



IncreMental Advantage

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GOLD REEF INTERNATIONAL, INC.

August 21, 2007

CNQ: GRIN
C\$0.70

Rating: Speculative
Buy

Corporate Overview

Gold Reef International, Inc. is a well-financed exploration company with a growing portfolio of prospective precious metals properties in Nevada. Gold Reef has five claim blocks totaling 13,927 acres, from which surface sampling programs contain significantly anomalous gold and pathfinder elements. Gold Reef's experienced management team is also beginning to commercialize its Metal Miners Plus©, a unique, copyrighted exploration management system that facilitates the interpretation of exploration data, budgets and prioritization of projects.

Company Highlights

- Gold Reef International represents a unique investment in that it offers investors exposure to rising gold prices as well as the growth opportunities associated with an emerging software company beginning to serve an enormous market with little competition.
- Gold Reef is positioned to benefit from the strong underpinnings supporting rising gold prices.
- The Company's gold prospecting is concentrated in the State of Nevada—one of the world's most prolific and promising sources of gold reserves as well as a very mining friendly environment.
- Gold Reef's mining strategy is to target multi-million ounce gold-silver deposits. The Company is currently pursuing five prospects, far more than many other junior exploration companies.
- Gold Reef International successfully executed a lease agreement on its Rimrock prospect with Newmont Mining Corp. within approximately eight months, far earlier than the two years management estimated would be required to partner with a major gold producer.
- Gold Reef's Metal Miners Plus© copyrighted exploration system is about to be commercialized. This unique tool stands to generate substantial and consistent licensing revenue for the Company as well as raise Gold Reef's profile throughout the mining and investment communities.
- The Company's management team has over 187 years of experience in locating gold reserves as well as building and managing successful gold exploration companies.
- Management believes that its \$1.5 million in cash reserves and potential exercise of warrants is sufficient to pursue its most promising exploration and software commercialization activities over the next year.
- Three principals of Gold Reef own a combined 70% of the Company's shares and would be extremely receptive to an equitable takeover bid.

Financial Highlights

Valuation Metrics

| | |
|------------------------------|-----------|
| Market Capitalization | \$27.0 mn |
| Shares Outstanding (basic) | 39.0 mn |
| Shares Outstanding (diluted) | 41.8 mn |

Other Investment Metrics

| | |
|-------------------|------------------|
| 52-week range | C\$0.50– C\$1.24 |
| Avg. Trading Vol. | 20,000 |
| Insider Ownership | 70% (approx.) |

Web Site: www.goldreefinternational.com

See important notes, disclosures and disclaimers on page 21 before making investment decisions.

Gold Prices Have Been on an Upward Trajectory Due to a Variety of Factors

Overview In the first six months of 2007, gold prices averaged approximately \$650. In mid-August of 2007, gold prices inched up to the \$670 level, partly due to the Federal Reserve's adding liquidity to the banking system due to concerns over the imploding sub-prime mortgage market. The effect of the Federal Reserve's efforts to add liquidity to the banking system is that the dollar has eased, which boosts gold by making it cheaper to buy in foreign currencies.

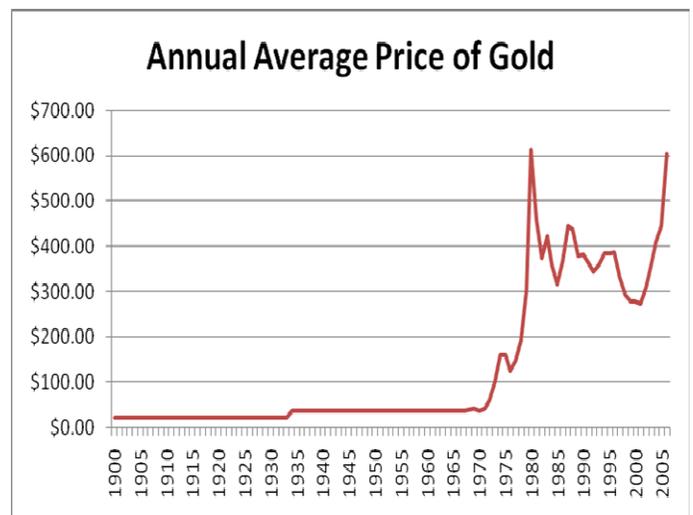
Industry Overview There are many factors contributing to the growing interest in, and demand for, gold. Among these reasons are global political instability; the attractiveness of gold as an asset diversifier; gold's ability to provide a hedge against inflation; restrained selling of gold by central banks; rising demand for gold for jewelry; and, greater demand for gold by the industrial sector.

While there is tremendous interest in gold in Asia, the Middle East, Russia, India and China, there is currently relatively little interest in investing in gold in North America. The Dow and the S&P indices have been at record highs, inflation is low, interest rates are very low, fixed income has done well, real estate has not gone off a cliff, the US economy is not in recession and unemployment has fallen to the lowest rates in decades. We believe that the lack of fear surrounding the US economy represents dormant demand for gold on the part of American investors.

Gold as a Safe Haven Since gold is the only real form of money that has existed throughout recorded human history, gold is the only safe have from political, currency and credit risks. Today the world is beset with a multitude of existential geopolitical risks. North Korea and Iran are determined to develop nuclear weapons and Iran has made its intent to use such weapons very clear. China's aggressive weapons procurement program is alarming its neighbors as well as the United States. More localized conflicts such as those in Iraq, Lebanon and India are incited by terrorists and are poised to trigger regional confrontations. The fear and uncertainty that this constellation of events presents should drive demand for gold higher.

“The fear and uncertainty presented by global instability should spur demand for gold.”

Gold Prices Have Risen Consistently Over Very Long Periods of Time



The Supply of Gold is Relatively Constrained

Overview The primary sources of gold supply are new production; scrap; hedging and de-hedging practices undertaken by gold mining companies; and, gold held for sale by central banks and government bodies such as the Monetary Authority of Singapore and supranational organizations such as the International Monetary Fund, Bank for International Settlements and the European Central Bank.

Gold supply was tight in 2006, falling 13% from 2005 levels to 3,451 tons, due to a sharp reduction in net central bank selling, and to a dramatic increase in producer de-hedging. These factors reduced overall supply by 657 tons. Mine output contributed a further 56 ton reduction. In 2006 as a whole de-hedging amounted to 403 tons compared to just 86 tons in 2005. Total mine supply (mine output less net de-hedging) was therefore 15% lower in 2006 than in 2005.

Central Bank Selling Net central bank sales amounted to just 319 tons in 2006, less than half the 659 tons recorded for 2005. Signatories to the Central Bank Gold Agreement (CBGA) sold just 395.75 tons during the second Agreement year (27 September 2005 to 26 September 2006), over 100 tons below the 500 ton limit. During the calendar year 2006 their net sales amounted to 341 tons, with non-CBGA signatories accounting for 22 tons of net purchases. Scrap supply, the only element of supply which is responsive to price movements in the short-term, rose by 180 tons, or 20%, but this was not sufficient to counter the 23% fall in the other three elements combined.

During the first quarter of 2007, gold supply fell 2% versus output in the first quarter of 2006 as a result of a fall in scrap supply as consumers became accustomed to current prices and restrained from selling their jewelry, coupled with further de-hedging by mining companies.

Trends in Production Gold is produced from mines on every continent with the exception of Antarctica (where mining is forbidden). The total volume of gold mined over history is approximately 155,500 tons, of which around 64% has been mined since 1950. The upward trend in annual production is now leveling off, largely due to a considerable slowdown in exploration spending in the late

1990s. In addition, there has not been an incentive to find new mines, and the time it takes to bring a mine onstream, between initial discovery, permitting and construction, has been elongated with the regulatory environment. It is now probably a seven-year turnaround time between discovery and actual production.

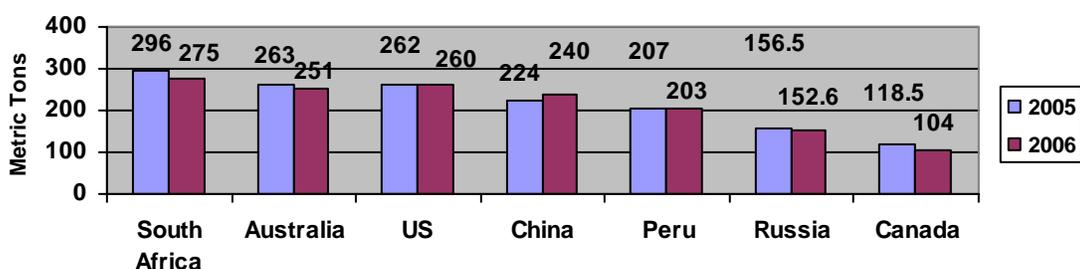
Independent analysts are of the belief that mine output will remain flat for the next few years and may even drop slightly. Indeed, worldwide mine production rose merely 2% in 2005 over 2004 levels. Also, world mine production was around 2,600 tons in 2000 and our research indicates that production will clock in at below 2,500 tons in 2007.

The dominant producing country for much of the 20th century was South Africa. In the early 1970s, South Africa was producing 1,000 tons per annum, or over 70% of the world total at that time. This position has been eroded in the past several decades as South African production has dropped (due in part to aging mines and reduced flexibility). Despite South Africa remaining the world's largest producing nation, with just over 275 tons and 11.1% of the total, South African production plunged 13.1% in 2006 and in 2007 is expected to fall to its lowest levels since 1922.

One reason for declining gold production in South Africa is that deposits are becoming exhausted which means that a lower grade of gold is being mined. The mines are getting deeper, more complex and more expensive to operate. In 2006, total production costs increased by 11.9% before capital expenditure on a year-on-year basis to R99 725 per kilogram as input costs rose. And total production costs including capital expenditure climbed by 20.8% to R125 030 a kilogram. Costs are likely to rise further as unions representing South African mines are not content with a 6% increase in wages. Other factors for declining South African gold production include political instability has meant mines have had to shut temporarily.

Gold Production is Rising in Select Markets Gold production is rising robustly in a few isolated countries. For instance, China gold production soared 58%, to nearly 20 tons, in January of 2007 compared to January of 2006. Favorable minerals prosperity and policies are encouraging foreign companies to explore and develop gold mining

Worldwide Gold Production - 2006 vs. 2005

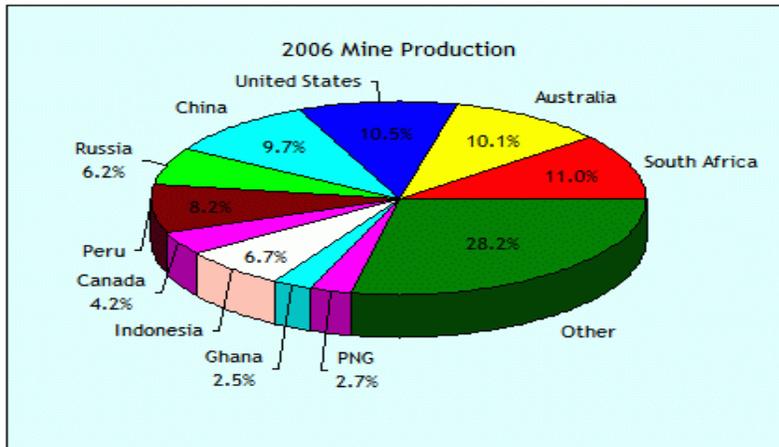


projects in China and good technology is being utilized in the search for it.

Nevertheless, most of the rising gold production is coming off of very small bases. For instance, Indonesia's gold production soared from two tons in 1992 to 167 tons in

2005, predominantly from the Grasberg mine, which is the world's largest gold producer. Also, production has risen from 18 tons in 1992 to 207 tons in 2005 in Peru, of which almost half came from Newmont's Yanacocha mine, the second largest in the world.

Gold Supply Derives From a Diversity of Geographies



1. South Africa: 275mt (11.1%)
 2. United States: 260mt (10.5%)
 3. Australia: 251mt (10.2%)
 4. China: 240mt (9.7%)
 5. Peru: 203mt (8.2%)
 6. Indonesia: 167mt (6.8%) (2005)
 7. Russia: 152.6mt (6.2%)
 8. Canada: 104mt (4.2%)
 9. Papua New Guinea 66.7mt (2.7%) (2005)
 10. Ghana 63.1mt (2.6%) (2005)
- Other: 699mt

TOTAL: 2467mt

We Have Not Detected Any Significant Surge in Supply of Gold

Scrap Gold Gold is virtually indestructible so virtually all the gold ever mined still exists. It is also easily recoverable from most of its uses and capable of being melted down, re-refined and reused. Thus, the supply of recycled gold, or scrap, is an important part of the dynamics of the gold market.

Scrap is defined as gold that has been sourced from old fabricated products that have been recovered and refined back into bars. It does not include jewelry that has simply been traded in and resold without being re-refined, or re-sold investment bars and coins. Most recycled gold generated originates from jewelry. Smaller amounts come from recuperated electronics components and, at times, from investment bars and coins. In fact, this secondary supply forms a smaller proportion of total annual supply flows than is the case, for example, with aluminum and lead.

The supply of scrap depends largely on economic circumstances and on the behavior of the gold price. It is common practice in the Middle East and Asia for customers to trade in one piece of jewelry in exchange for another, and the piece traded in may be melted down rather than simply being resold. But gold can also be sold for cash either if the owner has need of money or if the owner wants to cash in a profit following a rise in the gold price. It follows that scrap supply typically rises in times of economic distress or following a price rise.

De-Hedging Hedging gold, or selling gold into the future at set prices, add to supply. Conversely, de-hedging removes supply. Thus, another positive development for the gold market is that the de-hedging trend remains in effect. Total hedge outstanding stood at roughly 1,300 metric tons at the end of 2004, which was a little less than half of one year's mine supply. The total hedge position has been declining. In 2006, it was 373 tons, and many sources with whom we conferred expect 350 in 2007.

Central Banks Gold continues to play a key role as a reserve asset for central money institutions throughout the world and some institutions are actively building up the level of gold in their reserves. Central banks and other official institutions' holdings of gold stand at 30,815 tons, or nearly 20% of all the gold that has ever been mined. That is the equivalent of just over 12 years' new mine production at the current rate.

The Central Bank Gold Agreements (CBGA) of 1999 and 2004 have stabilized sales from 15 of the world's biggest holders of gold to a maximum of 500 metric tons per year, a rate that the signatories felt the market could absorb without undue disruption. Some central banks such as those of Germany have additional legislative and procedural roadblocks to selling gold. Other countries and institutions that have declared themselves non-sellers bring the total of offi-

cial sector gold that will only come onto the market in regulated form to roughly 75%. Sales from outside this group amount to little more than a trickle, offset by purchase by other governments.

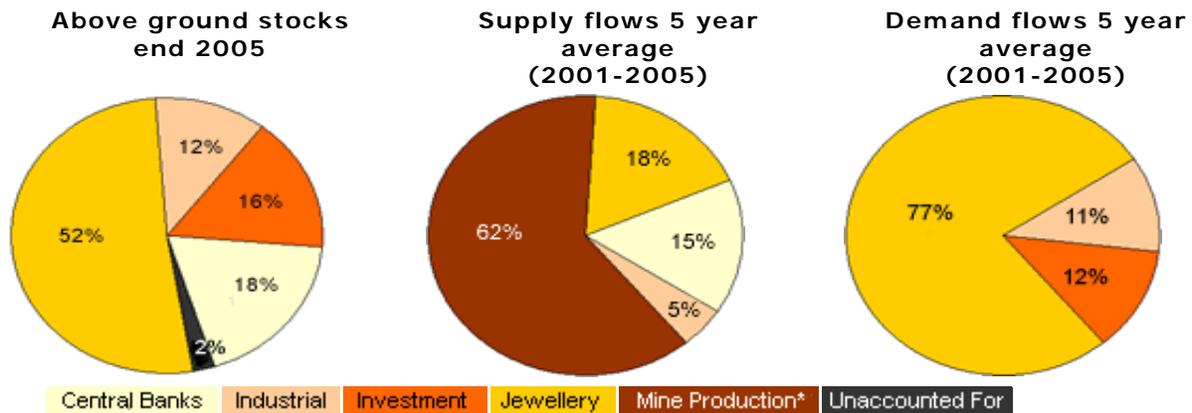
Thus, net sales by central bank sales dropped by more than 50%, from 674 tons in 2005 to 328 tons in 2006 due partly to the timing of sales under the second Central Bank Gold Agreement (CBGA2) and partly to a probable small amount of net purchasing by non-CBGA entities.

There is some evidence that net purchasing of gold by central banks could spike up. For instance, Qatar announced that it more than quadrupled its holding of gold in the first four months of 2007 and 15-fold between April 2006 and April 2007. Despite such aggressive accumulation of gold by Qatar, Middle Eastern holdings of gold are roughly 7% of the region's

total foreign exchange holdings, far below the 13.6% average holdings among the central banks of the International Monetary Fund.

Gold holdings by the central banks of China, Hong Kong, Japan, and South Korea represent an even smaller percent of holdings than those of the central banks in the Middle East: Gold holdings in these Asian nations only represent 1.2% of gold and foreign exchange holdings combined. Nevertheless, it is important to realize that while the percentages of gold holdings may trend in the direction of the worldwide averages, they will not approach the worldwide averages. If China and the other Asian central banks were to aggressively accumulate gold with the aim of reaching worldwide averages, they would severely distort the international gold market.

Trends in Supply and Demand for Gold



Source: The World Gold Council

Consumer Demand for Gold Remains Strong Despite Rising Gold Prices

Overview Demand for gold worldwide soared to a record \$65.3 billion in 2006. More recently, global demand for gold reached \$17.4 billion in the first quarter of 2007, more than double the level of four years earlier and 22% higher, in dollar terms, than in the first quarter of 2006. In tonnage terms total demand was 4% higher than in the first quarter 2006. Annual demand for gold falls into three main categories, the largest of which is the jewelry market, which was worth an all-time record of \$44 billion in 2006. Industrial demand for gold is dominated by the electronics sector, but also includes dentistry and other industrial and decorative applications.

The third component of demand is investment. Because a significant portion of investment demand is transacted in the over-the-counter market, it does not lend itself to ease

of measurement. Nevertheless, investment demand in 2006 was 7% higher than 2005 in tonnage terms and 45% higher in dollar terms. Investment demand was spurred by a 27% year on year tonnage increase in holdings of gold Exchange Traded Funds and similar products. The fourth quarter was particularly strong with a 19% rise in tonnage terms and a 51% increase in dollar terms.

Jewelry and Consumer Demand Jewelry consistently accounts for the largest share of demand for gold at around 70% of total demand which was valued at around \$44 billion at the annual average gold price in 2006. Gold is the one metal which looks great on all skin tones. Markets in Asia and the Middle East—which account for nearly two thirds of global gold jewelry demand—are also those that

are the most sensitive to gold price volatility. Demand for gold jewelry has been strong thorough the world: In the first quarter of 2007, demand soared 50% in India and 31% in China.

For 2006 as a whole, demand rose 14% to a new annual record of \$44 billion. The fourth quarter of 2006 was also a record in dollar terms at \$13.5 billion. Demand for gold for jewelry applications has been rising steadily over the past six quarters.

Jewelry demand in the fourth quarter of 2006 was stronger than in the earlier part of the year. In the first half of 2006, it was 28% lower than a year earlier in tonnage

terms and effectively unchanged in dollar terms. In the third quarter of 2006 it was 9% lower than a year earlier in tonnage terms but 29% higher in dollar terms. In the fourth quarter of 2006 it was 2% higher than in the fourth quarter of 2005 and 29% higher in dollar terms. More recently, jewelry demand was 17% higher in the first quarter of 2007 than the weak first quarter of 2006 in tonnage terms and 38% higher in dollar terms. Relative to its price demand for gold jewelry remains strong: In the first quarter of 2007, total consumer demand reached 211 tons, just six tons short of the previous first quarter peak in 2001, when gold was less than half the price it is now.

Gold Jewelry Retains its Worldwide Appeal

Demand Remains Strong for Gold Jewelry Rising gold prices will inevitably push some jewelry buyers out of the market over the near-term. However, signs of fundamentally strong demand for gold for jewelry can be found all over the world.

India India is the world's largest gold jewelry market by volume accounting for roughly 885 tons of consumption demand in 2006. Gold in India is typically 22 carat. Gold jewelry buying is associated with a number of festivals and weddings.

India's share of global gold demand is about 1 1/2 times that of the United States, though its GDP is only 1/20 that of the United States. With its high rate of gold consumption, India accounts for 18% of the annual global gold demand, while its share of global GDP on nominal dollar GDP is only 1.6%. Indian households own about 15,000 tons of gold, accounting for about 10% of the worldwide stock. At current market values, gold accounts for 10-15% of the Indian household balance sheet.

During the first quarter of 2006, jewelry demand surged 50% compared to the previous year. This provided strong evidence of consumers' comfort with gold prices above the \$650 mark. At 211 tons, demand in the quarter was just six tons short of the previous first quarter peak in 2001 when prices were less than half today's levels. The belief in India, in part fanned by the media, that gold prices will continue to rise is lending support to consumer demand in the jewelry market. Also, demand during the key festival of Akshaya Thrithiya, appears to have been higher than in 2006.

Other factors that propelled demand higher include increased promotions by banks and the general belief that prices will continue to rise. Thus, individuals in India have been actively purchasing gold coins and small bars with the view of turning them into jewelry at a future date.

Greater China The Year of the Golden Pig, which represents prosperity, impacted strongly in China in the first quarter of 2007 providing a further boost to already robust

growth in global demand for gold. Consumer demand for gold in China was up 31% on the same quarter last year, as the Chinese flocked to buy gold jewelry and commemorative "lucky balls", particularly around Chinese New Year in mid-February.

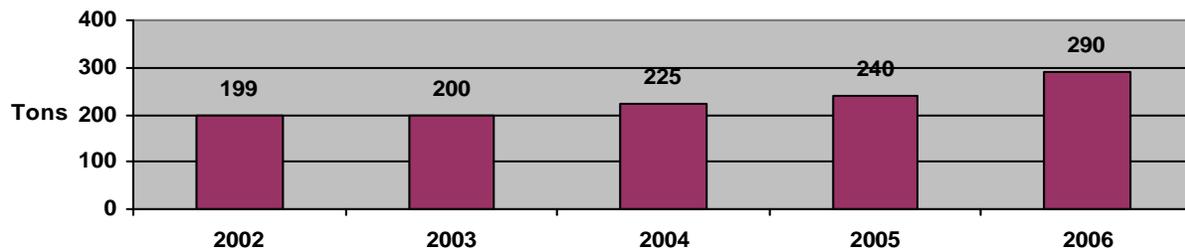
The Chinese view of traditional chuk kam (24 carat) jewelry as an investment partly explains this result. Sales of commemorative bars were also strong around the Chinese New Year and Valentine's Day periods while the limited edition Olympic bars have also proved popular.

Future Demand from China There are several reasons why China may prove to be a source of growing gold demand for consumer and jewelry. First, the Chinese began deregulating gold sales (which were particularly restrictive to foreigners) in 2002. In the past, Chinese individuals were forbidden to own gold bullion. The China Banking Regulatory Commission (CBRC) permitted the marketing of investment gold products by commercial banks at the end of 2004. This deregulation has allowed a growing influence from outside China which has ushered in innovative products such as K-gold. K-gold—18 carat gold that is often inspired with Italian design—is attracting the urban cosmopolitan market.

Sales of K-gold remain on an upward trajectory as consumers are seeking to update their wardrobes with spring fashion designs. K-gold, since its launch in 2003, already accounts for over 15% of the market. Over half of K-gold is sold as white gold, a manifestation of the popularity of white metal among many younger consumers.

Another reason that China could become a growing source of demand for gold is simply its voracious appetite for commodities. China's awakening demand for commodities has triggered price spikes in many commodity markets including oil, coal, steel and paper. Currently, China's demand for gold is muted. According to GFMS's latest Gold Survey, China accounted for only 8% of world demand for the metal for fabrication last year – little more than the 7% of a decade before. Further, China accounts for very little of the growing investment demand for gold.

Gold Jewelry Demand in China



Consumers from the Middle East, Turkey and the US Embrace Gold Jewelry

Middle East and Turkey Many Middle Eastern markets have a strong affinity to gold and 21 carat gold is the traditional cartage in Saudi Arabia and the Gulf region. This region is highly sensitive to gold prices as a large part of the demand derives from jewelry consumption.

Nevertheless, the rate of declining demand has been slowing. In the third quarter of 2006, consumer demand for gold across the Middle East and Turkey declined by 8% compared to 25% in the first quarter of 2006. However, there are a few factors that indicate these declines in demand were exaggerated by non-recurring events.

The war in Lebanon in the summer of 2006 proved a drag on demand. Saudi Arabia's stock market crash in February 2006 negatively impacted both consumer sentiment and the purchasing power of high-income individuals for the first quarter. The deaths of the Emir of Kuwait and the Ruler of Dubai in the first quarter of 2006 were followed by prolonged periods of mourning which dampened gold purchases. The Dubai Shopping Festival, a key period for gold sales in the region, took place over this period and as a result was scaled down. Also, gold sales hit a record high of AED 1 billion (\$280 million) at the 2006/7 Dubai Shopping Festival. Further, demand from Saudi Arabia would be boosted should that Kingdom reduce its customs tariffs from 12% to 5%.

Turkey proved to be a source of strength in demand for gold. The rising price encouraged gold investment during

the second quarter, producing the second highest quarter ever recorded for gold investment in Turkey.

The United States In terms of consumption demand, the US is the world's second largest gold jewelry market by volume (around 350 tons) and the largest by retail value (around \$16 billion). While the US economy started 2007 in robust form, signs of emerging weakness resulted in tighter consumer spending on luxury goods. Combined with the rising price of gold, this resulted in a 5% decrease in jewelry demand in tonnage terms compared to the same period in 2006. Nevertheless, this still equates to a 23% increase in underlying gold value.

In contrast to jewelry, buying of coins and small bars has been strong in the US, rising 41% above year-earlier levels for the second quarter of 2006. The introduction—and surrounding promotion—of American Buffalo Gold Bullion Coins began in the summer of 2006 and spurred demand for retail gold coins further. These American Buffalo coins are the first .9999 fine 24-karat gold coins ever struck by the United States Mint and their content and purity is guaranteed by the United States Government. Over the past five years, a mint state ten-dollar Indian Head gold coin, which weighs just 15 grams in gold, has soared from \$650 to a \$3,000. The five-dollar Indian Head is worth even more. Weighing just seven grams in gold it now costs \$4,000, up from \$1,300 just two years ago.

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Investment Demand for Gold Is Boosted By Exchange Traded Funds

Overview Gold and silver are the only real form of money that has existed throughout recorded human history. Gold's use as an investment derives from its roles as a safe haven, a store of value and a monetary asset. Since gold is not a liability of any government or corporation it does not—unlike currencies, bonds and equities—run any risk of becoming worthless through the default of the issuer.

Gold is a hedge against inflation since the price of gold has kept pace with inflation for at least 200 years. In more recent times gold has become an excellent portfolio diversifier as a result of the gold price's lack of correlation with mainstream investments. Recently, pension funds have expressed a growing interest in investing in gold. Indeed, sustained interest from different groups of institutional investors drove the gold price to new 26 year highs in the first quarter of 2006.

Gold is an especially attractive investment in countries which are facing devaluing currencies. When the value of a nation's currency declines, the price of gold invariably rises in that nation.

Since gold is virtually indestructible, all the gold that has ever been mined still exists above ground. As a result, any upward spike in price is often met by the resale of above-ground stock. Thus, the price of gold has historically been less volatile than the majority of other commodity prices.

Recent Investment Trends Investment holdings account for 16% of the total stocks of gold. Over the last five years, identifiable investment demand accounted for 12% of total demand flows, worth around \$6 billion. Over the past five years, identifiable investment demand quadrupled from a low of 4% of total end-use demand in 2000 to 16% in 2005. When over-the-counter flows that are less readily measured are taken into account, a total of \$10.5 billion of investor money found its way into gold in 2005.

Net investment demand in 2005 was 11.6 million ounces versus net liquidation by investors in 2004 of 1.9 million ounces. Mining companies bought back a net 4 million ounces of pre-sold gold contracts in 2005. While this was a

significant decline from more than 12 million ounces “de-hedged” in 2004, it still showed the overall judgment of the mining companies that gold prices were likely to be higher in the future than they were in 2005.

More recently, identifiable investment in 2006 was 7% higher than 2005 in tonnage terms and 45% higher in dollar terms. The fourth quarter was particularly strong with a 19% rise in tonnage terms and a 51% increase in dollar terms.

Exchange Traded Funds Exchange Traded Funds (ETFs)—stock exchange-listed securities giving direct ownership of physical gold—have been a major factor in investors interest in gold. While much of the increasing investment in “gold” is really in paper via gold price-indexed derivatives that generate little additional demand for the metal itself, ETFs do boost demand. For every extra certificate sold, issuers provide 100% backing, buying bars to lock away in bank vaults. According to GFMS, the world's five ETFs accounted for 203 tons of investment demand in 2005.

Inflows into ETFs and similar products in 2006, at 265 tons, were 27% higher than in 2005 (up 73% in dollar terms). The increase is particularly significant since 2005 had benefited from the latter stages of the initial surge of investment into the largest fund, streetTRACKS Gold Shares and from the initial investment surge into the third largest fund, the iShares Comex Gold Trust. By way of comparison, 2006 saw the launch of Zürcher Kantonal Gold ETF in Switzerland and GOLDIST issued by Finans Portfoy in Turkey; in addition streetTRACKS Gold Shares was cross-listed on the Mexican and Singapore exchanges.

By the end of 2006 the gold held by ETFs and similar funds amounted to 652.5 tons, worth \$13.3 billion. Aside from ETFs and similar investment products, net retail investment displayed a steadily improving trend throughout the year. In the first and second quarters of 2006 tonnage was 33% and 18% respectively below year-earlier levels; in the third and fourth quarters of 2006 tonnage was 16% and 41% higher.

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Industrial Demand for Gold Is Driven By New Technology

End Markets for Gold Industrial and dental uses account for approximately 11% of gold demand, or an annual average of nearly 400 tons from 2001 to 2005 inclusive. Over half of industrial and dental demand—around 7% of total demand—is the use of gold in electronic components due to gold's high thermal and electrical conductivity and its outstanding resistance to corrosion. The share of electronics in total gold demand has grown over the past decade but it also fluctuates according to global GDP and the fortunes of the electronic industry.

Gold even has medical applications. Gold's biocompatibility, resistance to bacterial colonization and to corrosion as well as its malleability mean that it can be used successfully inside the human body. Today various biomedical applications include the use of gold wires in heart transplants and gold-plated stents to support weak blood vessels. However, gold's most common medical application is for dental use. Dental use currently accounts for nearly 2% of gold demand, a share which is essentially stable.

Gold is also used in a number of other industrial and decorative purposes such as gold plating and coating and in gold thread (such as jari in India). Various techniques are used to enable gold to be used in decorative finishes. Other applications take advantages of gold's reflectivity of heat and lasers and its optical properties. Overall these uses of gold account for 2-3% of total demand.

New Technological Markets Research over the last decade has uncovered a number of possible new practical uses for gold. These uses include the use of gold as a catalyst in fuel cells, chemical processing and controlling pollution. In nanotechnology there are many possible uses including improved LCD displays using gold nanorods, for example in mobile phones and laptops. The use of gold in coated superconductors could also create significant new industrial demand for gold.

Total industrial and dental demand rose 5% in tonnage terms and 36% in dollar terms for the second quarter of 2006 compared to the second quarter of the previous year, enabling procurement in the quarter reach \$1.9 billion. A booming world economy maintained strong demand for electronic goods therefore driving the demand for gold-based components. Electronics rose 12% in tonnage terms

and 45% in dollar terms, to \$1.2 billion, for the first quarter of 2006. Longer-term positive trends in this market should be supported by continued growth in the Far East.

Recent Trends in Industrial Demand Industrial and dental demand reached a new record in both tonnage and dollar terms in 2006. Tonnage figures, up 7% on 2005 at 458 tons, just outstripped the previous record in 2000. This was due to vibrant demand from the electronics sector, which also established new annual records, rising 11% in tonnage terms to 312 tons. In dollar terms the year-over-year increases were 45% for the category as a whole and 51% for electronics.

More recently, industrial demand in the first quarter of 2007 was up slightly compared to the first quarter of 2006, 1% higher in tonnage terms and 18% up in dollar terms. Electronics demand, which grew strongly in 2006, recorded a further 2% increase in tonnage compared to the first quarter of 2006.

Consumer Electronics Consume Gold The growth in electronics was primarily due to heavy demand from a range of consumer goods containing electronic circuitry, supported by strong global GDP growth. This was caused both as a result of newer goods, such as MP3 players or flat screen televisions and by greater use for gold in traditional goods such as automobiles as a result of improved quality and efficiency of components using gold. These gains primarily took place in East Asia, including Japan, and to a lesser extent the United States.

A wide range of new industrial and medical uses for gold, many using nanotechnology, are being developed, ranging from gold-based mercury traps to remove mercury from coal-fired power station emissions, through fuel cell system catalysts to medical diagnostic and cancer treatments. Most of these are still in the late-research, or at best, very early production phases, and the contribution they will make to demand will not become evident for a few more years.

The long term outlook for industrial demand was given a boost by the recent announcement that Nanostellar Inc had devised a new nanoparticle coating, containing gold, for use in the diesel automotive catalytic converter market.

“Potential new markets for gold include catalysts in fuel cells, chemical processing and controlling pollution as well as MP3 players and flat screen televisions.”

Nevada Is a Very Mining-Friendly State

Overview Gold Reef's exploration projects are currently located exclusively in the state of Nevada. Nevada is an extremely prolific and accommodative area for gold mining. According to the United States Geological Survey, Nevada is one of the earth's primary gold-producing regions. The Nevada gold mines accounted for about 78% of the gold production in the United States, and 12% of the gold in the entire world in 2006 according to the Nevada Bureau of Mines. Nevada has the second largest gold legacy—total past production plus current reserves—in the world. Nevada's precious metals operations have produced in excess of 144 million ounces of gold and 2 billion ounces of silver since 1972.

A recent survey of mining executives by the Fraser Institute of Canada reported that of 64 jurisdictions around the world that have significant mineral deposits, Nevada offered the best mix of industry-friendly regulations, tax policy, government stability and infrastructure. In contrast, restrictive environmental regulations have made it ex-

remely difficult to mine for gold in California. Similarly, cyanide leaching is popular in Nevada but is outlawed in many other states that contain precious metals. Also, there are no federal royalties in Nevada and permitting occurs within two years, making Nevada perhaps the fastest permit-granting mining location in the world.

Some 82% of Nevada's land is federally owned and therefore accommodating to granting mining claims. Nevada's gold deposits are concentrated in relatively small geographic areas. According to industry reports, Nevada is the best place in the world for open-pit hard-rock mining.

Access to Other Precious Metals An ancillary benefit of mining in Nevada is the near ubiquitous presence of other valuable metals such as silver that are found at the state's gold mines. Nevada produces more silver than any other state in the Union. Although only three mines in Nevada are operated primarily for silver, most Nevada gold mining operations produce silver as well.

Gold Reef International Has a Sound Mining Strategy and Methodology

Overview Gold Reef International is a unique company whose primary assets fall into three categories. The Company's first asset is its management team which has over 187 years in cumulative experience in exploration and information technology in the mining industry. This extent of management experience surpasses that of the vast majority of junior mining companies. Gold Reef's second asset lies in its five different gold prospects. Finally, Gold Reef is a technology play in that it has developed and is beginning to commercialize a proprietary data management and exploration system that can identify and categorize precious and base metals prospects.

Mining Strategy Gold Reef's exploration strategy is to target multi-million ounce gold-silver deposits in each of its prospects. This is in contrast to many other junior exploration companies that would be content with discovering vein-hosted deposits ranging from 100,000 to 200,000 ounces. If Gold Reef's drilling programs do not confirm the potential for a large deposit, then they will be discontinued. If drilling indicates the potential for smaller deposits, Gold Reef would consider joint ventures on those projects. Management has indicated that it is pursuing large targets, prospects that would interest the major companies, given today's mining economics.

Gold Reef also differentiates itself from most of the other junior exploration companies in that it is pursuing a portfolio of prospects, rather than simply pursuing one

prospect as is common industry practice. We believe that this strategy presents more upside potential, leverages some of the fixed costs associated with maintaining an exploration program and mitigates risks associated with encountering disappointing exploration results at any particular prospect.

Mining Activities Gold Reef is currently exploring five different prospects and has accumulated 725 mining claims in Nevada. These are the most promising prospects that were culled from an initial 37 potential prospects that were selected by using data from publicly available databases. The collected data relating to the initial 37 potential prospects were evaluated with Gold Reef's Metal Miners Plus©.

Gold Reef's five prospects are located in very fertile areas of Nevada. In fact, four of the five prospects are situated in Elko County, which is in northeastern Nevada, just to the east of the Carlin Trend and the Independence Trend, which are two of the major gold trends in Nevada. It is encouraging to note that 46 million ounces of gold were produced from the Carlin trend since 1995. The fifth target is in Lander County, approximately ten miles from Newmont's Phoenix project, which contains about 8.5 million ounces of gold resources.

Mining Evaluation Methodology In order to focus its resources on the prospects with the most potential, the

Company sent geological field teams to collect surface samples from rock outcrops on its initial potential prospects. These samples were assayed by Chemex to identify areas that were anomalous in precious and base metals values. Although over 20 of the initial target areas disclosed anomalous gold and pathfinder elements, Gold Reef has concentrated on five targets, which have widespread anomalies (greater than one square mile in size) in multiple Paleozoic rock types. The five selected prospects will undergo a very thorough geologic evaluation, including drilling. Reverse circulation drilling has commenced on one of these prospects and as soon as suitable rigs are available, the rest of the prospects will be drilled.

Management was looking for the large scale deposits that Newmont and Barrick are so successful in exploiting today along the Carlin and Cortez-Eureka Trends. The five selected prospects have widespread distribution of gold and pathfinder elements, which are typically associated with the gold deposits such as silver, arsenic, mercury, antimony, lead and zinc.

All of Gold Reef's Prospects Are Located in Northeast Nevada



Gold Reef is Pursuing Five Promising Prospects

Golden Badger Project Gold Reef owns a 100% interest in the Golden Badger Project which is located in southern Elko County, immediately east of the historic Spruce Mountain Mining District. (Elko, Nevada is the center of gold mining and exploration activity in northeastern Nevada. Elko has an airport with frequent commercial flights, a hospital, as well as gold assay labs, exploration drilling firms, and experienced site preparation and reclamation personnel.) There are several other junior companies that are immediately adjacent to Golden Badger such as U.S. Gold Corp. which acquired Nevada Pacific's position in many claims in that area. The primary targets for the Golden Badger Project are gold, zinc, and molybdenum.

In the Golden Badger Project management is essentially finding the same type of gold-silver signature along major structures as occurs in Nevada's major mines. In addition, the Company identified a zinc target in the northern part of its claim block that is about 2.5 miles north of historic mining activity. These mines were active in the 1930s producing lead, zinc, silver and minor gold from skarn zones adjacent to an igneous intrusive. Gold Reef has collected 798 rock chip samples from outcrops in the 3,080 acre claim block.

Assay results reported by Chemex reveal widespread anomalous gold and pathfinder elements. One rock chip sample across the northern structural zone ran 16% zinc which is very promising considering that it was tested three times and that 3% is deemed to be commercial. This isolated jasperoid occurrence shows no evidence of prior prospecting. Several other rock chip samples ran several

percent zinc. Thus, in addition to the gold target in the northern portion of the claim block, a strong zinc signature is present, which will be drill tested.

Moreover, approximately three miles to the south, there is strong evidence of significant molybdenum mineralization associated with fault zones and a magnetic high. Significant thicknesses of molybdenum mineralization was previously encountered in drilling programs conducted by Freeport approximately two miles west of Gold Reef's claim block including intercepts of 560 feet grading 0.17% MoS₂ in a quartz feldspar porphyry.

Golden Trail Project The Golden Trail Prospect is situated along the far eastern margin of the historic Contact Mining District in Elko County. The Golden Trail claim block consists of 100 unpatented mining claims totaling about 2,000 acres. The Company owns a 100% interest in these mining claims. This prospect is centered on a broad zone of intensely faulted, decalcified and silica replaced Paleozoic limestone and calcareous sandstone covering an area of approximately ten square kilometers. A major northwest-trending structure has been historically prospected in the early 1900s where jasperoid and quartz veins are present.

The Golden Trail Vein, is over 1,200 meters long, and has an associated alteration zone that averages about 30 meters wide. Gold Reef has collected 996 rock chip samples from outcrops in the 2,000 acre claim block. Assay results by Chemex reveal widespread anomalous gold and pathfinder elements over a four-square mile area in multi-

ple rock types including limestone, sandstone, siltstone, conglomerate and quartzite. In one case during its claim staking process, the Company took a rock chip sample across a structural zone that ran 28.1 grams per ton (gpt) or approximately 0.8 of an ounce gold. Other findings resulting from rock chip samples on the Golden Trail Project included a slightly altered limestone assaying 2.9 gpt, a jasperoid near a prospect pit assaying 9.04 gpt and 109.9 gpt silver as well as 21 additional samples greater than 30 gpt silver from altered Paleozoic sedimentary units and structurally associated jasperoid units.

In late July 2007, the Company initiated a drilling program which is ultimately scheduled to drill a total of 18 holes in a two-phase program to test shallow high-angle northwest trending, structurally associated mineralization and deeper igneous intrusive associated targets. The initial phase of four 2,000 to 3,000 foot reverse circulation holes will test a strong gravity high centered on an intensely faulted Paleozoic sedimentary complex of limestone, siltstone, sandstone, chert and quartzite, which are anomalous in gold and pathfinder elements including antimony, arsenic, copper, mercury, molybdenum, silver and zinc. As of mid-August 2007, Gold Reef has drilled two reverse circulation exploration holes totaling 4,160 feet (2,150 feet in GT17 and 2,010 feet in GT12).

Texas Canyon Project The Texas Canyon Property is situated along the eastern margin of the historic Contact Mining District in Elko County. This district has produced significant copper, gold, silver, zinc, lead and tungsten. The Company owns a 100% interest in 134 unpatented mining claims totaling about 2,680 acres. The Texas Canyon Project is a primarily a gold, uranium, and molybdenum play.

In mid-July of 2007, Gold Reef reported encouraging geochemical results from a limited surface outcrop sampling on the southern portion of this project. A rock chip sample from a fault breccia outcrop during an initial gold exploration program had previously returned a uranium value of 1,010 ppm U (0.1101% U_3O_8) approximately 247 feet southwest of a historic uranium prospect known as the Prince Claims. The extraction of uranium could be quite lucrative considering that the price of uranium has catapulted from \$70 a pound at the beginning of 2007 to \$110 a pound as of mid-August 2007.

A recently completed follow-up sampling program along the northeast-trending fault zone includes four breccia and limestone samples with significant uranium/molybdenum as illustrated on the table on the bottom of this page.

Rimrock Project The Rimrock Prospect is subject to a Lease Agreement with Newmont Mining Corp. and consists of Gold Reef's 136 unpatented lode mining claims (approximately 2,507 acres) and Newmont leases to Gold Reef consisting of approximately 4,069 acres. Gold Reef has recently filed an additional 71 claims (1,420 acres) adjoining the Rimrock Prospect.

Gold Reef has collected 1,856 rock chip samples within the Area of Interest agreement with Newmont. Over 50% of the samples collected are significantly anomalous in gold, silver, mercury, antimony, zinc, copper and molybdenum. Gold, silver and zinc have reportedly been mined from shallow underground workings in the early 1900s and several major mining companies have conducted exploration programs in the general area including Newmont, Placer Dome, Teck, Goldfields, and Noranda.

Gold Reef has mapped and sampled about 6.5 square miles of this 9-square mile venture. While mapping and sampling continue, a total of 1,856 surface samples have been collected and analyzed. Results include seven samples of ore grade silver ranging from one ounce per ton to over 30 ounces per ton. Gold is anomalous in 873 samples; silver in 962 samples; mercury in 453 samples; antimony in 911 samples; copper in 1243 samples; molybdenum in 1007 samples and zinc in 1167 samples.

Lease Agreement with Newmont Gold Reef attracted a major gold producer in the form of Newmont in eight months, far earlier than the two years management initially estimated. After conducting some initial sampling and geologic mapping in 2004, which were promising, Gold Reef contacted Newmont which owned alternate sections of land. In order to tie up a solid land position, Gold Reef executed an agreement whereby Newmont has the right to come back into the project and become the operator assuming that Gold Reef substantiates an ore deposit in the Agreement area. Gold Reef incorporated a vast amount of information relating to the Rimrock prospect that Newmont and other major mining companies had developed into its Metal Miners Plus© application. From

Below are recent results from sampling at Gold Reef's Texas Canyon Project

| Sample | ppm Arsenic | ppm Molybdenum | ppm Antimony | ppm Uranium |
|------------|----------------|-------------------|-----------------|----------------|
| 14W B7 001 | 946 | 1,660 | 602 | 790 |
| 14W B7 002 | 232 | 319 | 47 | 1,240 |
| 14W B7 009 | 2,230 | 627 | 380 | 10,500 |
| 14W B7 016 | 462 | 233 | 58 | 810 |

this analysis, management is learning some very interesting facets about previous exploration efforts in that area, including some drill holes that were performed back in the 1960s that have some very encouraging results. Yet none of those holes were twinned by other drilling. As a sign of validation, Evolving Gold, which is another junior company in Canada, recently filed 138 square miles of mining claims adjacent to the west side of the Rimrock project.

Gold Reef Distinguishes Itself from the Other Junior Exploration Companies with its Metal Miners Plus©

Overview Metal Miners Plus© is a software/hardware application originally developed as a data management system which has evolved into real time exploration. Metal Miners Plus© offers simultaneous real time access for field crews, regional offices and corporate headquarters. It is a web browser-based intranet system so that multiple locations with access to the password protected server can view the information in real time and make quick management decisions based upon the ability to access over a thousand different overlays of various land, geologic and geophysical data that are developed during the exploration stage of a project.

Metal Miners Plus© has morphed into more than just a data management tool. For instance, Gold Reef's experienced management staff soon began to see that the ability to manage large volumes of various geological and geophysical data enabled them to develop interpretative presentations of prospects by combining the various overlays. Thus, the information provided by the tool not only provides the user with a competitive edge in timesaving of mapping and analysis, but it also gives the customer's team a better interpretive view of their portfolio of prospects.

Functionality While Metal Miners Plus© is much more than a robust repository of data, it is important to understand the scope of data that can be collected and manipulated with Metal Miners Plus©. Metal Miners Plus© easily uploads accurate Global Positioning Satellite (GPS) sample locations and/or drill hole locations with corresponding latitude, longitude, elevation, sample descriptions and laboratory data for each site with click-on identifiers. The field geologist can identify the exact location of the samples he collects by way of GPS and enter the precise location and elevation into Metal Miners Plus© through a handheld computer.

This methodology effectively minimizes errors by the field crews since digital pictures of the sample site's rock exposure and labeled sample bag provide a cross check against lab data. Gold Reef has utilized the system as a training tool for new geologic personnel and has collected

Ruby View The Ruby View Prospect is 100% owned by Gold Reef and consists of 130 unpatented claims on 2,240 acres located to the northeast of Elko. The target of this prospect is primarily gold and zinc. Consistent with management's exploration strategy of seeking widespread indications for gold, the Ruby View prospect is roughly four square miles.

over 5,800 rock samples without any sampling errors. All data collected in the field is electronically submitted to the system administrator for inclusion into Metal Miners Plus© on a daily basis.

The field geologist typically sends about two kilograms of rock samples to the laboratory, which performs the analyses and transmits results electronically usually within a week to ten days. Thus, upon receipt of the lab data all of the information relating to the rock sample is accessible through Metal Miners Plus©.

The user knows exactly where the sample was taken and how it was taken as well as benefits from having the description, analytical information, and picture of the sample site tightly correlated on a user-friendly graphical interface. The ability to see all of this information simultaneously on a computer screen is a significant advantage since geologists usually spend an inordinate amount of time organizing data and producing maps from collected data.

Other data storage capabilities include:

- Access to current mining claim status and claim ownership, with linked databases showing production statistics and operating mines and click-on identifiers for claim information. Currently, this includes published data from the State of Nevada, the US Geological Survey, and the Nevada Bureau of Mines. Data from these services can be easily updated every year and similar information can be readily imported from any mining region.
- Topographical maps, aerial photography, and/or satellite imagery as base maps.
- Photo records of each sample site, or cuttings or core from drill holes, which can be reviewed simultaneously with analytical results.
- Geologic maps including lithology, structure, alteration and mineralization.

- Geophysical maps and data.
- Interpretive capability to determine geological element associations and grade levels with structures, stratigraphy, geophysics, or alteration zones. In other words, the interpretive ability helps determine sites worthy of drilling. Metal Miners Plus© also offers queries and what-if scenarios.
- Over 1,000 separate layers, which allow any combination of data or maps to be viewed simultaneously.

Additional Advantages There are additional attractions of Metal Miners Plus©. Clients can keep their information proprietary and prospect activity can be tracked according to budgets. Users can see where all of their mining claims are located. Users can click on (identity tool) any claim and it brings up the actual location certificate of the claim with the recorders stamped book and page number and BLM Serial Number.

With the Point Find feature, users can access data or pictures relating to their points of interest. Distances be-

tween drill holes can be easily measured. Zoom in and out features allow the user to observe the overall project area or the minute details of a small area with any combination of data. Any map shown on the screen may be printed at any scale with automatic scales and legends thus substantially reducing or even eliminating drafting time.

Benefits of Metal Miners Plus© The data management and interpretative abilities of Metal Miners Plus© enable mining companies to locate more promising deposits. This is crucial for even seasoned management teams since even experienced geologists, by their own admissions, miss more gold than they find. Metal Miners Plus© is an excellent learning tool for young geologists and functions as a comprehensive checklist for experienced geologists. Having all of the information resident in one database reduces errors associated with mislabeling rock samples and with the errors that inevitably arise as a result of the long lag times associated with surveying.

Despite its robustness, Metal Miners Plus© is easy to learn. The typical user can navigate through the system with less than four hours of training.

Metal Miners Plus© Yields Users Dramatic Time and Cost Savings

Overview Due to the functionality of Metal Miners Plus©, customers can rapidly prioritize drilling targets and evaluate projects in considerably less time than traditional exploration would typically require. With Metal Miners Plus©, customers can conduct their exploration activities in such close proximity to real time that they can significantly reduce their exploration costs by 10% to 20%.

Large companies stand to reap significant cost savings by utilizing Metal Miners Plus©. For instance, one major mining company spends about \$27 million on exploration in Nevada and \$127 million worldwide. According to our discussions with Gold Reef's management, that company could probably save 10% to 20% of its exploration budget by utilizing Metal Miners Plus©.

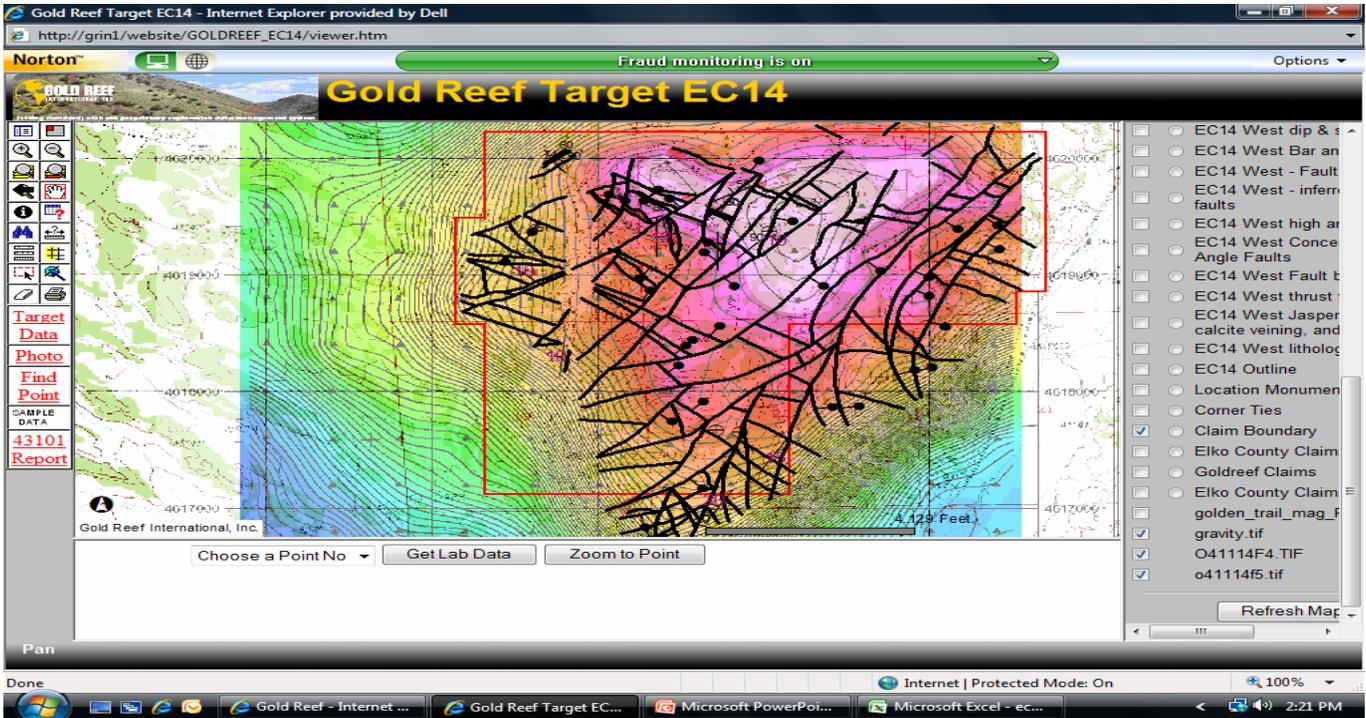
One specific area of cost-savings afforded by Metal Miners Plus© is that a drafting department consisting of four cartographers could eliminate three positions and save roughly \$150,000 a year (assuming average compen-

sation per draftsman of between \$40,000 and \$55,000).

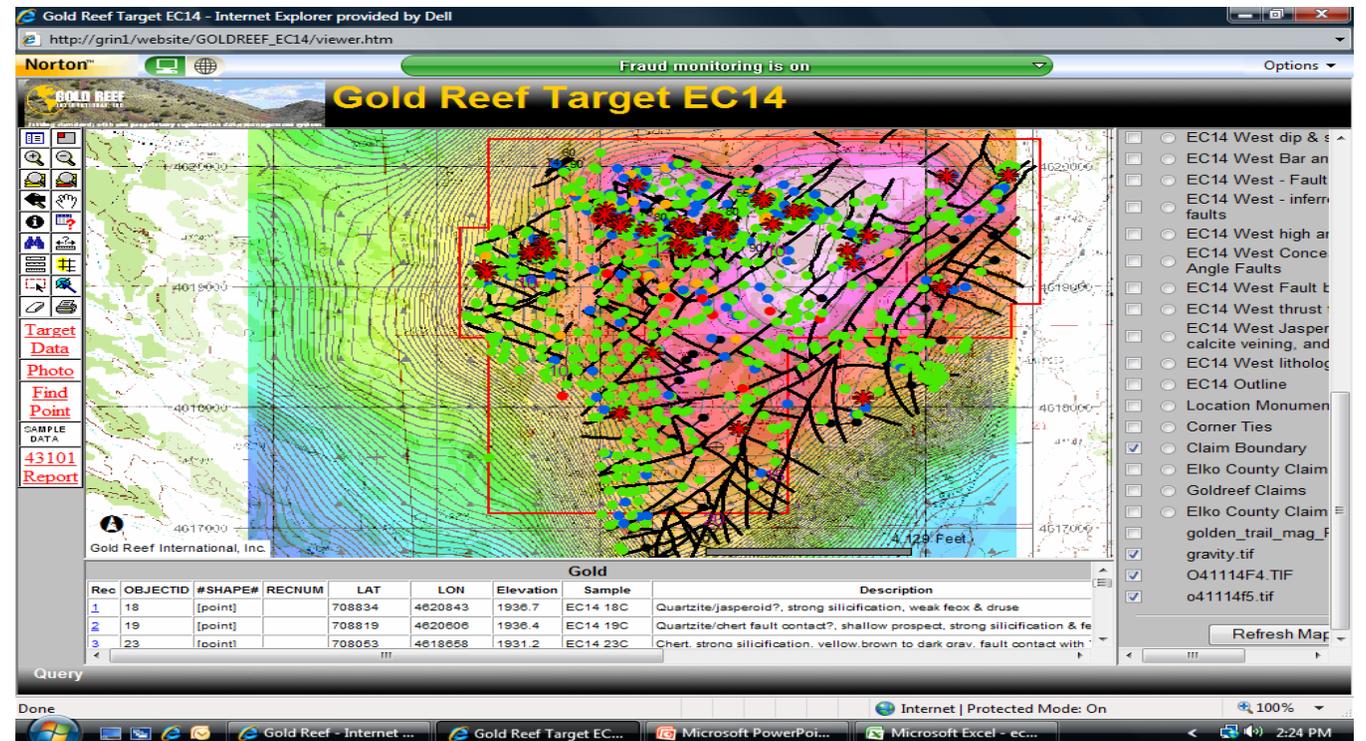
There is a Dearth of Geologists Similarly, operating with fewer geologists will be an important paradigm for mining companies due to the shortage of geologists. Many universities have stopped offering such disciplines. In 1950, there were approximately 70 schools that were accredited in mining and petroleum. That number shrank to 45 in the 1970s. Today there are only 23 such schools, and a scant 13 of them offer degrees in mining. In 2004, only 87 people nationwide graduated with mining engineering degrees. At the time, the job market could have handled 250. In 2005, 105 mining engineers received their degrees when 300 were needed. The figures were 135 mining graduates compared to 400 open positions in 2006. Further compounding the problem is that a wave of retirements is about to impact the industry as many engineers and geologists are over 55 years of age.

“Major mining companies could likely reduce their exploration budgets by between 10% and 20% by utilizing Metal Miners Plus©.”

Below is a image of the Golden Trail Project in northeastern Elko County, Nevada. The screenshot from Metal Miners Plus© shows geologic structures (black lines) superimposed on ground geophysics (gravity survey), which indicates that the structural setting correlates very well with a gravity high. The red outline is Gold Reef’s claim boundary.



This is also an image of the Golden Trail Project in northeastern Elko County, Nevada. The screenshot shows geologic structures (black lines) superimposed on ground geophysics (gravity survey) with surface locations. The red stars indicate surface samples with strong gold anomalies.



Metal Miners Plus© Faces an Enormous Market Opportunity

Overview Metal Miners Plus© serves an enormous potential addressable market. Management has identified more than 1,850 active and well-funded junior exploration companies that could benefit from Metal Miners Plus. The extent of capital available for exploration activities is extremely encouraging considering that:

- The average private placement funding in 2007 is \$24.5 million, more than triple past years' average funding.
- Since the first of this year, 766 companies have received private placement funds.
- More than \$59 billion has been invested in mining companies since 1998 through private placements, \$58 billion of which has occurred since the start of 2002. Such funding reached a record of \$17.1 billion in 2006 (up from \$8 billion in 2005) and during the first eight months of 2007, the total funding has al-

ready exceeded last year's record (\$17.8 billion).

Promising Precedent There is compelling precedent for the adoption of Metal Miners Plus©: The forerunner to Metal Miners Plus© is currently being used in the coal mining industry by Alcoa, TXU, Arch Minerals, Texas Municipal Power Agency and several other companies which have significantly reduced costs by more effectively managing their information flow.

The coal version incorporates baseline environmental data, mine permitting, land information, civil features, royalty schedules, infrastructure and all aspects of reclamation including regrading, topsoil replacement, revegetation, postmine soil sampling and bond release programs. Each of these elements can be incorporated into the hard rock application as well. Furthermore, while Gold Reef will focus on selling Metal Miners Plus© to the Metals Mining industry, the Company reported that it is considering working on a version of Metal Miners Plus© that will serve the oil and gas exploration industry.

Metals Miners Plus© Has the Potential to Become a Gold Mine for Gold Reef

Overview Management has embarked on a path to commercialize Metal Miners Plus©. The primary market that Gold Reef intends to capture is the more than 1,850 junior exploration companies that have received private placement funding for their mining-related exploration projects. To this end, the Company has recently hired Paul Strobel, a geologist with 30 years of experience in precious metals exploration, who is charged with licensing Metal Miners Plus©.

The entry point for many of the licensing agreements will be to cater to the junior exploration companies which have successfully completed private placement funding. Gold Reef personnel have been tracking private placements that go into the mining industry since 1998. The Company's proprietary spreadsheet serves as a comprehensive database on the mining companies on a worldwide basis. Management knows where their projects are, who the people are, has their contact information and knows the extent and terms of the money they raise.

Licensing Forecasts While management believes that it is feasible to receive initial licensing fees of \$160,000, we are modeling much more conservative estimates. While

there may be other charges assessed to clients—for services such as installation, training, consulting—we are including such ancillary fees in our estimates of initial licensing fees and annual maintenance fees. Gold Reef will also seek option packages in the junior exploration companies that license Metal Miners Plus© as well as net smelter interests (which are similar to royalties, based on the gross value of metals extracted).

The Company will also market its Metal Miners Plus© to major metals producers. Since Gold Reef is unlikely to receive options or net smelter interests from major producers, it is likely to charge much higher licensing fees, probably on the order of \$1,000,000. In addition to using Metal Miners Plus© for their own exploration campaigns, large companies could license Gold Reef's copyright-protected applications and then re-license it to juniors. The upside for the majors undertaking such a strategy to replace their dwindling reserves would be that they could take a right of first refusal on their junior partners' finds.

Another element in Gold Reef's licensing strategy to the major producers is that the Company has committed to orchestrating such a licensing program that will elicit takeover bids from the majors.

Metal Miners Plus© Could Be Harnessed to Facilitate Industry-Wide Collaboration

The Goldcorp Paradigm Many junior and major mining companies may wish to emulate the unparalleled success achieved by Goldcorp by using Metal Miners Plus© to solicit ideas from the mining community. Several years ago, Goldcorp's geologists discovered that ore deposits on its 55,000 acre Red Lake site in northwest Ontario were 30 times richer than what Red Lake was currently producing. However, former Chairman and CEO of Goldcorp, Rob McEwen, did not know how big the deposit was or where the best spots were to transition from exploration to deep drilling.

To answer such crucial questions Mr. McEwen created the Goldcorp Challenge. In creating this contest, Goldcorp posted all of its data on the mine on the Internet—50 years worth of maps, reports, and raw geological information—along with software that displayed the data in both two dimensions and three dimensions. Then Goldcorp invited scientists and engineers from all over the world to download the data, analyze it and submit drilling plans to Goldcorp. More than 1,400 qualified participants

downloaded the data. More than 140 of them crunched the numbers, ran the data through software programs, and submitted detailed drilling plans.

More than half of the targets identified by the award-winning submissions were new to Goldcorp—sites the company had not considered drilling. Several years after the completion of the Challenge, Goldcorp was still drilling targets identified by the winners. According to William C. Taylor and Polly LaBarre in *Mavericks at Work*, by 2004, Goldcorp was holding more bullion than the central banks of 45 of the world's countries, including giants such as Canada and Mexico.

Metal Miners Plus© is capable of enabling licensees to share their geological information with the entire mining community or any predefined set of users. Should more companies seek to reap the benefits of employing collective intelligence as Goldcorp so wisely did, Metal Miners Plus© could become an even more compelling investment for them.

Metal Miners Plus© Revenue Contribution Should Offer Considerable Consistency

Overview As shown in the model below, we estimate that Gold Reef will begin licensing Metal Miners Plus© in 2007 for \$100,000 per license. We believe that the Company will be able to raise its initial licensing fee by \$10,000 per annum over the next several years. We are projecting that Metal Miners Plus© will yield Gold Reef

\$3.2 million in revenue in 2009. This estimate includes very little maintenance revenue (as there is a lag of one year in receiving such fees). Neither does it include gross proceeds resulting from the exercise of options in the exploration companies to which it licenses its Metal Miners Plus© nor net smelter fees.

GOLD REEF INTERNATIONAL, INC. METAL MINERS PLUS PROJECTIONS OF LICENSING-RELATED REVENUE

| Year | Description | No. of New Licenses | Cumulative No. of Licenses | Initial Licensing Fee | Maintenance Fees ¹ | Other Compensation ² | Total Revenue from Licensing Initiatives |
|------|---|---------------------|----------------------------|-----------------------|-------------------------------|---------------------------------|--|
| 2007 | One license each 2 months | 3 | 3 | \$100,000 | | | \$300,000 |
| 2008 | Two licenses each 3 months | 8 | 11 | 110,000 | | | 880,000 |
| 2009 | Three licenses each 2 months ³ | 18 | 29 | 168,000 | \$181,500 | | 3,205,500 |
| 2010 | Two per month | 24 | 53 | 130,000 | 657,720 | \$5,200,000 | 8,977,720 |
| 2011 | Three per month | 36 | 89 | 140,000 | 930,150 | 8,400,000 | 14,370,150 |
| 2012 | Four per month | 48 | 137 | 145,000 | 1,882,100 | 12,000,000 | 20,842,100 |

Assumptions:

¹ 15% maintenance fees based on previous year's initial licensing fee; 90% client retention rate

² Gold Reef will seek options and smelter interests in the junior exploration companies that use MMP. One out of five of these companies will yield Gold Reef an average windfall of \$1,000,000 within one to two years

³ We are assuming that one of the 18 licenses sold in 2009 will be sold to a major gold producer for \$1,000,000; The other 17 licenses will sold at an initial licensing fee of \$120,000

See important notes, disclosures and disclaimers on page 21 before making investment decisions.

Even With Rapid Growth, Metal Miners Plus© Will Not Exhaust its Market Opportunity in the Near-Term

Overview As shown in the model below, when considering our projections of the adoption rate of Metal Miners Plus© and the Company's revenue acceleration in terms of its total addressable market, our assumptions are extremely conservative. For instance, by the end of 2009 Metal Miners Plus© will only be licensed by 1.61% of the well-funded mining companies and the revenue received

from these clients will only account for 1.73% of our estimate of the junior exploration companies' exploration budgets. Thus, our 2009 revenue estimates assumes that Metal Miners Plus© will penetrate 1.73% of 1% of capital invested in the mining sector. This seems like a minimal investment by the industry for an easy-to-use solution that should yield vastly disproportionate cost savings benefits.

GOLD REEF INTERNATIONAL, INC. METAL MINERS PLUS MARKET PENETRATION ESTIMATES

| Year | Licenses in Effect | No. of Well Funded Junior Mining Cos. | Penetration Rate of Junior Companies | Licensing Revenue | Funding of Mining Companies | Est. Surveying Budget of Junior Companies ¹ | Penetration Rate of Juniors' Surveying Budget |
|------|--------------------|---------------------------------------|--------------------------------------|-------------------|-----------------------------|--|---|
| 2007 | 3 | 1800 | 0.17% | \$300,000 | \$17 billion | \$170,000,000 | 0.176% |
| 2008 | 11 | 1800 | 0.61% | 880,000 | 18 billion | 180,000,000 | 0.489% |
| 2009 | 29 | 1800 | 1.61% | 3,205,500 | 18.5 billion | 185,000,000 | 1.733% |
| 2010 | 53 | 1800 | 2.94% | 3,777,720 | 19 billion | 190,000,000 | 1.988% |
| 2011 | 89 | 1800 | 4.94% | 5,970,150 | 19.5 billion | 195,000,000 | 3.062% |
| 2012 | 137 | 1800 | 7.61% | 8,642,100 | 20 billion | 200,000,000 | 4.321% |

Assumptions:

- 1 We estimate that 1% of the exploration budgets of junior mining companies could be addressed with Metal Miners Plus.

Management Has Extensive Experience In Building Successful Mining Companies

Gold Reef's management team has over 187 collective years of experience in geology and information technology. The Company's executives are accredited with gold

finds, have run gold companies, have been executives in a wide variety of positions of tremendous responsibility, and have been heads of educational programs.

| Executive | Titles | Abbreviated Background |
|-----------------------------------|--|---|
| C. R. "Kip" Williams | President & CEO | Over 40 years of progressive experience in mining projects worldwide spanning the precious metals, base metals, industrial minerals and coal business sectors. |
| Lou Kost, Jr. | Secretary, Treasurer, Chief Financial Officer and Director | Mr. Kost has been at various times a venture capitalist and management consultant. Mr. Kost is a former Texas state representative who served on the Banking Committee. |
| Dr. Crissman "Criss" Capps | Vice President, Exploration | Over 28 years of experience in precious metals, base metals and industrial minerals. |

Profile of Gold Reef's Management (continued)

| Executive | Titles | Abbreviated Background |
|-------------------------------|---|---|
| W. L. "Bill" Shaffer | Director & Senior Geological Consultant | Over 39 years of experience in metal mining projects worldwide. Recognized authority on placer mining operations. |
| Paul Strobel | Vice President Business Development | Over 30 years of experience in mining geology and project management. |
| William "Bill" Hartley | Senior Consultant GIS Systems | Over 20 years of experience in AutoCAD & GIS Systems Development, programming and custom application designs. |
| Dr. Dennis Jones | Senior Consultant GIS Systems | Over 30 years of experience in AutoCAD & GIS Systems Development, database management and custom application designs. |

Gold Reef's Management Receives Unparalleled Insight from its Board of Directors

| Director | Abbreviated Background |
|-------------------------------|---|
| Crandell Addington | He is Chairman of the Board of Directors of Gold Reef. Mr. Addington has, over the course of 40 years, founded and/or operated successful enterprises ranging from chemical manufacturing to oil and gas exploration, development, and production. |
| Maxwell A. Polinsky | He is a director and principal of Venbanc, Inc., an investment and merchant bank located in Winnipeg, Manitoba, Canada that he founded with a partner in 1994. Venbanc, Inc. specializes in the structuring and financing of start-up companies and provides follow-up financial and management advisory assistance. It has successfully funded and taken public several companies in Canada and the United States in the past ten years. |
| Bryan A. MacBride | He is an independent lawyer in general practice in the City of Toronto. Mr. MacBride was an officer and director of Cabot Creek Mineral Corporation from October 1995 to December, 1997 and a director of The O'Donnell Group Inc., from June 1998 to January 2001. |
| John F. O'Donnell | He has practiced law in the City of Toronto since 1973. His practice is primarily in the field of corporate and securities law and, as such, he is and has been counsel to several publicly traded companies, including mineral exploration companies. |
| Clifford A. Wiebe | Mr. Wiebe has been in the information technology industry for over 22 years, the last eleven with IBM Canada. |
| Dr. Sadik M. Al-Bassam | He served as a director on the boards of directors of many investments and financing companies traded in the Kuwait Stock Market. He also served as a general manager of Bank of Bahrain and Kuwait - Kuwait Branch for a year in 1986/87. He presently serves as the Chairperson of the Accounting Department at the College of Business Administration in Kuwait University. |

The Risks of Investing in Shares of Gold Reef are Similar to Those of All Early Stage Mining Companies

Overview As with investing in any other small capitalization gold exploration company, there exist risks with which investors should be familiar before investing in shares of Gold Reef International. Gold prospecting is an extremely risky business. Tremendous resources could be expended without any potential for return when exploration fails to reveal gold deposits. Adoption to Metal Miners Plus© could fall far short of expectations. The Company could fail to find an acquirer.

Environmental Concerns There are several environmental concerns regarding gold mining in Nevada. Gold often comes with mercury, which is naturally occurring in ore harvested from many Nevada mines. Mercury is released into the air during roasting or other refining processes used to extract gold. Of the 9.4 million pounds of mercury and related compounds produced by all industries throughout the United States in 2000, a little more than 9 million pounds came from Nevada's mining operations.

Nevada's gold mines will bequeath more toxic mercury waste in their mountainous rock piles than any other industry, about 86% of the nation's total in 2003, according to the most recent figures from the Environmental Protection Agency.

Nevada is the driest state in the Union and the problems related to water scarcity are compounded by gold mining. The state's absence of water is aggrandized by at least 18 large mines working below the water table. These mines must dewater the mines by pumping out underground water at stunning rates. For instance, the Betze-Post Mine alone has pumped out more than half a million acre-feet.

The risk to gold mining companies operating in Nevada is that environmental concerns could result in the state enforcing more aggressive (and expensive) environmental regulations and/or could charge higher royalties to the leaseholders. Of course, like all other companies exploring for gold, Gold Reef is limited in its ability to explore for gold in historic areas and in the state's wilderness areas.

Gold Reef's Balance Sheet is Strong Enough to Finance the Company's Near-Term Exploration Agenda

Overview Gold Reef International is very well funded. As of early July 2007, the Company had \$1.5 million cash on its books and a manageable cash burn rate of \$70,000 a month. Three principals of Gold Reef own 70% of the Company's stock and have the means to make future commitments to fund further development efforts if that becomes necessary. Interestingly, Dr. Al-Bassam has ties to the Kuwaiti royal family while his wife has ties to the Bahraini royal family.

To date, all capital raises have been over market prices and have derived entirely from private sources. Also, the Company has C\$1.2 million in units (which include one common share and one-half of a share purchase warrant) outstanding that may be called in (at C\$1) before the next exploration budget begins. These warrants can be exercised at C\$1 over the next year.

| GOLD REEF INTERNATIONAL, INC. | | | |
|---|--|--------------------|--------------------|
| Interim Consolidated Balance Sheet | | | |
| Amounts Expressed in US Dollars | | | |
| | | March 31, 2007 | December 31, 2006 |
| Assets | | | |
| Current | | | |
| Cash | | \$459,372 | \$648,072 |
| Equipment | | 56,842 | 24,867 |
| Mineral claims and deferred exploration costs | | 1,310,891 | 1,276,172 |
| | | \$1,827,105 | \$1,949,111 |
| Liabilities | | | |
| Current | | | |
| Accounts payable and accrued liabilities | | \$123,208 | \$116,033 |
| Due to director | | 100,000 | 100,000 |
| | | \$223,208 | \$216,033 |
| Shareholders' Equity | | | |
| Deposit on share subscription | | \$114,798 | |
| Capital stock | | 2,249,525 | 2,249,525 |
| Contributed surplus | | 489,890 | 219,890 |
| Deficit | | (1,250,116) | (736,137) |
| | | \$1,603,897 | \$1,733,078 |
| | | \$1,827,105 | \$1,949,111 |

Gold Reef's Finances are Well Managed

Overview Gold Reef's staff is extremely lean and the Company is very conservative in its fiscal management. We believe that Gold Reef's management is to be commended for balancing its cash conservation efforts with making sufficient investments to execute its ambitious

business plan. Management believes that Gold Reef will not have to seek further funding and is aggressively pushing the Company through its growth trajectory so as to realize an acquisition in the not-too-distant future.

| GOLD REEF INTERNATIONAL, INC. | | | |
|--|--------------------|--------------------|------|
| Interim Consolidated Statements of Operations and Deficit | | | |
| Amounts Expressed in US Dollars | | | |
| | | Three Months Ended | |
| | | 31-Mar | |
| | | 2007 | 2006 |
| Expenses | | | |
| Office and administrative | \$223,118 | \$5,209 | |
| Professional fees | 17,918 | 5,445 | |
| Stock-based compensation | 270,000 | | |
| Amortization | 2,943 | 989 | |
| Net Loss | (513,979) | (11,623) | |
| Deficit at beginning of year | (736,137) | (254,438) | |
| Deficit at end of year | (1,250,116) | (288,061) | |
| Loss per share | | | |
| Basic and diluted | (0.0141) | (0.0004) | |
| Weighted average number of common shares outstanding | | | |
| Basic and diluted | 36,442,488 | 29,191,353 | |

Important Note About This Report

This report contains forward-looking statements, which involve risks and uncertainties. Actual results may differ materially from the projections described in the forward-looking statements. The material contained in this report is for informational purposes only and is not a solicitation, or an offer or recommendation, to buy or sell securities mentioned. Neither IncreMental Advantage nor any person involved in the preparation of this publication accepts any liability or responsibility for the accuracy or completeness of this publication and none of them makes any representation or warranty in relation thereto. Recipients of this report should conduct their own investigation, confirmation and analysis of the information contained in this publication. No recipient should act on the basis of any matter contained in this publication without considering and, if necessary, taking appropriate legal, financial, and other professional advice upon the recipient's own particular circumstances. Investors are advised to undertake their own investigation of the merits of investing in the Company profiled in this report. IncreMental Advantage was compensated by the Company in the amount of \$17,500 for this report plus reimbursement of expenses incurred in connection with this report's preparation. IncreMental Advantage can be contacted at 609-919-1895 ext. 104.

Gold Reef is Very Attractively Valued Considering its Growth Potential and Relatively Low Risk Profile

Overview Gold exploration costs have soared roughly 65% over the past four years. Thus, major gold producers view small early stage companies such as Gold Reef as conducting R&D for them. Thus, it is economical and expedient for the larger gold producers to acquire companies such as Gold Reef.

The large gold mining companies have been so intent on acquiring gold reserves that they have been acquiring large gold producers. For instance, Canadian gold miner Goldcorp announced its plans to buy Reno-based rival Glamis Gold Ltd. in an \$8.6 billion stock deal. This new company will have proven and probable reserves of about 41.1 million ounces of gold, worth about \$25 billion at current prices. Also, Toronto-based Barrick Gold Corp. acquired Placer Dome for \$10.4 billion earlier in 2006.

Industry-Wide Acquisitions Boost Valuations Further, the large gold producers have been extremely aggressive in acquiring small capitalization early stage gold exploration companies. We interviewed John Haigh, Executive Director of the Denver Gold Group about this issue. According to Mr. Haigh, the large gold companies have been making such acquisitions consistently for the past six years. Over the past two years, between twelve and sixteen such acquisitions occurred at premiums ranging between 30% and 45%. We expect that the correlation of rising gold prices to increased acquisition activity will remain in effect.

According to our conversations with John Dobra, an economist and mining analyst at the University of Nevada, the key criteria for valuing an early stage gold exploration company are: land position or the location of the company's leaseholds; how intensely the land has been mined in the past; and the track records of the people involved in

the exploration. Since Gold Reef rates very high on all of these metrics, we believe the Company's shares deserve to trade at a rich multiple.

Our Projections Are Conservative Gold Reef's strategy is to discover multi-million gold-silver deposits and is currently exploring five prospects. Since gold mining is inherently speculative we will take an extremely conservative approach in valuing Gold Reef's potential enterprise value. First, we will assume that only one of the Company's five prospects yields reserves. Further, we are modeling that this prospect will only yield 250,000 ounces of gold, a fraction of management's target. Valuing these 250,000 ounces of gold at the same value that Gold Corp. valued the ounces that it acquired from Glamis (or \$534), yields a market value for Gold Reef's mining initiatives of \$133.5 million.

Further, given that many software companies are acquired at five times revenues, we believe that Metal Miners Plus© deserves to be valued at five times our projections of 2009 revenues of \$3.2 million or \$16 million. Thus, we believe that Gold Reef's valuation should approximate \$150 million, or 5.5 times more than its current valuation of \$27 million. However, management's repeated receptivity to an acquisition could lead to an actual valuation that exceeds our projections.

It is important to note that when small, early stage gold exploration companies are successful in discovering gold, their share prices often soar. For instance, shares of Aurelian Resources soared from C\$0.46 to C\$30.76 when an announcement of the discovery of gold deposits was announced in April 2006.

Management is Incentivized to Ensure that the Company Reaches its Potential

Overview We believe that there is very little risk in holding shares of Gold Reef. The Company mitigates risk in two ways. First, it provides upside exposure to rising gold prices and offers investors the opportunity to invest in one of the few providers of software tools that serve the mining industry. Second, Gold Reef is pursuing five prospects while most junior mining companies only are pursuing one prospect.

We are assured that Gold Reef's management will remain energized to aggressively and prudently maintain its exploration program due to the fact that three members of the management team own 70% of the Company's stock.

Recommendation We believe that risk-tolerant investors would be well advised to accumulate shares of Gold Reef at current levels.