

7 November 2008

Great Western Minerals Group Ltd (GWG.V)

Price: C\$0.12

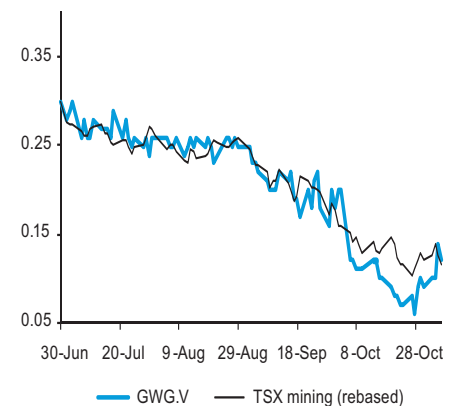
Mining Sector

Great Western Minerals is pressing ahead with exploration at its Hoidas Lake rare earth elements deposit in northern Saskatchewan. It is also drilling on a second rare earth project, in Utah USA. The company recently acquired Less Common Metals and it continues development of Great Western Technologies Inc. Both companies focus on development and marketing of value-added rare earth alloys for the aerospace, automotive and high-technology sectors.

KEY POINTS

- Acquisition of Less Common Metals provides immediate cash flow**
Great Western acquired a private UK company, Less Common Metals Inc (LCM) earlier this year. This acquisition greatly enhances Great Western's mine-to-market strategy and provides immediate cash flow. The company recorded revenues of C\$19.1m for the year ended 30 June 2008, based on sales of 430 tonnes of rare earth alloys. The LCM plant has a capacity of 1,100 tonnes per annum.
- A winter drill programme at Hoidas Lake adds encouragement**
Great Western completed one drill programme at Hoidas Lake earlier this year. The work extended the strike length of the main JAK zone by approximately 25 percent and tested the zone to a depth of 300 metres. The drilling also identified a new vein system in the footwall of the JAK zone. The results should allow the company to expand its NI 43-101 resource estimates significantly. On the downside, the preliminary economic assessment is further delayed and we have increased estimates for capex.
- Summer- follows winter -drilling confirms a new zone at Hoidas**
Great Western believes there are additional vein systems containing rare earth elements on its Hoidas Lake property. The winter drilling revealed the Nisikkatch South system, approximately ten kilometres south of the JAK zone. The company completed a new phase of drilling this summer to the south of JAK, with several new holes intersecting the Nisikkatch South system. Assays are expected this quarter.
- Development of Great Western Technologies remains a company priority**
As part of its mine-to-market strategy, Great Western acquired a US-based business capable of supplying rare earth alloys to specialty users. Whilst the economic crisis in the US and elsewhere is having negative influences on Great Western Technologies' revenues, the company is pressing ahead with upgrades and developments. Great Western is recruiting new customers and it anticipates profitability in two to four years.
- Drilling at Deep Sands is now complete**
Great Western has wrapped up an aggressive drill programme that saw it complete approximately 1,000 holes into the uppermost portion of the deposit. The company also completed a deeper drilling programme at Deep Sands. Great Western expects to compile the data and prepare a resource estimate, ahead of a prefeasibility study.
- Core valuation maintained but with increased confidence. Wider risk/reward spread**
Our revised model maintains a base-case value of C\$0.26 per share on Great Western. However the 2008 winter and summer drill programmes provide gathering confidence ahead of a likely expansion of NI 43-101 resource estimates. The spread between our pessimistic and optimistic cases has widened reflecting a greater risk/reward profile associated with doubling the mining rate and, for the optimistic case, the potential for more aggressive marketing at LCM.

Price chart (C\$)



Current fair value of equity

Expected Value	C\$31.7m
Value per share	C\$0.26

Derisked upside potential*

Our core scenario	C\$0.54
Our optimistic scenario	C\$1.04
Maximum potential	C\$1.25

*potential assuming projects reach permitting

Company details

Quote	
Shares	
- TSX Venture	GWG.V
- Frankfurt	GWM.F
- Pink Sheets	GWMGF.PK
Hi-Lo last 12-mos. (C\$)	0.41 - 0.07
Shares issued (m)	123.7
Fully diluted (m)	194.3
Market Cap'n (C\$m)	8.7
Website:	www.gwmg.ca

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Fair value summary (C\$m)

Scenario	Base	Pessimistic	Optimistic
Divisions			
- Hoidas Lake project	27.1	(3.9)	59.7
- Less Common Metals	9.3	5.9	42.0
- GW Technologies	2.5	2.5	2.5
- Other	6.8	6.8	6.8
Total	45.8	11.4	111.0
Less: overhead	8.5	8.5	8.5
Expected value of portfolio	37.3	2.9	102.5
Add: listed investments	0.2	0.2	0.2
Add: starting cash + new funds	4.1	4.1	4.1
Total current value for firm	41.6	7.2	106.8
Less: bank & other debt	8.8	8.8	8.8
Total value to equity claims	32.8	(1.6)	98.0
Less: alternative equity claims	1.1	0.0	9.6
Ordinary equity holders	31.7	(1.6)	88.4
Value per share (C\$)	0.26	(0.01)	0.71

Expected fair value of Great Western Minerals

Scenario	Risked mineable resources (m tonnes)	Hoidas property value (C\$m)	GWG Valuation (C\$m)	Value per share (C\$)
Base case outlook	1.7	27.1	31.7	0.26
Value for scenarios of further exploration success				
Full proved up	2.6	72.9	71.8	0.58
Optimistic outlook	2.3	59.7	88.4	0.71
Pessimistic outlook	1.1	(3.9)	(1.6)	(0.01)
Value with no further exploration success				
Current resource estimate	0.5	(3.9)	1.8	0.01

Notes:

- 'fully proven up' scenario assumes that current mineable resource estimates are upgraded to 'Proven' status

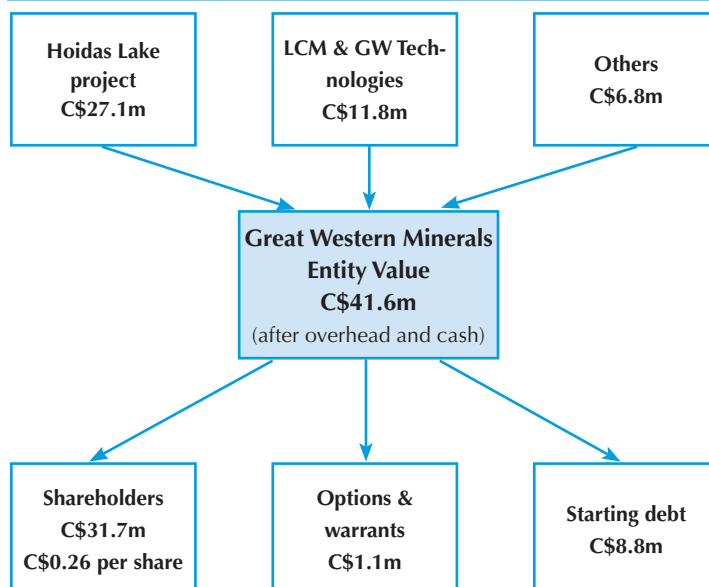
Sensitivity to market assumptions ...

Long run real REE price (US\$/Mt)	11,000	11,500	12,000	12,500	13,000
Value (C\$/share)	0.15	0.21	0.26	0.31	0.35
Change in value (%)	-40%	-20%		+19%	+38%
Time for REE price to revert to mean (years)	1	2	3	4	5
Value (C\$/share)	0.14	0.20	0.26	0.31	0.37
Change in value (%)	-44%	-22%		+22%	+42%
Volatility of REE price (%)	45%	50%	55%	60%	65%
Value (C\$/share)	0.22	0.26	0.29	0.33	0.38
Change in value (%)	-13%		+14%	+30%	+47%
Interest rate (%)	3.6%	3.7%	3.8%	3.9%	4.0%
Value (C\$/share)	0.27	0.26	0.26	0.25	0.25
Change in value (%)	+4%	+2%		-2%	-4%

Sensitivity to Hoidas Lake operating assumptions ...

Recovery rate (%)	79%	81%	83%	85%	87%
Value (C\$/share)	0.19	0.23	0.26	0.29	0.32
Change in value (%)	-24%	-12%		+12%	+24%
Operating Costs (US\$ per tonne)	171	180	189	198	207
Value (C\$/share)	0.26	0.26	0.26	0.26	0.26
Change in value (%)	+0%		-0%	-0%	-0%
Increase in Capital Cost (%)	+0%	+10%	+20%	+30%	+40%
Value (C\$/share)	0.26	0.22	0.18	0.13	0.09
Change in value (%)		-16%	-31%	-48%	-64%

Components of Great Western Mineral's entity value



Hoidas Lake Valuation (C\$m)

Scenarios for exploration success	Base	Optimistic	Pessimistic
Net value of production	345.8	345.8	345.8
Expected mining success*	60%	81%	39%
Expected mining success*	0.6	0.8	0.4
Add: tax shield on depreciation charge	43.9	43.9	43.9
Less: development & operational capex	180.7	180.7	180.7
Value of mining operations	70.5	144.4	0.0
Probability of reaching mine development	44%	44%	44%
Expected value of deposit	31.0	63.6	0.0
Less:			
- expect pre-development costs**	0.9	0.9	0.9
- further exploration costs ***	3.0	3.0	3.0
Expected value of project	27.1	59.7	(3.9)
effective risk haircut	85%	70%	100%
Ownership	100%	100%	100%
GW Minerals' share	27.1	59.7	(3.9)

* portion of reserve/resource expected to be converted to a mineable resource, probability-weighted for our confidence they will be proven-up

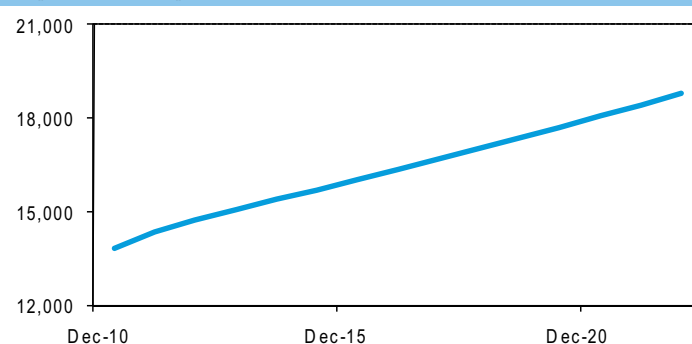
** shown as expected value of being incurred after allowing for likelihood of reaching each development stage

*** present value

Commodity assumptions

REE prices are mean reverting	
Long run level	12,000 US\$/tonne
Avg time to revert	3.0 years
Volatility	50%
Inflationary price growth	2.0%

Expected REE price (US\$/tonne)



Great Western completed two aggressive drill programmes at Hoidas Lake over the past year and is in the midst of receiving assays from these tests. The company is conducting a major delineation programme at Deep Sands in Utah. At the other end of the rare earth minerals business spectrum, the company continued development of its alloy production and marketing subsidiary, Great Western Technologies Inc. Most recently, and most importantly, it acquired a private UK-based alloy maker, Less Common Metals Ltd. These developments represent significant advances for the Canadian-based junior, which the company's share price has yet to reflect.

Great Western continues to expand its production capability for rare earth alloys

Great Western Minerals took another big step toward vertical integration in the rare earth metals sector in late spring, with the acquisition of Less Common Metals Ltd (LCM), a private UK-based producer of specialty alloys for £4.0m (C\$7.9m).

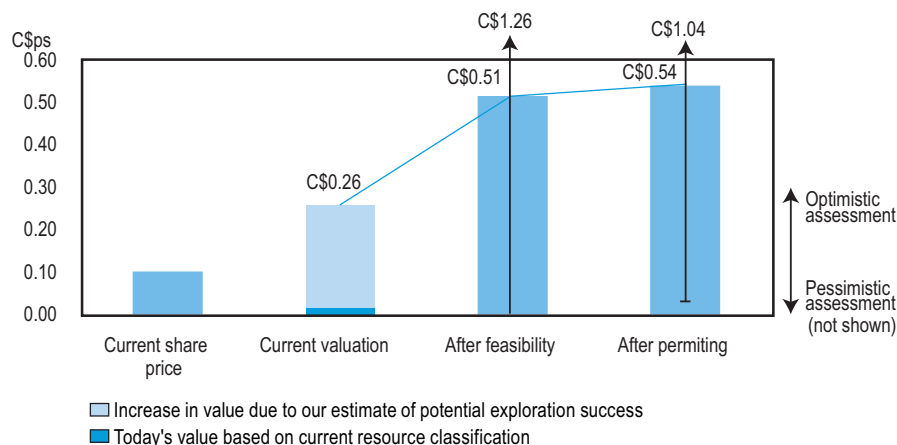
LCM is a leading global manufacturer of rare-earth-based alloys, high-purity rare earth metals and ultra-high-purity iridium. Some of the specialty products produced by LCM include alloys essential for the permanent magnet industry and for hydrogen storage systems.

LCM has an annual production capacity of approximately 1,100 tonnes of product per year, with much of the capacity still untapped. The company has long-term relationships with a variety of major customers, spanning the automotive, aerospace, alternative and nuclear energy, and defense sectors.

LCM posted annual revenues for its fiscal year ending 30 June 2008 of some C\$19.1m, up from the C\$10.5m posted a year earlier. Great Western's management believes LCM will achieve a modest positive cash flow in fiscal 2008, with increasing contributions thereafter.

The latest revenues are based on sales of approximately 430 tonnes of alloys, leaving Great Western considerable room to expand revenues without exceeding plant capacity. The company believes at projected growth rates, LCM could achieve production of 2,000 tonnes per year in the longer term. This would require an expansion of the facility.

What Great Western Minerals could be worth - now and in the future



Source: Objective Capital

The company continues to develop its subsidiary, Great Western Technologies Inc (GWTI), a producer of specialty products for the aerospace, automotive and high-tech sectors. GWTI expects to expand its revenues substantially over the next three to five years, potentially reaching breakeven in 2009.

For the current year, the recent downturn in the US economy has had a negative impact on GWTI's sales, but the company continues work to expand its base of high-volume customers, primarily through strategic partnerships and research opportunities with related facilities and end users.

Both LCM and GWTI give Great Western the opportunity to derive significant future income from the sale of value-added rare earth products. This vertical integration generates strong synergies with its mining projects, especially Hoidas Lake, which could become an important source of supply for Great Western's manufacturing businesses.

A winter drill programme at Hoidas Lake yielded encouraging results

Great Western wrapped up a 6,836-metre drill programme at Hoidas Lake this spring. The programme included 32 holes drilled to depths of up to 300 metres. The bulk of the tests probed the JAK zone vein system, and the holes appear to extend the strike length of the deposit by 250 metres, to a current 1,000 metres. Further, the drilling expanded the mineralisation to a depth of 300 metres. Previous testing was limited to the upper 150 metres of the deposit.

Assays are now being received, which show rare earth element values comparable with earlier results, suggesting the mineralisation noted in the extensions of the veins is similar to material previously encountered in the system, and the grades are likely to be comparable to earlier results.

Great Western expects to update its mineral resource calculation following receipt and analysis of the assays. Based on information to date, a substantial expansion of the total resource is probable, with further upgrades in classification also possible. The winter drill programme also identified new areas of interest. A new vein system appears to exist in the footwall of the JAK zone, and tests of the Nisikkatch South target, approximately ten kilometres to the south, revealed mineralisation meriting further testing.

A summer programme is yielding added potential

Great Western quickly commenced a second drill programme, which it recently wrapped up. The company tested new electromagnetic anomalies and surface showings on the property, seeking additional vein systems. The focus of the summer programme was the Nisikkatch South system, which received several additional holes.

No new holes targeted the JAK Footwall system, but this is a prime target for future programmes. Great Western also conducted geotechnical drilling at the proposed locations for tailings pond dams. Further drilling will include geotechnical drilling of the footwall of the JAK zone.

Assays from the Nisikkatch South drilling are expected this quarter. Based on an expectation for results comparable with the JAK assays, further drilling is likely during 2009.

PEAR delayed, but promises to be more comprehensive

Great Western continues work on its preliminary economic assessment report (PEAR), and the study is now some six months overdue. The delay is largely the result of increased timelines for obtaining critical assay and other technical data. Great Western is operating in a field with limited existing metallurgical data, forcing the company and its consultants to conduct its own detailed metallurgical work from scratch.

The company's management now expects to have its key information by the end of the year, or early in 2009. Accordingly, Great Western now anticipates receiving its PEAR during the first quarter of 2009.

Great Western is conducting its metallurgical testing at three labs concurrently, as it attempts to expedite the PEAR. This work is key to determining the most efficient method of increasing the grade of the mined rock in advance of leaching. This will allow the company to minimise its potential operating costs.

This information will also influence decisions on whether processing the upgraded rock at Hoidas Lake would be the most efficient method, or if shipping the material to Saskatoon for leaching would be a better alternative. Although transportation costs would be higher in the latter scenario, processing charges would be lower, and Great Western could avoid the environmental perils of shipping and using reagents in the remote North. The transportation study, now under way, is investigating all the available shipping routes for both supplies and product.

The amended completion date represents a significant delay, but Great Western expects much of the information will be more robust than needed at this stage. That will allow the company to complete its more advanced feasibility study on a shorter timeline. The current expectation has Hoidas Lake clearing feasibility by the end of 2009, approximately six-to-nine months later than the initial estimate.

Based on the expectation of a substantial increase in the available tonnage at Hoidas Lake, Great Western's current and future assessments will consider increasing the scale of a Hoidas Lake mine beyond the initial expectation of 500 tonnes per day. We currently expect the company will adopt a plan to mine the JAK zone at a rate of 1,000 tonnes per day.

Great Western is aggressively drilling at Deep Sands

Although Hoidas Lake is the current priority, Great Western is making a significant commitment to explore the huge Deep Sands project in Utah. The company employed a track-mounted drill rig to complete a planned 1,000-hole, 4,260-metre programme this summer. These tests were designed to systematically investigate the upper six metres of the deposit.

The company concurrently employed a truck-mounted drill to complete 76 holes to a combined depth of 1,753 metres. These tests were designed to provide information to an average depth of 23 metres and a maximum depth of 50 metres.

Great Western expects to compile sufficient data to support an NI 43-101-compliant mineral resource estimate that will allow it to proceed with a preliminary economic assessment report.

Effects on valuation

We have re-examined our valuation model for Great Western as published in our initiation note of November 2007. Our current model reflects several significant changes since then, including recent acquisitions, increased optimism deriving from continued exploration at Hoidas Lake, as well as fluctuations in rare earth metals prices, continued weakness in the US dollar and changes to prevailing interest rates. Our revised model also includes adjustments to our expected capital and operating costs, based on an expanded hypothetical mine plan.

The following details the key changes we have made to our November 2007 valuation model. The net effect of all changes is a lowering of our valuation from C\$0.35 to C\$0.26 per share, but we hold our revised estimate with gathering confidence resulting from continued advancement of the company's key projects. We view the result as encouraging given the currently worrisome market conditions and the uncertainty they create.

Acquisition of Less Common Metals offers increased optimism

Earlier this year, Great Western signalled its continued intention to expand its rare earth elements business strategy vertically, through the acquisition of Less Common Metals (LCM). We believe the purchase price of £4.0m reflects fair market value hence the purchase has just a modest positive impact on our current valuation. In a more aggressive marketing scenario, LCM could enhance our valuation significantly, as reflected in our more optimistic scenario.

An expanded hypothetical mine plan has a favourable impact

Based on encouraging assays from the JAK zone at Hoidas Lake, we believe Great Western could expand its mineral resource estimate significantly in an update expected later this year and further still, through continued drilling. Accordingly, we believe Hoidas Lake could support a mining rate of 1,000 tonnes per day, double the rate originally hypothesised. Whilst this rate would incur a higher capital cost, it would allow Great Western to realize its revenues over a shorter time span, despite a delay of one year in our hypothetical start of production date. This has a positive impact on our valuation.

Our capital and operating cost projection move higher

Most mines and resource development projects continue to face strong inflationary pressures triggered by higher prices for oil, steel and other metals and by increased demand as resource companies fast track their projects. These influences in turn are pushing prices of major components, heavy equipment and labour sharply higher.

Nearly all mining and exploration companies faced huge increases in actual and projected capital and operating costs throughout 2006, 2007 and the first half of 2008, although there are indications these inflationary pressures may be easing due to the economic downturn.

Our earlier valuation incorporated most of the anticipated cost increases due to inflationary pressures, but we prefer the added comfort of adopting estimates significantly greater degrees of conservatism. We are adding an additional increase of some twenty percent in our capital and operating cost estimates.

Our revised mine plan, which assumes a doubling of the mining rate, requires additional alterations to our expected costs, pushing capex considerably higher, and resulting in lower operating costs.

The net effect of our increased conservatism and altered mine plan is a doubling of expected capital costs, to C\$189.2m, a five-percent drop in operating costs, to C\$180 per tonne. These have opposing effects upon our valuation, but the result is a net negative influence.

Rare earth metals prices remain robust

Great Western has a favourable mix of rare earth metals at Hoidas Lake that places a high value on the company's suite of minerals. Rare earth elements remain in high demand, which is reflected in high prices. Our earlier estimate occurred near a recent crest in prices and our revised model incorporates slightly lower short-term prices, which have a negative impact on our valuation.

Our model incorporates a resurging US dollar, and with lower interest rates

The economic downturn in the United States continues and is now spreading around the world, with an inevitable impact on commodity demand and prices. This is sharply devaluing currencies of countries heavily reliant on the resource sector, such as Canada. The Canadian dollar is now some 25 percent off from the levels noted last autumn, which has a strong positive impact on our valuation of the Hoidas Lake project.

Interest rates have declined significantly over the past several months, and this enhances the positive impact of the exchange rate fluctuations.

Deteriorating market conditions decrease value of diamond holdings

Great Western sold its publicly listed diamond subsidiary, Great Western Diamonds, to Vaaldiam Resources Ltd last year, receiving Vaaldiam shares in exchange. The market value of this holding has decreased dramatically since our initiation note, which has a negative impact on our valuation.

Our valuations for Great Western Technologies Inc, and the company's other mineral prospects are based primarily on book values. These valuations increased modestly over the past several months, but are cancelled by corresponding decreases in the company's cash position.

Recent equity sales and a large option and warrant overhang have a dilutive effect

Although the dollar values of our project valuations are relatively steady or have increased – significantly so in our more optimistic scenarios – Great Western has significantly increased its number of shares outstanding through equity sales and options and warrants exercise. Further, a significant number of options and warrants remain outstanding with modest exercise prices. This results in a sizeable portion of the project valuations being ascribed to holders of warrants and options.

The net result of these changes is a core valuation of C\$0.26 per share

Our base-case core valuation for Great Western is C\$0.26 per share, lower than our C\$0.35 per share initiation-note estimate of November 2007. Our more optimistic scenario, which assumes greater probabilities of exploration success,

and higher revenues for Less Common Metals, results in a valuation of C\$0.72 per share. Our pessimistic assessment reflects the current share price of C\$0.08 per share, a sign of the current market mood.

Despite the noted dilutive effects, our more optimistic valuations would nevertheless increase significantly should Great Western achieve successful outcomes toward and beyond feasibility, accompanied by increases in LCM cash flows. For instance, we calculate a base-case value of C\$0.55 upon successful completion of exploration, feasibility and permitting at Hoidas Lake, and a value of C\$1.29 under our more optimistic scenario.

Hoidas risked mineable resource assumptions			
Reserves		Probability	Tonnes (m)
Proven		90%	0
Probable		50%	0
Total		0%	0
Resources	Conversion	Probability	Tonnes (m)
Measured	80%	90%	0.1
Indicated	80%	50%	1.1
Inferred	75%	10%	0.4
Hypothesised	75%	0%	2.3
Total	77%	17%	3.8
Mineable resource			Tonnes (m)
Mineable resource			2.9
Risked mineable resource			Tonnes (m)
Current classification			0.5
<i>Scenarios for exploration success</i>			
- base case			1.8
- optimistic case			2.3
- pessimistic case			1.2
Notes:			
- mineable resource have been estimated as reserves plus the portion of resources that would be expected to convert to reserves considering deposit type and likely grade variability			
- risked mineable resource refers to the various classes of resource/reserve weighted by their assumed confidence level			

Hoidas Lake project - hypothetical proforma profit and loss										
Proforma P&L (C\$m)	Year ending December									
	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19
Gross revenues	0.0	0.0	83.5	170.9	168.7	166.3	163.6	166.9	170.3	173.7
Operating costs	0.0	1.0	36.3	74.4	76.3	78.2	80.1	82.1	84.2	86.3
Operating profit	0.0	(1.0)	47.2	96.5	92.5	88.1	83.5	84.8	86.1	87.5
Depreciation	0.0	(0.2)	15.1	30.8	30.4	30.0	29.5	30.1	30.7	31.3
Administrative costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	0.0	(1.2)	62.3	127.3	122.9	118.1	113.0	114.9	116.8	118.8
<i>Assumptions</i>										
Capital costs (C\$m)	69.0	120.2	2.4	4.8	5.0	5.1	5.2	5.3	5.5	5.6
Tonnes ore processed (millions)	0.0	0.0	0.2	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Head grade	3.2%	3.1%	3.0%	3.0%	2.9%	2.8%	2.7%	2.7%	2.7%	2.7%
Operating cost per milled tonne (C\$/t)	191	197	202	207	212	217	223	228	234	240
<i>Other assumptions</i>										
Paid recovery 83%, royalties 2%										
<i>Source: Objective Capital</i>										

Our valuation of Great Western hinges on two key opportunities, one on the mining side and one involved in the production and sale of specialty alloys. The company also has several other projects on its books that span the scale from exploration for rare earth elements to development and sale of specialty products based on strategic minerals. These projects offer the company additional upside potential.

Great Western Technologies offers added upside for product development and sale

Great Western is continuing work to attract customers across several specialty sectors for rare earth elements products produced by GWTI at its Troy, Michigan facility. The company believes GWTI revenues will grow significantly in the short and mid terms, reaching US\$6m by the early-to-mid- 2010s.

Synergies with Less Common Metals (LCM) could allow Great Western to maximize its cash flow from both production facilities. Further, having a ready supply of rare earth metals from a producing mine at Hoidas Lake would enhance these synergies.

Our model assumes LCM will ramp up its production to full plant capacity of 1,100 tonnes per annum over a several-year period. Should Great Western accomplish full production, it will have the option to expand the facility, boosting production as high as 2,000 tonnes per year.

Phosphate could enhance mining revenues at Hoidas Lake

Great Western's assays have been showing a significant phosphate content at Hoidas Lake, with a mean value of approximately 17.7 percent. The price of phosphate has surged recently to a high of over US\$1,000 per tonne. That price represented a dramatic and exponential increase over the long-term average of approximately US\$45 per tonne and a sharp correction is likely in the longer term, but the company will investigate its potential to produce phosphate as an economic by-product.

The Deep Sands project has the potential to host a huge resource

Great Western is continuing to advance its Deep Sands project in Utah and the company could develop an NI 43-101-compliant resource over the coming year. The company currently holds a 25-percent interest in the project with the right to acquire the remaining interest through completion of a preliminary economic assessment report.

The Deep Sands project has a huge tonnage potential, with crude estimates of over four billion tonnes of material to a depth of 30 metres, with the possibility of up to fifteen million tonnes to a depth of 45 metres. Earlier limited sampling of this material yielded grades that ranged from 0.14 percent rare earth oxide to 0.80 percent rare earth oxide.

Additional veins at Hoidas Lake offer added “blue-sky” potential

Great Western is putting some of its exploration budget into the testing of several new targets on its Hoidas Lake property, especially to the south and west of the JAK zone. Should the company identify economic quantities of rare earth elements at Nisikkatch South, the Footwall zone, or any of the other targets set for drilling, Great Western could expand the scale of lifespan of a mine based solely on the JAK vein system.

Great Western recently signed an option agreement with CanAlaska Uranium Ltd that could allow it to acquire a 51-percent interest in the Misty project near Lac Brochet in Manitoba. To earn its interest, Great Western must spend C\$6m over a six-year period. Earlier this year, CanAlaska’s sampling work yielded assays as high as 10.4 percent rare earth elements. Great Western plans preliminary exploration this year to meet its C\$450,000 spending requirement.

Great Western also holds an interest in the 803-hectare Douglas River prospect in northern Saskatchewan. Historic trench sampling yielded high values of rare earth elements. The company plans mapping, trenching and geochemical work to identify drill targets.

FINANCIALS

Profit and loss					
Year ending December (C\$m)	2006A	2007E	2008E	2009E	2010E
Revenues	1.0	20.3	30.7	41.3	49.0
COGS	(2.3)	(18.8)	(26.2)	(33.8)	(39.1)
Gross profits	(1.3)	1.5	4.4	7.5	9.9
Administrative Costs	(2.9)	(2.5)	(1.5)	(1.5)	(1.5)
EBITDTA	(4.1)	(1.0)	2.9	6.0	8.4
Depreciation & amortisation	0.2	(1.5)	(4.3)	(5.2)	(5.8)
Writedowns and Minority interests	1.1	—	—	—	—
EBIT	(2.8)	(2.5)	(1.4)	0.8	2.7
Interest	0.1	0.0	0.9	(2.1)	(8.1)
EBT	(2.7)	(2.5)	(0.5)	(1.3)	(5.5)
Tax paid	1.2	(0.5)	(1.4)	(1.7)	(1.8)
Earnings	(1.5)	(3.0)	(1.9)	(3.0)	(7.3)
Dividends	—	—	—	—	—
Retained earnings	(1.5)	(3.0)	(1.9)	(3.0)	(7.3)

Cashflow statement					
Year ending December (C\$m)	2006A	2007E	2008E	2009E	2010E
Earnings	(1.5)	(2.5)	(1.4)	0.8	2.7
Depreciation	0.2	1.5	4.3	5.2	5.8
Gains & Writedowns, Tax Recovery, Stock Comp.	(0.5)	—	—	—	—
(Increase) decrease in receivables	(0.4)	(2.9)	(1.6)	(1.6)	(1.2)
(Increase) decrease in inventory	(0.3)	(2.5)	(1.1)	(1.1)	(0.8)
Increase (decrease) in payables	0.2	1.3	0.6	0.6	0.4
Net cash from Ops	(2.3)	(5.1)	0.9	3.9	6.9
Tax paid	(1.1)	(0.5)	(1.4)	(1.7)	(1.8)
Dividends	—	—	—	—	—
Net interest recieved (paid)	0.1	0.0	0.9	(2.1)	(8.1)
New equity	16.3	15.0	50.0	10.0	—
New (deposits) borrowings	0.5	8.0	—	125.0	—
Capital expenditure	(8.8)	(4.6)	(12.7)	(73.5)	(125.5)
Net cash from financing	7.0	17.9	36.8	57.7	(135.5)
Net increase (decrease) in cash	4.7	12.8	37.7	61.6	(128.6)

Balance sheet					
Year ending December (C\$m)	2006A	2007E	2008E	2009E	2010E
Fixed assets at NAV	18.6	21.7	30.1	98.4	218.2
Cash	7.0	19.8	57.5	119.1	(9.5)
Receivables	0.6	3.5	5.1	6.7	7.8
Inventory	0.5	3.0	4.1	5.2	6.0
Less Payables	(0.5)	(1.8)	(2.4)	(3.0)	(3.4)
Net current assets	7.7	24.6	64.3	128.0	0.9
Less loans	(0.7)	(8.7)	(8.7)	(133.7)	(133.7)
Capital employed	25.6	37.6	85.7	92.7	85.4
Represented by	—	—	—	—	—
Shares in issue	36.9	51.9	101.9	111.9	111.9
Add retained profit	—	—	—	—	—
Prior periods	(9.8)	(11.3)	(14.3)	(16.2)	(19.2)
This period	(1.5)	(3.0)	(1.9)	(3.0)	(7.3)
Shareholders' funds	25.6	37.6	85.7	92.7	85.4

Source: Objective Capital

We are pleased to bring you this report on **Great Western Minerals Group Ltd.**



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