make the zone bigger. We are focused on the grade and certainly the last two press releases this year have demonstrated grades in the range of 15%Pb+Zn.

D.P.: In an awkward position like this where analysts are going to be contacting you - are there any analyst reports on Mantle yet?

J.M.: We don't have any independent firms yet that have picked up the story, so we are wide open to opportunity..... however, I should add that *Lundin Mining* owns just under 10% of Mantle.

D.P.: Thank you very much Mr. Mustard!

DEB'S DITTY:

Handle every situation like a dog.

If you can't eat it or chew it, piss on it and walk away.

Thanks Dave W.