

**Golden Goliath Resources: 15,000+ meters for less than C\$15 million**

<b>Golden Goliath Resources</b>				
Website: <a href="http://www.goldengoliath.com/">http://www.goldengoliath.com/</a>				
<b>Stock Symbol</b>	GNG.V – Toronto Venture Exchange		GGTHF.PK – Pink Sheets	
<b>Price</b>	C\$0.315 (8/12/07)			
<b>Coverage</b>	Date: 8/12	Price: C\$0.315	Gain/Loss: 0%	
<b>Share Structure</b>	O/S: 60.5M	F/D: 84.0M	M.cap: C\$19.0M	M.cap (F/D): C\$26.5M
<b>Ownership</b>	Insider – 5.6%		Institutional – 32.9%+	
<b>Balance Sheet</b>	Cash	Est. C\$7.0M	Debt	\$0
O/S = Outstanding Shares F/D = Fully Diluted M.cap = Market Capitalization (Price x O/S) M.cap (F/D) = Fully Diluted Market Capitalization (Price x F/D)				

### **A Drilling Machine**

We became interested in Golden Goliath this past month when it was announced on June 13<sup>th</sup> that the overall drill program at Golden Goliath's Uruachic camp in Chihuahua State Mexico would total more than 15,000m. The three areas to be tested will be San Timoteo, La Reforma, and Las Bolas. This represented a staggering increase from the originally planned 4,000m program. Nevertheless, this didn't come as a total surprise, considering that Golden Goliath had just months prior completed a \$6.6 million placement at C\$0.40 per unit. The real difference now is the price of the stock, trading at a 21%+ discount to the private placement completed back in April.

Golden Goliath now has a market capitalization of a mere C\$19.0 million. If we subtract out the cash position of C\$7.0 million, we are looking at a \$12.0 million dollar company which plans to drill over 15,000m in the near term. It is rare to come across a situation like this. Investors are being presented with a phenomenal speculation because of the sheer number of holes that will be drilled. It will only take one good intercept in order to precipitate a buying frenzy, and within days Golden Goliath could double in price. On the flipside, the downside appears relatively limited considering Golden Goliath hasn't traded much below C\$0.20 over the past 6 years.

Currently, Golden Goliath has only one drill rig working on their Uruachic properties. The first drill was slow and it just recently broke down. Unfortunately, that was the only rig available since March, meaning Golden Goliath was only able to drill a minimal amount of holes up until about 3 weeks ago when the new rig arrived. This means that any significant assays are still probably at least one month away. The good news is that management expects to add one or two more drills by the end of August. If this materializes, it would be a very significant development.

If all goes as planned, Golden Goliath will likely be able to announce resource calculations by the end of 2007 (likely candidates are the Las Bolas and San Timoteo areas).

The goal, as far as we can tell, is to drill up the property and then accept a takeover bid from a major, most likely Agnico-Eagle\*. But management is not hasty, and possesses the philosophy that it should first be determined where not to drill, so that time and money are not wasted. Along a similar vein, the company is not very promotional. The hope is that some day soon the drill results will speak for themselves.

\*Agnico-Eagle owns 14.5% of the company. Furthermore, Marc Legault, Vice President, Project Development with Agnico-Eagle Mines, sits on Golden Goliath's board.

Additionally, in the near future we may hear of news surrounding another one of Golden Goliath's properties, La Cruz. Golden Goliath has not released much in the way of public information on this project, and has only done minimal exploration work on it to date. For this reason, we would expect some sort of joint venture agreement, similar to what was just recently accomplished with regards to its [Corona and Chamizal properties](#). It is worth mentioning that Chamizal is a lead, zinc, silver target located in central Chihuahua State, a region which hosts the Santa Eulalia and Naica mines. Together, these two mines have produced ore worth over \$30 billion using today's metal prices.

## **Management**

Golden Goliath has put together an impressive board of directors. First off, there is Paul Sorbara, who is also the President of the company. Mr. Sorbara has previously worked with Teck Cominco in Durango State, Mexico, focusing on similar targets to those which stood out in the Uruachic camp. In fact, this is the reason that this group of properties was originally assembled back in 1992, a process which began just one week following the favorable change of mining laws in Mexico. However, it was not until 2000 that modern exploration began at Uruachic and Golden Goliath went public. Before then, Mr.

Sorbara was simply conducting basic mapping and geological work, using his own personal funds.

The board also includes Richard Hughes, one of the people behind the discovery of both the famed Hemlo Gold Mines in Ontario and the Balmoral Mine in Quebec. He is also partly responsible for Golden Goliath's name. In the late 70s and early 80s, Mr. Hughes controlled two companies, called Golden Scepter and Goliath Gold Mines. Both went on to become incredibly successful, with the share price of each rising by as much as 36,000%.

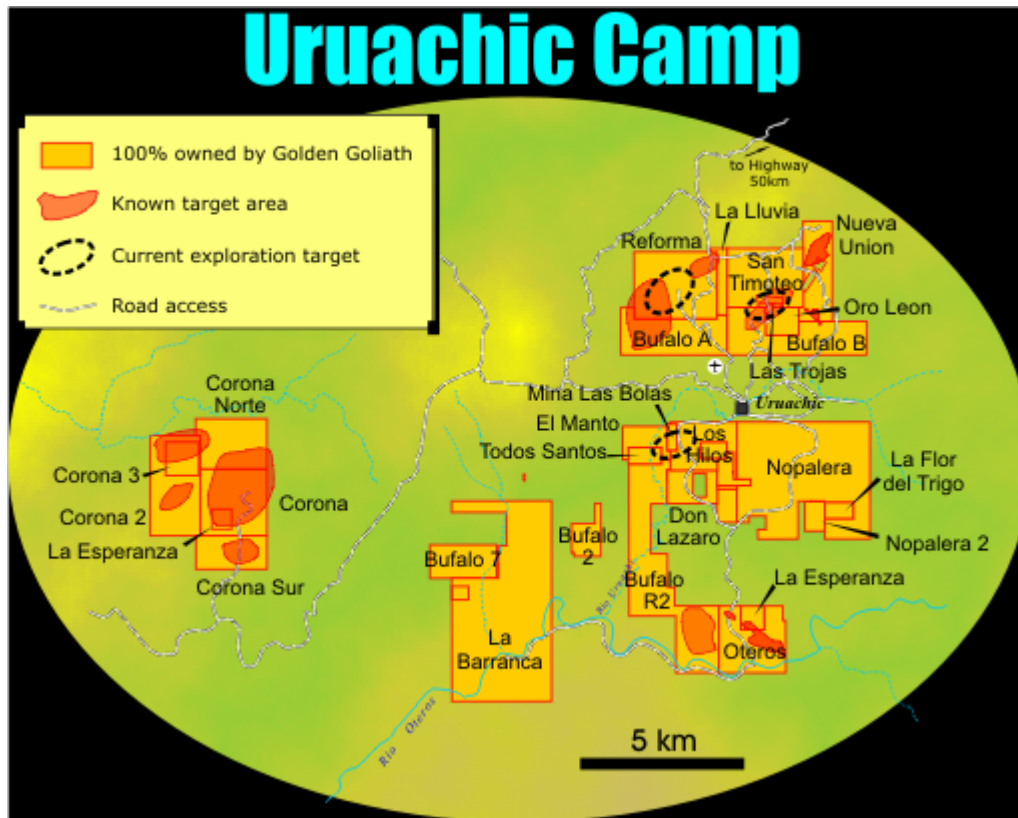
Another interesting director is Andrew MacGregor Robertson, who among other things was the founder of INFOMINE Inc, [www.infomine.com](http://www.infomine.com). Ing. Danial Nofrietta Fernandez, another board member, has worked as the exploration manager for several large international companies throughout Mexico and was also the past President of the Chihuahua chapter of the Association of Professional Geologists, Geochemists, and Metallurgists of Mexico.

As mentioned earlier, Marc Legault, the Vice-President of Project Development with Agnico-Eagle Mines, is also a member of Golden Goliath's board. Clearly, Mr. Sorbara has surrounded himself with a group of highly qualified individuals, something most impressive for a company with an enterprise value of a mere C\$12.0 million.

### **Not Just a Property, an Entire Mining Camp**

Golden Goliath controls Uruachic, a complete mining camp located within the Sierra Madre Occidental Mountains of northwestern Mexico covering an area of 15km by 25km (8,415 hectares or about 20,794 acres). The camp includes numerous past producing gold and silver mines dating back to the time of the Spaniards, with most of the mining production occurring between 1750 and 1825. Golden Goliath's Uruachic claims are owned 100% by the Company and are fully paid for with no property option or purchase payments to make\*. It is important to remember that Golden Goliath is focused on an entire mining district, or camp, rather than just a single property.

\*The only exception would be the Corona property within the Uruachic camp, given that it was just recently optioned to Comstock Capital.



The Uruachic mining camp lies centrally within a several hundred kilometer trend which includes important past producing mines and many new and exciting discoveries as well. This one historic trend has produced the nearly unfathomable amount of approximately 40 million ounces of gold and up to 2 billion ounces of silver over the last 400 years.

Historic production at Uruachic ended around the time of the Mexican Revolution. As such, the Uruachic area is riddled with old mine workings, perhaps more than one hundred in all.

It is important to recall that Golden Goliath first assembled this property package back in the early 1990s, long before the current commodities bull market began. Furthermore, Golden Goliath was the first company to ever conduct modern exploration on the project, including geochemistry, geophysics, and drilling.

The main concern of ours is the mostly lackluster drilling results reported throughout the period 2002-2006. Obviously, if 2007 turns out to be another repeat of this pattern, Golden Goliath shareholders will not prosper. However, never before has Golden Goliath planned such an extensive drill program. Neither has the company ever had such a full treasury to make things happen on the ground. In other words, the odds are now

much more in shareholders' favor than ever before. It only takes a few holes to excite the market and induce a flood of buy orders.

We are very comfortable accumulating a position in the low thirty-cent range. While there does not appear to be any real sense of immanency in acquiring a position, if you think the story is compelling in terms of its speculative potential, we certainly wouldn't wait much longer than a month, since by then assay results could be hitting to the market.

