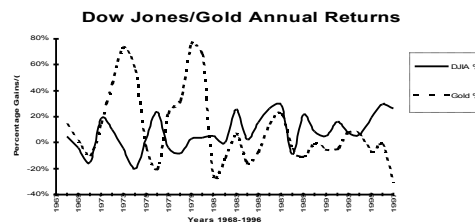


Gold & Technology Stocks



Weekly Hotline Message

(Now in our 25th Year)

July 26, 2007

An Undervalued Penny Gold Stock Ready to Spring to Life

GREAT QUEST METALS

TSX-GQ-\$0.57-O/S 21,024,396

It was on the basis of this company's very promising Mali gold projects that we initially recommended this stock—rightfully so, because those properties certainly do have multimillion-ounce potential and they are situated in an area close enough to two different mills that production could take place without Great Quest even needing to build its own mill.



What we have barely mentioned over the past few years since we began covering GQ is the company's Taseko Copper-Gold-Molybdenum Property in B.C. Yet, with GQ having such a miniscule market cap of just \$11.9 million, I believe a case could be made that this stock is under-priced, on the basis of the Taseko Project alone.

In 1991, Asarco commissioned a pre-feasibility study to be completed on the Empress Deposit in the Taseko Property by James Askew and Associates Inc., mining, geological, and geochemical engineers of Englewood, Colorado. The study estimated a

resource from north-south-constructed sections of 11,078,000 tons of 0.61% copper and 0.023 ounce per ton gold, at a cut-off grade of 0.40% copper, using prices of \$1.00 per pound copper and \$400 per ounce gold. That amounts to 135 million pounds of copper and approximately 255,000 ounces of gold. That is most likely not nearly enough mineralization to make a profitable mining operation, but the company's president, Bill Osborne, believes there is very substantial exploration potential as well. In a press release last week, Bill outlined three exploration targets.

The first target is labeled the Granite Creek Zone, which was discovered just north of the Empress Deposit. The molybdenum in the granitic rock increases sharply from the Empress area to drill hole 91-49 in the Granite Creek Zone.

The second target is in the copper-gold Empress area, where high-grade samples have been found on the surface. The high-grade fragments, up to 7.69% copper, are similar in mineral constituents to that in the Lower North Zone, which starts at a depth of 140 meters. The surface fragments indicate the possible existence of a second zone similar to the Lower North Zone. The company will attempt to discover the source of the fragments.

The third target is west of the Buzzer Copper-Molybdenum-Gold Zone, where a series of greater than 200-part-per-million copper anomalies extend to the west for approximately 2,400 meters. The Buzzer Zone is a porphyry copper

occurrence with disseminated copper and molybdenum with gold in granitic rock. Buzzer-like fragments with copper and molybdenum have been found on the western extent of the anomaly, and the untested area includes the Buzzer West Zone.

Great Quest has raised some \$337,500 in flow-through money to fund its exploration program on this property this year and is currently completing a second financing. Drill holes are scheduled to be put down on all three targets this year totaling 1,600 meters. In my view, that's hardly a big enough program to make much of a dent in the valuation of this project. But it could provide a sniff of potential to increase the size of the historical resource on this property.

Meanwhile, I suspect the main focus of this company will remain on its gold properties in Mali. If there is one thing I might fault Great Quest with, it is that they're not being more aggressive. The laidback modus operandi of the company's president kind of drives me crazy sometimes. GQ has so much to drill, so why doesn't Mr. Osborne get on with the task? That's my gut impression, but then I look at the number of shares outstanding and the market cap, and I say to myself, perhaps Bill is going about it the right way. John Hathaway, who heads up the Tocqueville Gold Fund out of New York, recently wrote an article saying that one of the major reasons gold stocks have not been performing as well as they should be is because of exceedingly great shareholder dilution. With just 21.0 million shares outstanding, one thing Osborne is not doing is inflating the value of his shares away, as most others do. He has some outstanding projects in his portfolio. He is determined to explore them in his tantalizingly slow but methodical manner. My impatient nature causes me to wonder why management doesn't move more aggressively on its properties. But then I think back to the fable of the hare and tortoise. We all know who won that race. The gold, copper, and moly are not going anywhere. Investment bankers don't care much for GQ, because they can't make any money from this story, which is also why this company won't get any research reports from investment banks. But if the goal is to patiently and systematically build shareholder wealth, perhaps Bill Osborne has got it right. Certainly he has been making progress on his properties without issuing enormous numbers of shares.

The bottom line is that GQ remains very inexpensive and, in my view, notwithstanding the fact that patience is required of GQ shareholders, this company may be on a slow track but the right track. If GQ's primary gold project in Mali begins to shape up as a viable gold project, this stock could gap up in price very, very rapidly, given so few shares outstanding.

Al Korelin interviewed Bill Osborne. To listen to GQ's president & CEO discussing the Taseko Property as well as the company's Mali prospects, go to www.kereport.com. Also, you can watch a recent interview that Al Korelin and I did with Mr. Osborne.