

Goldletter INTERNATIONAL

the international independent information and advice bulletin for gold and related investments

Special Situation – March 2007

www.goldrea.com



Goldrea Resources Corp. (Cdn\$ 0.60)

TSX.V : GOR
OTCBB : GORAF
Frankfurt Stock Exchange : GOJ

H+L prices (12 months) : Cdn\$ 0.85 - 0.42

Net issued shares : 38.8 million

Fully diluted : 4.95 million

Market capitalization : Cdn\$ 23.3 million

First price target: Cdn\$ 1.00

Company profile

Goldrea Resources ("Goldrea") is a Canadian-based exploration and development company, which is focusing most of its energy and resources to work rapidly to become a gold producing company in China. In November 2006, Goldrea completed an agreement with Rushan City to purchase up to 80% of the operating 1,750 tonnes per day Daye Gold Mine in Shandong Province, which accounts for over 25% of China's total gold production.

The Rushan Daye Gold Mine produced 65,000 ounces per year up to 2005. It is currently operating at 2,400 tonnes per day from underground and custom milling of surrounding properties.

The Daye Gold Mine has a NI 43-101 compliant Indicated Resource of 331,175 ounces of gold.

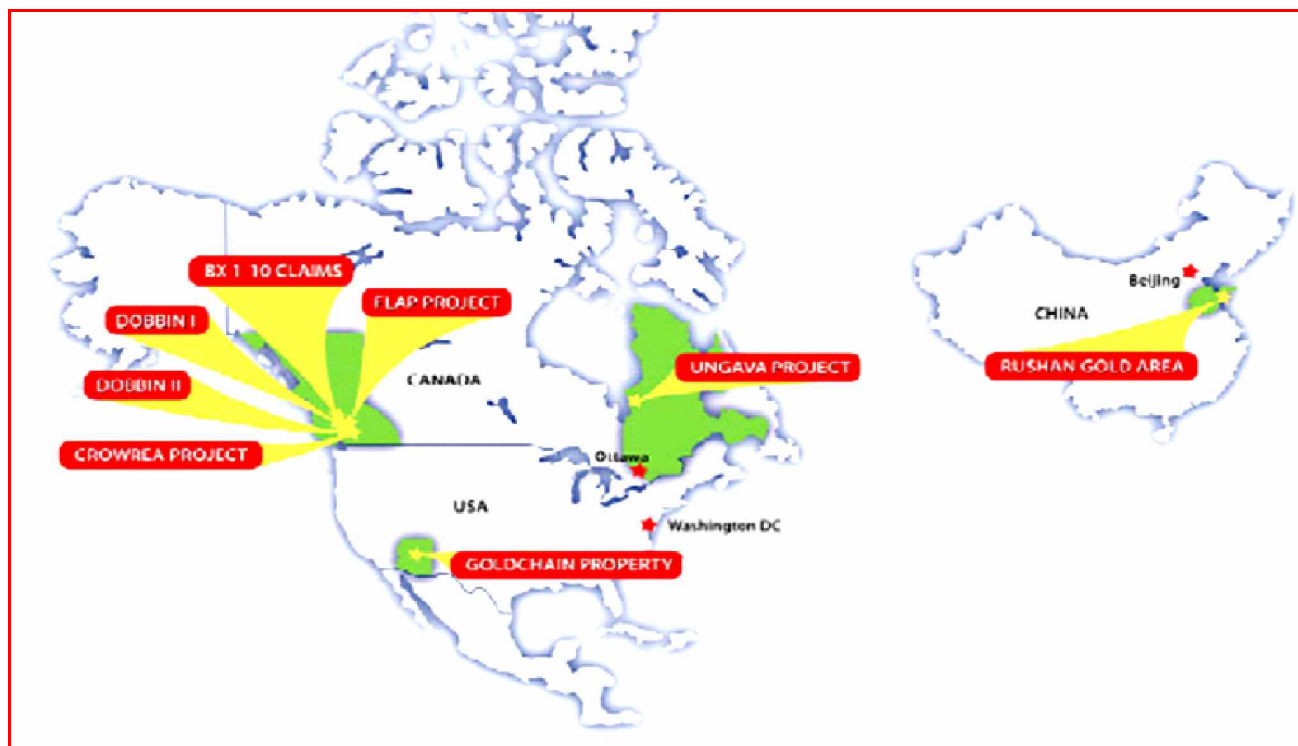
In addition, Goldrea holds the BX Claims 1-10 in British Columbia, Canada, which contains eight significant mineralised zones, and the Dobbin Platinum-Palladium-Copper-Property in British Columbia in a 50/50 joint venture with **Molycor Gold Corporation** (TSX.V – MOR).

Overview of projects

Ø Rushan Daye Gold Mine, Shandong Province, China

Goldrea initially entered into a co-operative Joint Venture with the Daye Rushan Gold Mining Company ("China Rushan"), located in Shandong Province, where it received its three levels of government permit approvals and had been issued a business licence allowing it to carry on exploration and development in the Shandong Daye Gold Mine Lease.

The joint venture contract called for Goldrea to invest Cdn\$ 2 million over a 4-year period for 74% of a 650 square km region and the issuance of 5.0 million shares. Shandong Daye will have the option contributing 26% of the going forward expenditures or dilute to a 10% net profit interest.



The Company's co-operative joint venture with China Rushan is to explore along strike and down dip from their existing 2,300 tonnes per day mill, which is currently running at 350 tonnes per day as all ore bearing material is currently being mined underground, utilising one shaft and a decline following the down-dip extension south below the open-pit.

In November 2006, Goldrea completed an agreement with Rushan City to purchase up to 80% of the operating 1,750 tonnes per day Daye Gold Mine, located approximately 30 km northwest of Rushan City. Included in the agreement is a 10% interest which will be purchased by the management and employees of the Daye operation.

The payments totalling Cdn\$ 16.3 million (143 million Yuan) for the acquisition of 80% are as follows: first year - Cdn\$ 2.0 million on acceptance of the transaction by the Central Government of China and regulatory authorities on the TSX.V; second year - Cdn\$ 2.9 million; third, fourth and fifth year - Cdn\$ 3.8 million. Goldrea will also assume 80% (GOR 70% / employees 10%) of the Cdn\$ 5.0 million long-term debt at 6% interest per annum.

The Daye Mine is currently operating from remnants of the open pit, underground down dip from the pit and custom milling local deposits. During the open pit operation the Daye Mine was reportedly producing 60,000 ounces of gold per year.

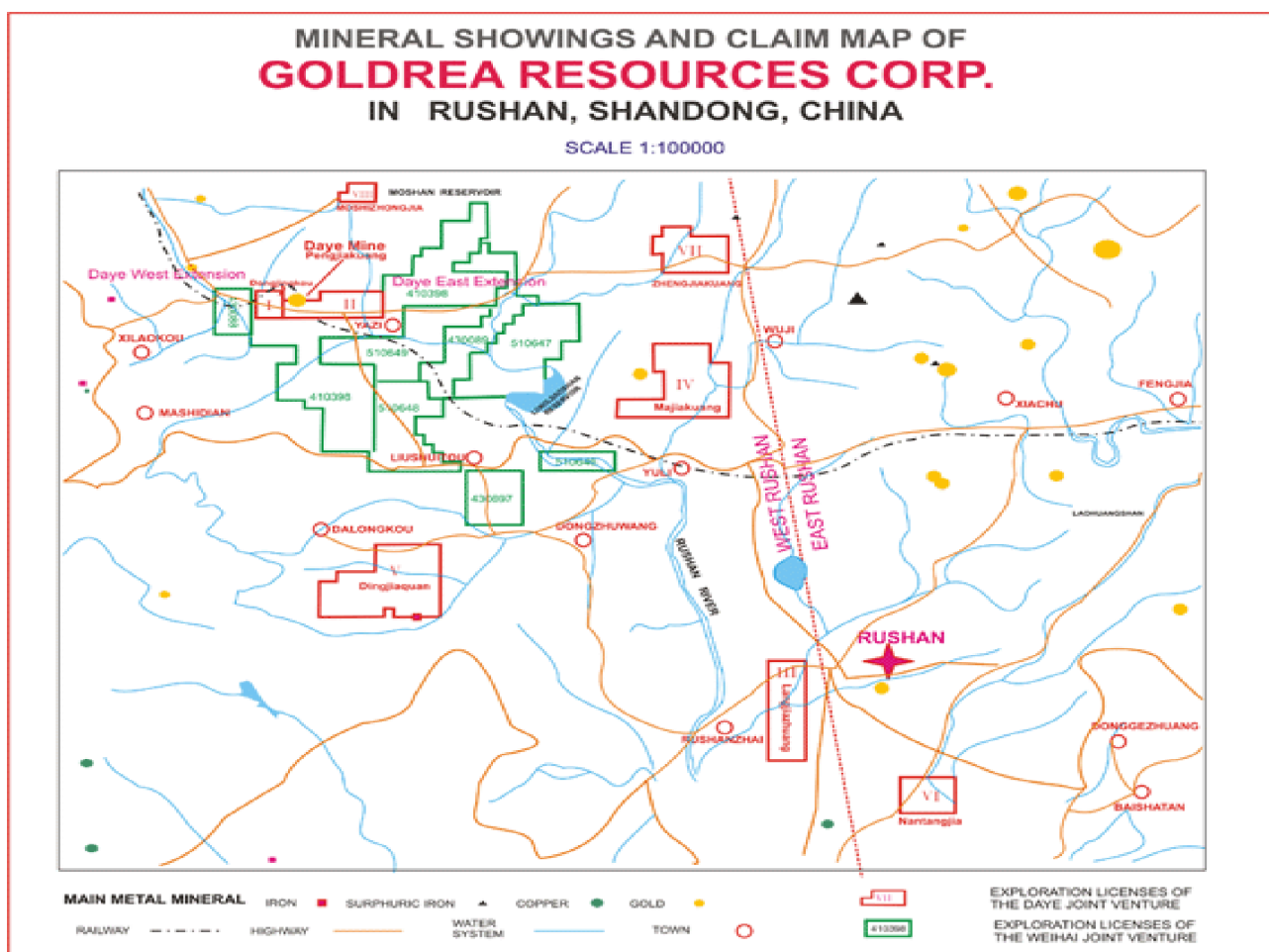
Goldrea's intent is to increase production from the previous 1,750 tonnes per day to 2,000 tonnes per day from its adjoining properties by March 2008.

In November 2006, Goldrea completed considerable exploration drilling in 83 holes (20,200 metres or 66,000 feet) on the zones down dip from the known surface mineralization and has identified considerable gold mineralization up to 400 metres down dip.

Expenses to date are approximately Cdn\$ 1.8 million and includes trenching,, geochemical and geophysical surveys, mapping, drilling and the sinking of 184 metres (603 feet) of a 5 compartment concrete lined shaft designed for an ultimate depth of 254 metres (833 feet).

It is expected that Goldrea will have earned its initial 74% interest by the end of the first quarter.

A NI 43-101 compliant resource analysis on the Rushan Goldrea Gold Inc. Joint Venture has been completed by N. Tribe & Associates and defined an Indicated Resource of 5.18 million tonnes grading 1.99 g/t gold for a total of 331,175 ounces and an Inferred Resource of 4.31 million tons grading 1.99 g/t gold for a total of 275,968 ounces.



The parameters used to define the Indicated Resource included a cut-off grade of US\$ 7.00 and a current price of US\$ 630 per ounce. All intercepts were used as reported, no grades were cut and no dilution was used, neither external nor internal.

With regards to the Inferred estimate, the area of the zones was measured within the limits of the zone and extending to a maximum of 400 metres down dip with the zone. The zones were included according to the Joint Venture Agreement.

An exploration target can be projected south along these zones onto the 3rd Brigade leases, which extend south across the basin.

Negotiations have been completed with the 3rd Brigade to Joint Venture and explore this ground. This target is conceptual in nature as no drilling has been done on this target to date.

It is uncertain if further exploration will result in the discovery of a mineral resource.

Recommendations from the NI 43-101 Report include:

- Ø Phase I: Continue drilling a regular exploration patten of drill holes to intersect the structure on 100 metre centers; complete driving the "Golden Rose Shaft" and begin driving a second shaft in the vicinity of Dongingkou village.
- Ø Phase II: Anticipating the acquisition of the Daye Mine, mill complex, three more shafts are recommended, so that production can be increased to 2,000 tonnes per day to feed the mill.

In October 2006, Goldrea signed an engagement agreement with Tortuga Merchants, an internationally focused Merchant Banking Firm, to further develop and execute the Company's business development strategy in China. The strategy is centred on the following principals:

- Source and negotiate the acquisition of various producing mining assets in China;
- Modify production techniques and methodologies to increase production to global standards

Goldrea expects to move on completing three to four acquisitions of producing mines in China within two years.

Ø **Goldrea-Molycor Gold Joint Venture, British Columbia, Canada**

Goldrea Resources and **Molycor Gold Corporation** (MOR – TSX.V) are 50/50 Joint Venture Partners on several properties in British Columbia, Canada, of which two have significant molybdenum potential. With the steeply rising price of molybdenum above US\$ 35 per pound (current price US\$26) the Joint Venture partners have decided to re-examine and evaluate the Tadpole Lake and Crowrea Moly projects.

The **Dobbin I Property**, a Platinum, palladium and Copper prospect and a 50/50 Joint Venture with Molycor Gold, consists of 52 claims covering approximately 4,150 hectares (9,960 acres) in size. It is located 27 kms northwest of Kelowna, BC and adjacent to the Dobbin II – Tadpole Lake Property.

In 1997, the Joint Venture partners performed core drilling of the Dobbin Central Anomaly Zone. DDH 97-21, a vertical hole collared 105 m west of the discovery trench, returned 111 m grading 0.19% copper, 0.41 g/t platinum and 0.35 g/t palladium. Field work in October 2003 consisted of 2 drill holes totalling 365.8 metres (1,200 feet) collared on the west edge of the brecciated Kenny 2000 Zone (located 500 m west of the Central Zone).

Results from a 2006 drill program are expected shortly.

Tadpole Lake (Dobbin II) is located adjacent to the west boundary of the Flap Gold Claims and north of the Dobbin I copper/platinum properties, approximately 25 kilometres northwest of Kelowna and 23 kilometres northeast of the past producing Brenda open-pit copper/moly mine. Cominco held this ground for 20 years and between 1977 to 1980 they completed a total of 73 percussion holes totalling 5,800 metres (19,026 feet). The property hosts a quartz stockwork and molybdenum soils anomaly measuring approximately 1,000 x 1,500 metres.

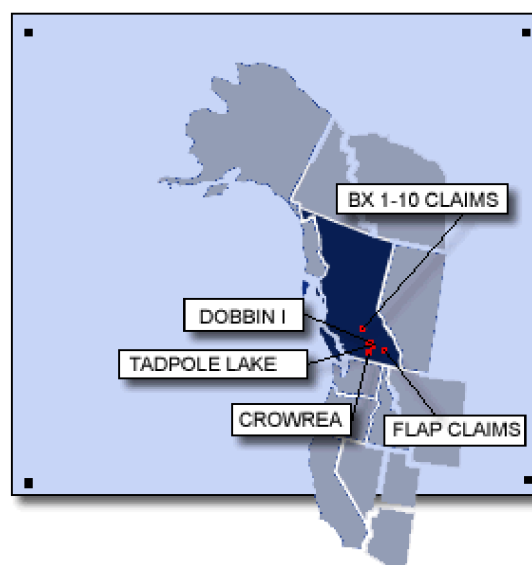
In September 2005, Goldrea identified platinum group mineralization on the Dobbin Property. A total of 10 out of 21 diamond drill holes returned intersections with significant copper, platinum and palladium values. One of the drill holes returned assay values of 0.35 g/t platinum, 0.41 g/t palladium and 0.19% copper across a width of 111 metres.

Results of the diamond drill program included highlights of 0.762% Mo over 3.0 m, 0.292% over 10.6 m, 0.275% over 2.4 m and 0.442% over 3.7 m at the Noranda Zone.

In September 2006, a diamond drill program began, consisting of 5 holes ranging from 305 metres (1,000 feet) to 427 metres (1,400 feet) in eth, and three vertical zones having been drilled 1.5 kms north and east of the Central Zone.

Two holes were step outs west from diamond drill hole 97-21, which identified platinum group mineralization in September 2005.

BRITISH COLUMBIA



The **Crownrea Molybdenum Prospect** is approximately 3,440 hectares (8,500 acres) in size and is located 15 miles south of Brenda Mines in the Osoyoos and Similkameen Mining Division near Summerland, BC. The project, discovered by the Goldrea/Molycor Gold joint venture in 1995, is a mineral rich occurrence in a northeast trending dyke zone which acquires additional discoveries in the area before becoming economical.

The discovery was contained in a trench which returned 0.209 % MoS₂ over 39 metres in hole 95-03-09 and 4.6 metres grading 3.390% MoS₂ in hole 96-14-56.

Goldrea will be seeking joint venture partners to expand this project.

The **Flap Gold Property**, located in the Nicola Mining Division, BC, is approximately 3,440 hectares (8,500 acres) in size and also 50/50 owned by Goldrea and Molycor. Geological mapping was carried out over a 0.25 x 0.20 km area centred at Flapjack 1.2 and Flap 1.2 initial post.

Ø **BX Claims 1-10, British Columbia, Canada**

The BX Claims, strategically located 20 kilometres west of Eskay Creek encompassing 4,300 hectares (10,320 acres) contains eight significant mineralised zones identifying values up to 8 g/t gold, 190.7 g/t silver, 1.45% copper and 5.21% lead, zinc.

Management

Larry W. Reaugh, President & CEO, from 1981 to present has 41 years experience in the mining industry with the past 25 years directly involved in mineral exploration with junior resource companies. He is credited with several producing mines and has raised more than sixty million dollars for the exploration and development of mining properties.

Paul L. Blair, B.Sc. in Geological Engineering, Chief Operating Officer for China, has worked in various management capacities in North, Central and South America. His work included preparation of scoping studies, supervision of bankability feasibility studies, management of detailed design and EPCM, and management of major mining projects and producing operations.

Mr. Blair recently completed a detailed evaluation of an underground gold mine in Gansu Province, China. He spent an additional 10 months on feasibility, permitting and design of a large open pit/heap leach in Inner Mongolia and managed the operation of an open pit mine and construction of a mill and camp in Qinghai.

Jonathan Lin, Chief Financial Officer for Goldrea has 10 years experience in corporate finance, consulting, and private equity investment, including extensive experience dealing with joint venture investment in China. Mr. Lin holds a Bachelor of Science degree from the University of Science and Technology of China, and an MBA degree from China Europe International Business School; he is a certified general accountant of CGA-BC designation.

Dr. Hugh Squair, Ph.D, P.Eng., Director, has degrees in geology and mining geology. He has over 35 years of field, managerial and exploration consulting experience in the search for precious and base metals within North America and abroad.

Dr. Squair has held senior positions with Falconbridge Selection Trust Group, Newmont Exploration of Canada, and has worked as a consultant to Kennecott Canada and Watts Griffis & McQuat.

John Chapman, B.Sc, P.Eng., Director, a Principal of J.A. Chapman Mining services since 1983, has managed projects and companies involved with industrial mineral development, production and marketing, as well as precious/base metals exploration, development and production.

Ed Lee, Director, is President and Director of Molycor Gold and a Director and Vice President of Corporate Development to Adanac Moly Corp. He has 10 years experience in the assistance of financing and corporate development of public companies.

Finance

In February 2006, Goldrea closed a private placement for the purchase of 500,000 units at a price of Cdn\$ 0.38 per unit, raising gross proceeds of Cdn\$ 190,000. Each unit consisted of one common share and one share purchase warrant, which is entitled to purchase one additional share exercisable up to February 24, 2008 at a price of Cdn\$ 0.46.

Investment recommendation:

Goldrea is focusing most of its energy and resources to work rapidly to become a gold producing company in China.

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A NI 43-101 compliant resource analysis has defined an Indicated Resource of 331,175 ounces gold and an Inferred Resource of 275,968 ounces gold.

Goldrea and Molycor Gold are 50/50 Joint Venture Partners on several properties in British Columbia, of which two have significant molybdenum potential.

Since following the Company from November 2005, Goldrea's share price has more than tripled. However after having become structured recently to become one of China's next foreign gold producers, and also taking into account its prospective portfolio of assets in joint venture with Molycor, at a market capitalization of just Cdn\$ 23.3 million, we consider the shares of Goldrea strongly undervalued.

Our first price target is Cdn\$ 1.00.