

18 September 2006

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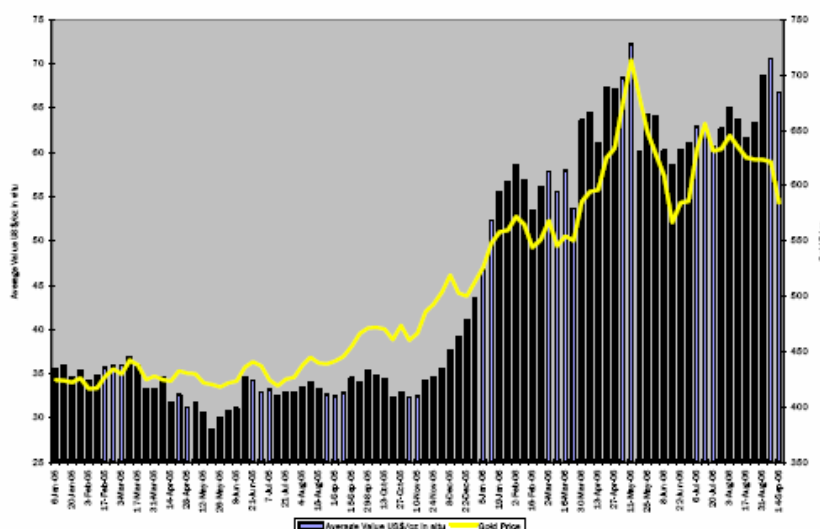
In situ update:

Value as of August 14, 2006:
US\$66.81/oz

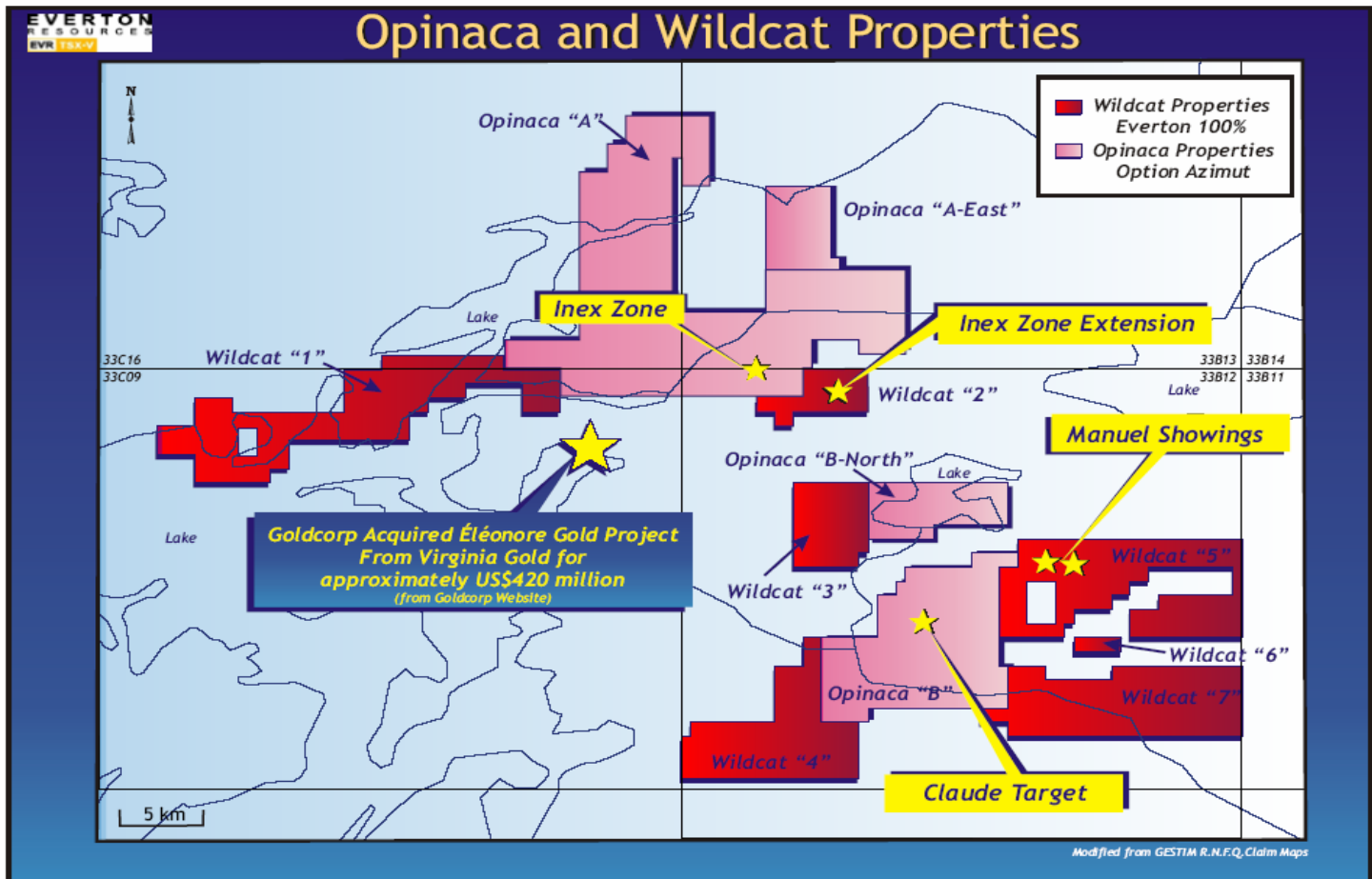
ABRUPT HALT?

- The underlying tone of the market was abruptly altered last week when the volumes dropped materially along with the prices of and, worse still, perception towards the metals. We provide details and background as well as indicators to monitor.
- M&A update: The buzz in the junior mining sector remains that (fill in your favourite company name here) could be the next M&A target. In the short term, however, we see an environment where many of the larger cap companies, which are typically assumed to be the aggressor or acquirer, appear to already be engaged. On page 5 we provide background and outlook.
- Exploration update: Aurelian Resources Inc. (ARU : TSX-V), Everton Resources Inc. (EVR : TSX-V), and New World Resource Corp. (NW : TSX-V).
- Drill Bitz: busy season as many juniors are continuing drilling.
- Gold In Situ Spreadsheet – current value at US\$66.81/oz, down from US\$70.63/oz last week.

Gold price versus average value US\$/oz in situ



Source: Bloomberg, Canaccord Adams



Everton Resources Inc. (EVR : TSX-V : C\$1.15 | Not rated) is an Ottawa-based junior under the stewardship of Andre Audet and focused in two regions, northern Quebec and the Dominican Republic. For this Exploration Update, we will be focusing on the company's latest results from northern Quebec. Everton has developed through acquisition, staking, and joint venture a large 1,700-square kilometre land position in the Opinaca region of northwestern Quebec near James Bay. The driver for this aggressive land acquisition program is based on the 2004 Eleonore gold discovery made by Virginia Gold (since acquired by Goldcorp). For background, Eleonore was discovered in 2004 and is located about 30 minutes helicopter flying time north of the Nemiscau airstrip which services construction by Hydro Quebec's Eastmain 1 dam site. Road access is to within about 35 kilometres of Eleonore exists. Access into the general region, including all of Everton's properties, can be easily made from Nemiscau.

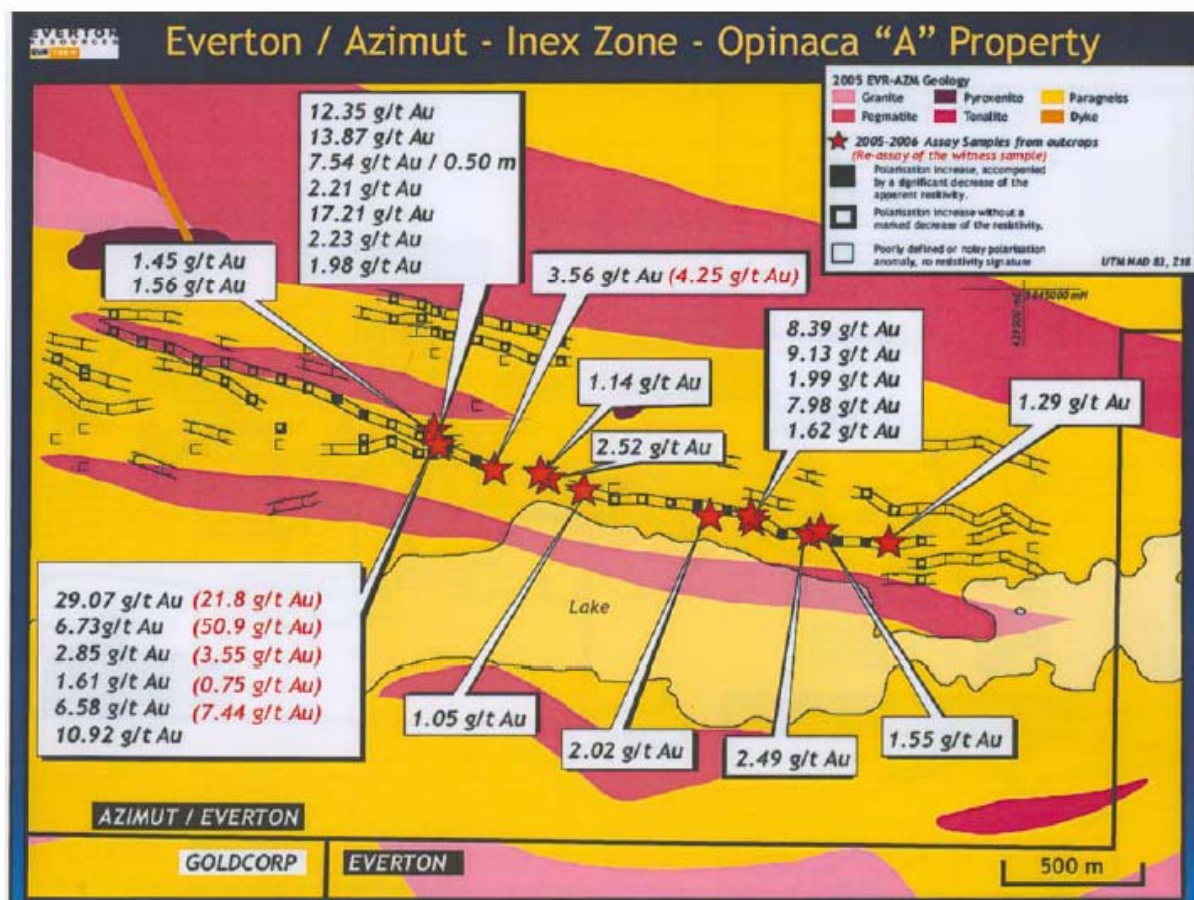
The initial discovery in the general region occurred in 1964 on the shores of Ell Lake when copper was identified. In 2001, as part of a reconnaissance program, Virginia rediscovered the Ell Lake showing with up to 10% Cu and 21 g/t Au. A meta-sedimentary boulder found in the same area had returned up to 22.9 g/t Au which caused the company to switch attention to identifying the host target areas up ice. This resulted in the identification of the Roberto target area based on the identification of a large diorite flanked on the north end by a roughly two by four-kilometre area of gold bearing meta-sediments. The discovery trench in 2004 returned 18.8 g/t Au over 11 metres within a host rock defined as arkoses/wackes with alteration defined by pervasive potassic and silica flooding. Virginia initiated an aggressive drill program and by Q4 2005, had delineated the zone to 900 metres, vertical along a strike of 1900 metres. At the time of

the Goldcorp acquisition announcement in December 2005, we had estimated that Eleonore contained roughly up to 3.85 million ounces of gold.

Over the past year, Everton has been in the process of systematically sampling land holdings in the region with lake-bottom sediment geochem work employed, followed by mapping and sampling, including some channel work, and ground I.P. geophysics.

This has resulted in the identification of two primary target areas that have yielded encouraging gold grab samples. The first target is the Inex Zone on the Opinaca A property optioned by Everton (who can earn up to 65%) from Azimut Exploration (AZM : TSX-V). Inex is located about 15 kilometres northeast of Eleonore where a 1.7-kilometre long gold-bearing trend has yielded surface gold grab sample up to 50.9 g/t Au. Figure 8 outlines the Inex target and the grab samples reported to date. We understand that the company will initiate shortly a 1000-metre drill program, with 10 shallow holes planned to test a portion of the strike length.

Figure 8: Inex Zone

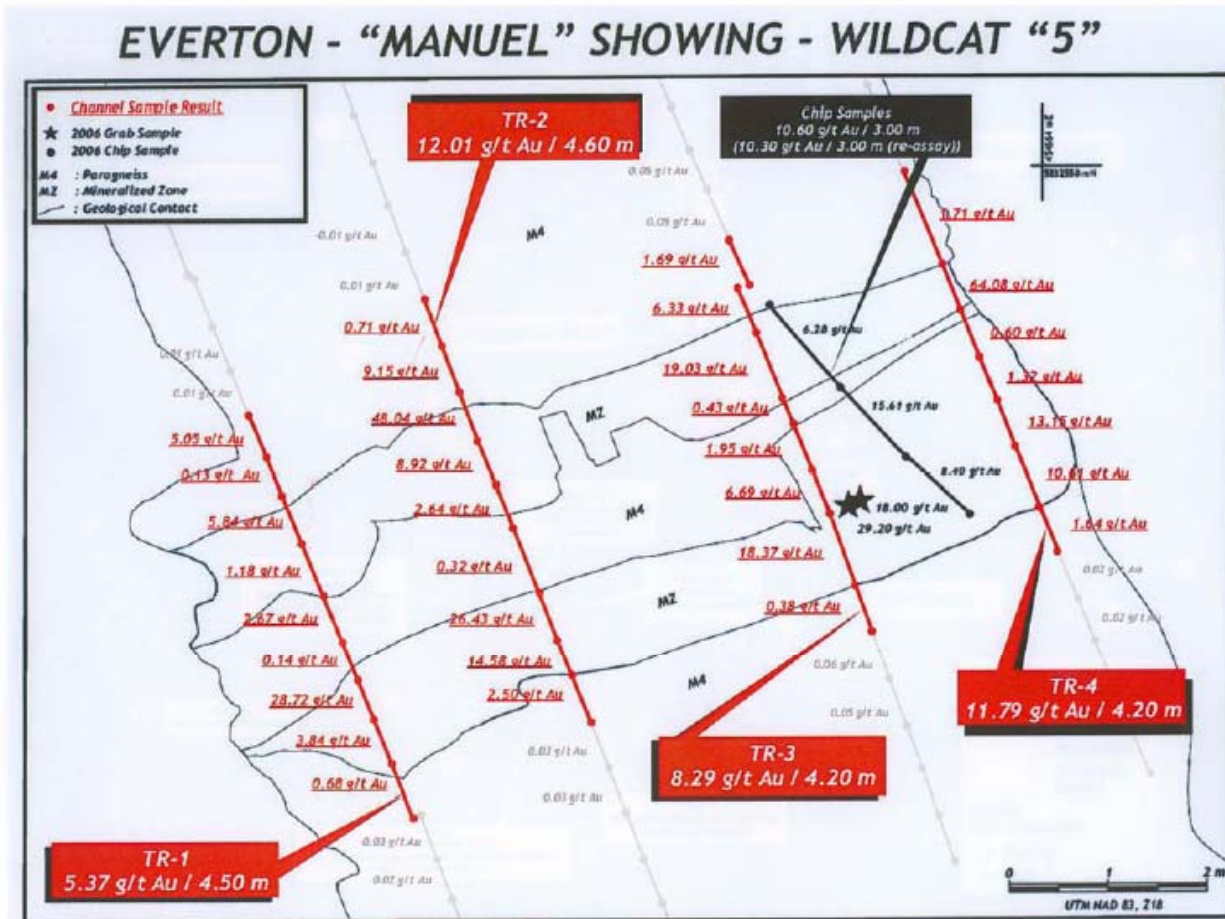


Source: Everton Resources

On the 100%-held Wildcat 5 property located about 35 kilometres south southeast of Eleonore, surface work including detailed sampling and mechanical trenching identified the Manuel Showing. Two parallel bands of mineralization hosted within a silicified paragneissic environment has been discovered. The showing has been exposed over a

very short distance of six metres and four trenches across the target have returned up to 12.01 g/t Au over 4.6 metres in Trench 2 and from a continuous chip sample 10.3 g/t Au over 3.0 metres (see Figure 9).

Figure 9: Manuel showing Wildcat 5



Source: Everton Resources

Further surface work is planned in order to test for strike extension and, contingent on results, the company may be in a position to consider a small drill program early in Q4/06.

The results from Inex and Manuel represent some of the earliest new discoveries in this region since the acquisition of Eleonore was completed nearly a year ago. Everton has 42.0 million shares issued (47.0 million fully diluted) with a market capitalization of about \$55 million. The company has working capital estimated at just under \$2.0 million and the largest shareholder, with 11%, is Robert McEwen. The general Opinaca region was made very prospective with the Eleonore discovery. We will closely monitor Everton and other juniors in the area as there is the potential, in our view, for this region to develop additional gold discoveries of merit.

An analyst has not visited the properties held by Everton Resources Inc.