



BEACON ROCK RESEARCH

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RESEARCH NOTE

ETRUSCAN RESOURCES INC. (TSX: EET, C\$1.78)

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Disclosures 1,2,3,4

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Etruscan Resources' Finkalo JV Open to North, South, and at Depth

Etruscan Resources Inc. (TSX: EET) reported results from 22 drill holes at the 1.7 km Tabakoroni Zone on its Finkalo Permit in Mali South. Resolute Mining Limited holds 60% of the joint venture and is the operator at Finkalo. While originally considered a potential satellite deposit for Resolute's Syama Mine, ongoing exploration and drill results may provide support for development of a stand alone mine. Recent drill results have returned grades well above the resource average, expanded the area of mineralization both laterally and to depths of 300 meters. Potentially, even more important than supporting a stand alone mine or expansion of the identified resource, regional exploration seeking parallel zones may result in the Syama trend becoming the dominant gold trend in West Africa.

Resolute is expected to place their Syama Gold Mine into production in 2008. The mine is expected to cost about US\$151 million. The open pit estimated reserves are 1.725 million ounces of gold grading 3.6 g/t gold with 2.4 million ounce gold resource below the pit for later underground development. The Syama Gold Mine is located approximately 23 km north of the Tabakoroni Zone in the Finkalo JV. The Tabakoroni Zone and the Syama Gold Mine deposit are reported to be in a similar geologic setting extending north-south and appear to be part of the same trend (Figure 1). Etruscan wholly owns three neighboring concessions, two north of the Syama Gold Mine and one south of the Finkalo JV.

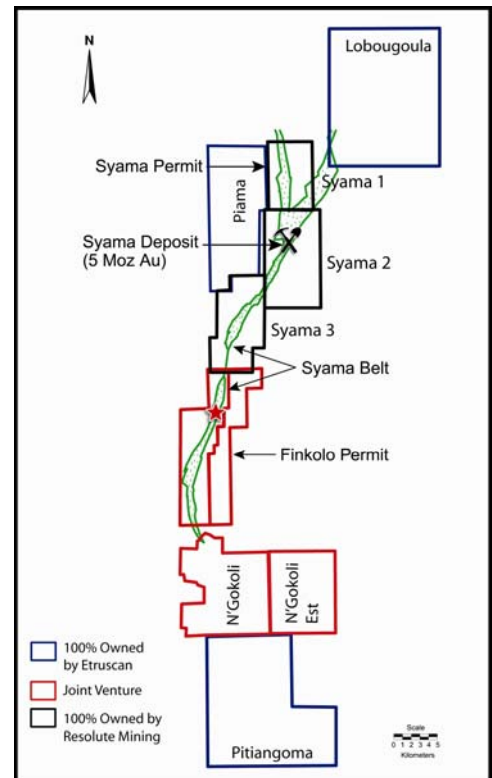


Figure 1 — Syama Gold Belt
Source: Etruscan

Resolute has committed to an additional 15,000 meters of drilling to complete the Feasibility Study to determine the potential for Tabakoroni to become a stand alone mine. Eight of the 22 holes intersected mineralization at a depth of up to 300 meters. As these mineralized areas were well below the vertical depth of the resource of 120 meters, there is very good potential for increasing the resource estimate. Clearly, should these results persist across the 1.7 km strike length of Tabakoroni, this project may be well on the way to become a much larger resource. Equally important, it is apparent that the geometry of the deposit and strip ratio may limit the economic potential of the resource. While this may limit the depth of a pit, the deposit is open to both the north and the south. We are pleased with the size of the drill program, but question whether it is sufficient to fully gain an understanding of the project's potential. We imagine that the vision for Tabakoroni by the joint venture may look surprisingly like the Syama Gold Mine in many respects.

Tabakoroni Resource Estimate (January 7, 2008)					
Measured and Indicated			Inferred		
Tonnes (m)	g/t	Oz	Tonnes (m)	g/t	Oz
4.62	2.6	382,000	4.54	2.5	364,000
1.0 g/t cutoff, 3.5 g/t cap, vertical depth of 120 meters					
Source: Etruscan					

The drill results allow us to make a few general observations (Figure 2). Drill hole TAC-258, at only 61 meters, intersected a 16 meter intercept grading 16.2 g/t gold, including a four meter intercept of 56.3 g/t gold. This hole was substantially above the average grade of the resource. Also, as additional holes are drilled there is potential for similar, more robust results. Drill hole TACD-272, at a depth of 141 meters, intersected a 44 meter intercept grading 11.6 g/t gold, including a nine meter intercept grading 30.6 g/t gold. Though below the identified resource, this drill hole stepped out from the resource, suggesting potential for further expansion with further drilling.

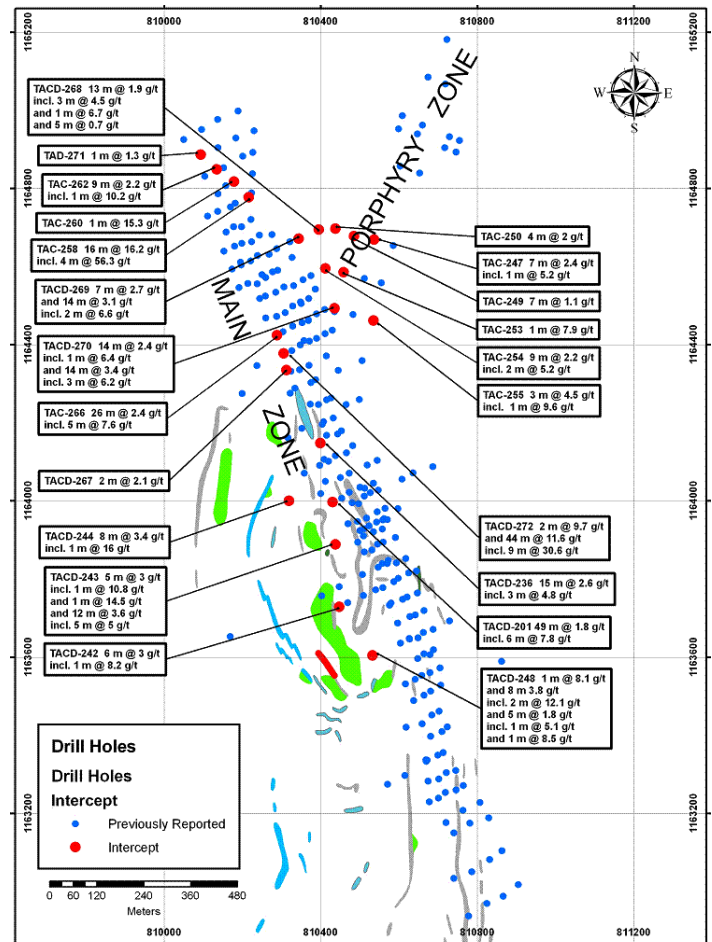


Figure 2 – Finkalo JV Map, Recent Drill Results
Source: Etruscan

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Only eight holes were drilled to deeper levels testing a depth of 300 meters, and these holes were drilled on wide 150 meter centers over the 1.7 km strike length (Figure 3). While far from proving a deep economic deposit, gold mineralization encountered in many of these holes supports our opinion that understanding the scope of Tabakoroni may be early.

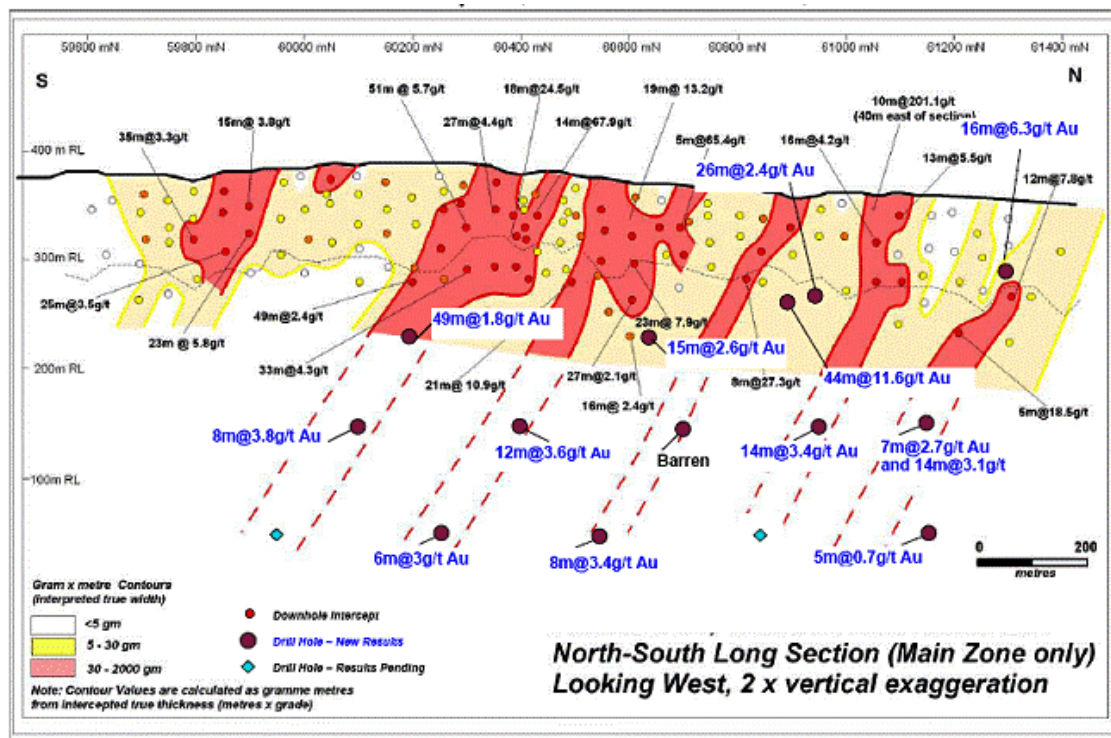


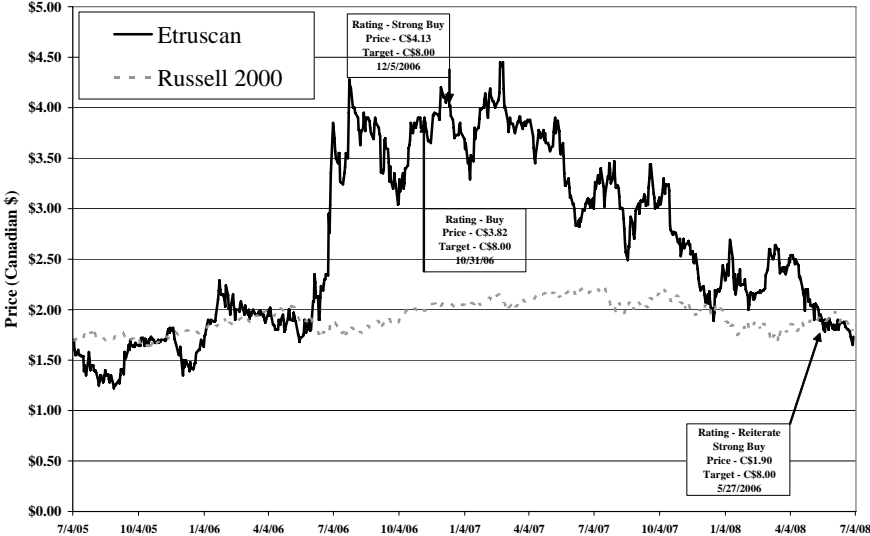
Figure 3 – Finkalo JV Crosssection, Deep Drill Results

Source: Etruscan

It will be interesting to follow the success of the current drill program at Finkalo. In the mold of the Syama Gold Mine we might expect that the existing resource be thoroughly drilled leading to expansion and upgrade. Given the open characteristics of the developing resource, more resources might be budgeted to understand the full potential of the deposit. Drilling the porphyry zone was a worthwhile attempt, though the results were below expectations. Etruscan is currently completing a helicopter-borne electromagnetic survey of the N'Gokoli Permit (also part of the joint venture) and its wholly owned Pitangoma Permit adjacent to the south. This may locate parallel zones requiring follow up. As more is learned about the scope of Tabakoroni in context of the Syama trend, we expect that Etruscan and Resolute should be in good position to aggressively develop the trend.

Conclusion and Opinion

We have been disappointed in Etruscan's price performance, as with other companies in the mining sector. As argued in our recent Special Report dated May 27, 2008, we believe Etruscan has numerous catalysts for price appreciation. These represent both near and long-term opportunities, ranging from exploration to production, diversified over several African countries reminiscent of what an exploration program would resemble for a major company. Near term catalysts include increasing gold production at Youga and diamond production at its 53.7% owned Etruscan Diamonds in South Africa. We suspect that emerging producers such as Etruscan with excellent exploration upside should lead the market. For these reasons we consider this an excellent candidate for a buy and hold investment strategy for patient investors.



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