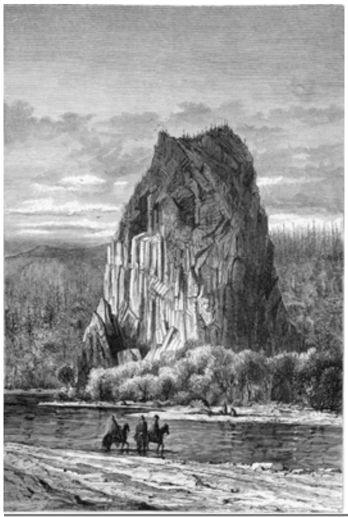


BEACON ROCK RESEARCH

FEBRUARY 28, 2007

RESEARCH NOTE

www.beaconrockresearch.com **Disclosures 1,2,3,4** **5956 N.W. 213th, Portland, Oregon 97229**

Etruscan Resources Inc. (TSX: EET, C$4.00)

Mike Niehuser, 503-307-3188
mniehuser@beaconrockresearch.com

Etruscan on Schedule to Commence Production in West Africa

Etruscan Resources Inc. (TSX: EET) provided a construction update for its Youga project in Burkina Faso. Commissioning of the mine is scheduled for June of 2007. With its price protection program in place they anticipate free cash flow after debt service to the company of US$15 million for the first four years increasing to US$25 million thereafter for a period limited by expansion of resources.

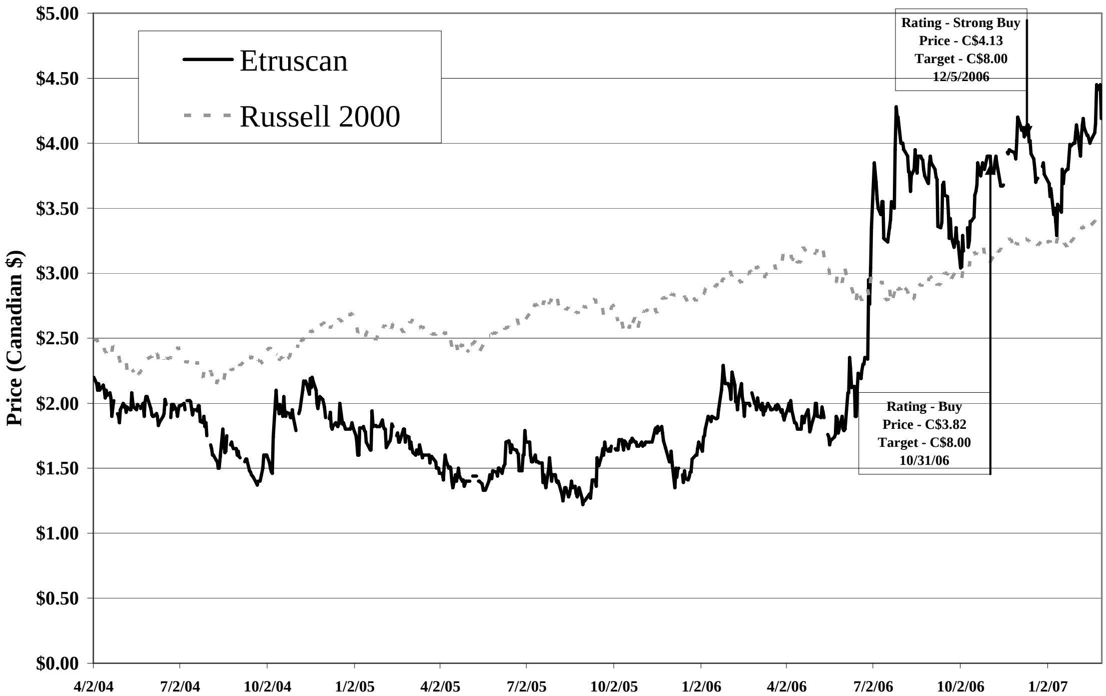
Etruscan has the largest land package of any mining company in West Africa with arguably one of the most respected and competent exploration teams in the region. The commissioning of the project at Youga with price protection offers assurance that the company will proceed with unimpeded exploration of its multitude of targets throughout West Africa. Successful operation of the Youga project also eliminates financing risk and excessive dilution providing flexibility in pursuing exploration.

Etruscan reports that the project is on time and on budget. All materials and equipment are being delivered to the project on schedule. Construction of the processing facility, 11 km water line, as well as camp buildings have progressed substantially since we visited the project in early December of last year. The company reports that there are currently 300 construction personnel on site and that relations with sources of labor for operation continue to be good. We see this as a significant competitive advantage for Etruscan and essential for successful operation.

We note that the capital cost for the project has increased to US$47 million from US$44 million. The difference is due to securing a diesel generator capable of producing 8 megawatts sufficient for year-around power. The company has a contract with the Ghanaian power utility to provide year-around power. The diesel generator became available at a reduced cost and provides temporary back up power and secures power for continuous operation for the life of the project.

Etruscan reports that its price protection program consisting of calls and puts assures a minimum price of US629 per ounce. Costs of production are estimated at US$329 per ounce over the first five years resulting in an operating margin of US$300 per ounce. They also report that they benefit from upside in the metal price to US$700 per ounce and 55% over US$700 per ounce. In addition, they note that 55% of feasibility study life-of-mine gold production is uncapped and fully exposed to increases in the metal price. The loan is scheduled to be retired after four years and life of mine operating costs are estimated to be US$317 per ounce.

The identified resource for production at 580,000 ounces of gold may appear modest, but we suspect that with numerous targets near Youga and ample funds for exploration that the mine may provide cash flow for several years beyond the current resource. Even more important, the successful operation at Youga should allow the company to continue to build a solid roster of exploration and mine building personnel to advance the company to mid-tier status and to dominate West Africa.


Etruscan
Russell 2000
Price (Canadian $)
$5.00
$4.50
$4.00
$3.50
$3.00
$2.50
$2.00
$1.50
$1.00
$0.50
$0.00
4/2/04
7/2/04
10/2/04
1/2/05
4/2/05
7/2/05
10/2/05
1/2/06
4/2/06
7/2/06
10/2/06
1/2/07
Rating - Strong Buy
Price - C$4.13
Target - C$8.00
12/5/2006
Rating - Buy
Price - C$3.82
Target - C$8.00
10/31/06

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