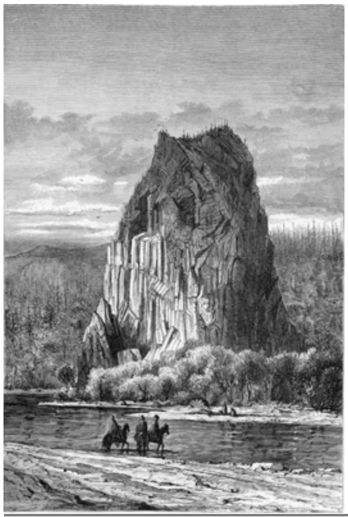

Beacon Rock Research

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Research Note

Etruscan Resources Inc.
(TSX: EET, C$0.50)

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

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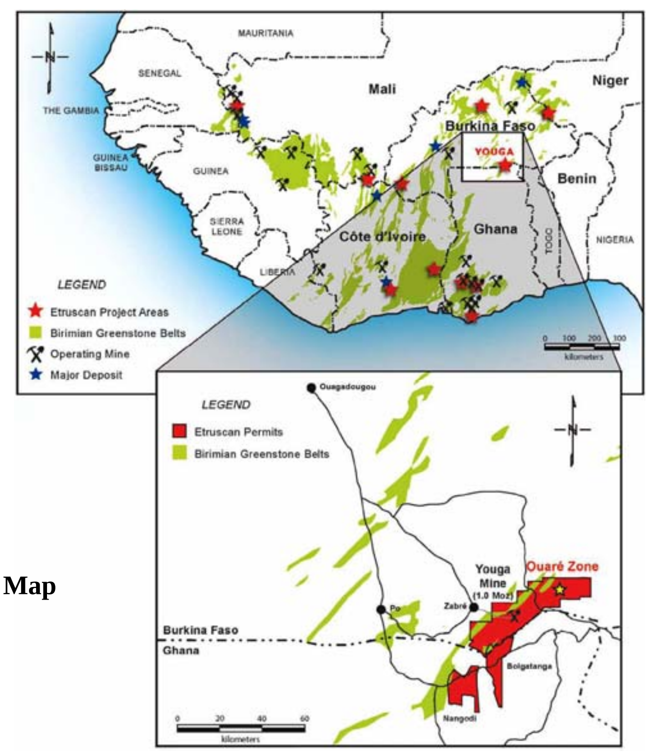
Etruscan's Youga Gold Mine Positioned to Exceed Production Targets

Etruscan Resources Inc.'s (TSX: EET) recently commissioned Youga Gold Mine in Burkina Faso attained operating profitability in August and poured 6,572 ounces of gold in September (98% of design output of 6,700 ounces per month). Etruscan's bankers were suitably impressed with production and capability of maintaining a stable production stream to amend the repayment terms of the construction debt. This was notable considering the existing anxiety in the global credit markets. The amending of financial terms increases Etruscan's financial flexibility and options available to accelerate exploration programs and produce value, at variance with recent stock price declines.

The Youga Gold Mine has reserves of 6.6 million tonnes with an average grade of 2.7 g/t containing 580,000 ounces of gold. Etruscan is currently mining from the A2 Main and the West Pit Zone 1. The West Pit Zone 1 has higher grades and a lower strip ratio, potentially providing for higher production at a lower cost. Accordingly, head grade improved to 3.51 g/t gold in September, compared to 2.43 g/t gold achieved from June to August. We believe the higher grades are directly related to mining a higher grade deposit, but also may be partially attributed to all too often conservative resource estimates. We see potential for head grades to remain above the average grade of the resource through early 2009.



Etruscan's Youga Gold Mine Location Map
Source: Etruscan

There is room for increasing production throughput. Etruscan milled 74,976 tonnes in September, or 90.3% of scheduled production capacity of 83,000 tonnes per month. Etruscan has retained a consultant specializing in mining operations to optimize production. We also note that increasing production rates in August and September occurred prior to the termination of the seasonal rainy season. This implies either successful commissioning or opportunity for increasing production as the operation advances into a less challenging season.

We see potential for the Youga Gold Mine over the next several quarters to be above the annual, or year-over-year design capacity. Should production increase at least to the average annual level of production (a 10% increase) and achieve similar head grades to September results, the Youga Gold Mine could produce more than 7,200 ounces of gold, or 7.5% above design output. The potential for positive production surprises should extend through the mining of the West Pit Zone 1.

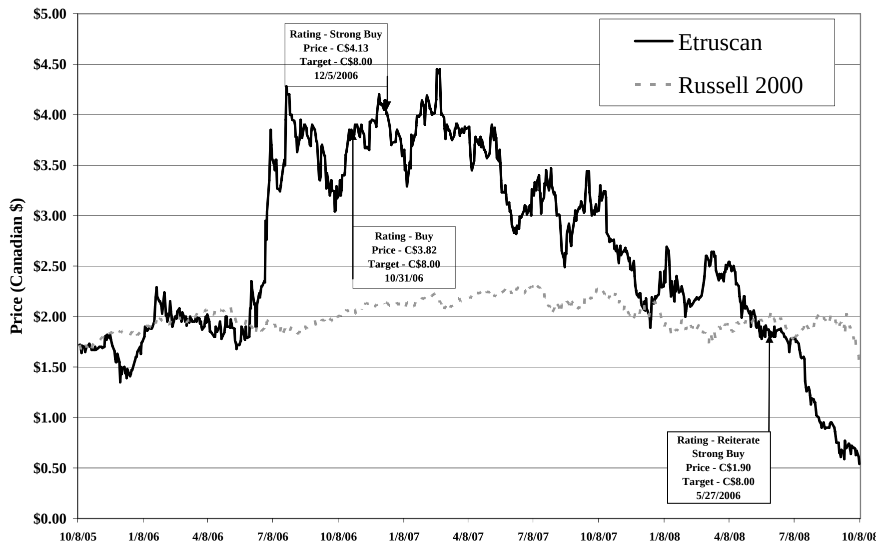
The prospects for stable operations and potential for higher production is only one factor that may have been considered by its bankers in amending repayment terms for Etruscan's construction debt. Certainly, the reduction of the exercise price of warrants to $0.78 per common share from $2.5606 was a factor, but we see this as beneficial to both Etruscan and its bankers. The issue is not dilution to Etruscan shareholders or cash from exercise of warrants, but rather the potential benefits to both shareholders and bankers by releasing cash flow from the Youga Gold Mine to maintain active exploration programs.

Etruscan's bankers and shareholders should appreciate management's methodical devotion to commission, optimize and stabilize operations of the Youga Gold Mine. Project commissioning was initially delayed as management required participation of manufacturer representatives. The project has a back-up drive train on site and should connect to the Volta River Authority in Ghana later in 2008. This should provide potential to maintain stable operations with reduction in overall operating costs in 2009. In the near-term, on a production cost per ounce, we would expect operating costs well above the life-of-mine average until stabilized operations are achieved, as early as the fourth quarter of 2008.

Etruscan is in the best position in its history to take advantage of a sustained high level of gold prices. An aggressive consensus for higher gold prices is emerging. Major producers at the 2008 Denver Gold Forum anticipate gold reaching $1,500 per ounce in the next 12 to 18 months. Some traders are forecasting gold at $2,000 in this cycle. We perceive the seasonal, technical, fundamental and psychological factors as being favorable for higher gold prices in the near to mid-term. Etruscan is positioned to participate in higher gold prices which should increase its treasury and options to prioritize exploration opportunities.

We anticipate good potential for the Youga Gold Mine to positively surprise the market in processing and grade resulting in solid production results in the fourth quarter of 2008. Investors should also note progress at its Ouaré Zone, approximately 35 kilometres northeast of Etruscan's Youga Gold Mine with significant potential to extend mine life, economics, financial flexibility, and shareholder value. Also, the increased flexibility afforded by amending repayment terms or with monetizing non-priority assets should allow for a more suitable level of exploration and development of its pipeline of promising assets. As Etruscan has extensive assets in addition to the Youga Gold Mine, including the largest land position in West Africa, we maintain the shares of Etruscan are significantly undervalued at the current level.

Etruscan's Youga Gold Mine
Source: Etruscan



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