

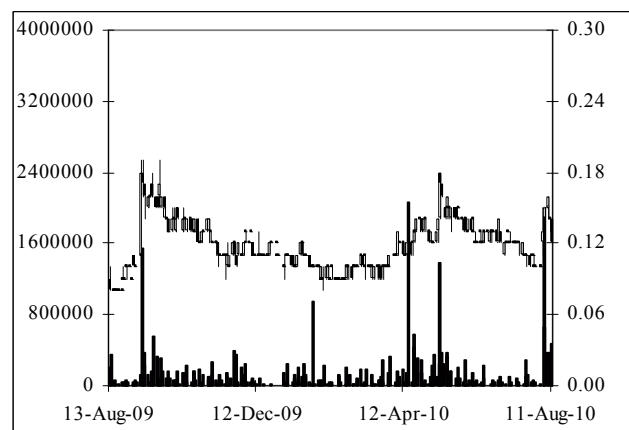
### Harvest Gold Corp. (TSXV: HVG) – Excellent Drill Results at Rosebud; More Assays Forthcoming

Sector/Industry: Junior Exploration/Mining

[www.harvestgoldcorp.com](http://www.harvestgoldcorp.com)

#### Market Data (as of August 17, 2010)

Current Price	C\$0.12
<b>Fair Value</b>	<b>C\$0.30</b>
<b>Rating*</b>	<b>BUY</b>
<b>Risk*</b>	<b>5 (Highly Spec)</b>
52 Week Range	C\$0.08 – C\$0.19
Shares O/S	57.72 mm
Market Cap	C\$6.93 mm
Current Yield	N/A
P/E (forward)	N/A
P/B	4.13
YoY Return	50.0%
YoY TSX-V	26.2%



#### About Harvest Gold Corp.

Harvest Gold is a TSX Venture listed junior mineral exploration company. The company's flagship property, Rosebud, hosts a past producing, high grade underground mine operated by a Hecla Mining (NYSE: HL) and Newmont Mining (TSX: NMC, NYSE: NEM) joint venture from 1997 to 2000. Remaining in place resources total approximately 0.24 million ounces of gold and 2.13 million ounces of silver.

#### Positive Drill Results at Rosebud

Initial assay results from the company's first drill program include significant gold and silver intercepts, indicating that important zones of mineralization remain to be developed. Assays for eight of 12 reverse circulation holes from the 4,574 metre program have been released. The table on the next page is a summary of holes HGR-1 to HGR-8.

	FROM metres	TO metres	INTERVAL metres	Au g/t	Ag g/t	AuEq g/t
*HGR-1	77.7	85.3	7.6	0.74	11.1	0.90
*HGR-2	259.1	269.7	10.6	0.61	13.1	0.81
*HGR-3	315.5	350.5	35.1	0.82	238.1	4.43
including	318.5	330.7	12.2	1.58	564.3	10.13
including	323.1	327.7	4.6	2.47	1235.1	21.19
including	324.6	326.1	1.5	1.00	2159.8	33.72
and	326.1	327.7	1.6	6.24	473.5	13.42
*HGR-4	79.2	93.0	13.8	0.28	4.0	0.34
	342.9	347.5	4.6	0.10	14.6	0.32
	349.0	352.0	3.0	0.07	12.1	0.26
	406.9	410.0	3.1	0.53	4.9	0.61
*HGR-5	97.5	211.8	114.3	0.49	4.7	0.56
including	106.7	108.2	1.5	2.59	3.8	2.65
and	129.5	134.1	4.6	2.16	3.9	2.22
and	163.1	172.2	9.1	1.40	4.6	1.47
HGR-6	140.2	204.2	64.0	0.48	2.9	0.52
including	163.1	167.6	4.6	1.31	5.5	1.39
including	195.1	199.6	4.6	1.64	2.6	1.68
HGR-7	42.7	56.4	13.7	0.12	25.4	0.50
including	50.3	54.9	4.6	0.13	60.7	1.05
HGR-8	129.5	137.2	7.6	0.69	1.4	0.71
	202.7	219.5	16.8	0.21	21.9	0.54
	234.7	266.7	32.0	0.27	2.4	0.30
	289.6	301.8	12.2	0.39	3.4	0.44
	367.3	374.9	7.6	0.92	16.8	1.18
	403.9	405.4	1.5	0.93	5.1	1.00

Source: Company

These drill results support our speculation that there is significant opportunity for the company to delineate bulk tonnage targets as well as high grade pods. The company has stated that the results reinforce their re-interpreted structural model. The broad zone of mineralization intersected in HGR-5 is 100 metres from the nearest underground workings (a reasonable step-out) and near surface (a depth of 70 metres). The high grade mineralization in HGR-3 is 30 metres from the nearest underground workings and results are among the top one percent of all previous Rosebud silver intercepts. It is apparent that sections of bulk tonnage mineralization remain in place, as do high-grade mineralized faults predicted by the company's geological model. Mineralization intersected in both holes is open in several directions and results from HGR-5 are comparable to the Hycroft Mine operated by Allied Nevada Gold Corp. (TSX: ANV).

The company is currently preparing for a 15,000 foot second phase of drilling at Rosebud.

### **Financials**

At the end of March 2010, the company had \$0.27 million in cash. Working capital was \$0.35 million. The company reported a net loss of \$4.76 million (EPS: -\$0.11) in FY2010 (ended March 2010). We estimate the company had a burn rate (spending on operations and investing activities) of \$0.05 million per month in FY2010, compared to \$0.11 million per month in FY2009. The following table shows the company's key

financial data as of March 31,2010.

<b>Key Financial Data (FYE - Mar 31)</b>		
<b>(C\$)</b>	<b>2010</b>	<b>2009</b>
Cash	266,046	480,023
Working Capital	350,810	350,730
Mineral Assets	1,671,450	5,891,936
Total Assets	1,970,133	6,441,893
Net Income	(4,759,570)	(771,109)
EPS	(0.11)	(0.02)

**Subsequent to March 2010, the company closed a private placement of 13 million units at a price of \$0.10 per unit for gross proceeds of \$1.3 million.** Each unit is comprised of one common share and one share purchase warrant (weighted exercise price: \$0.20, contractual life: 2 years). **Our discussions with management indicated that the company currently has \$0.97 million cash on hand.**

As of June 21, 2010, the company had 6.50 million stock options and 13 million warrants outstanding.

**Valuation and Rating:** Our valuation on the Rosebud project was maintained at \$0.19 per share despite the slight drop in the peer average enterprise value to resource ratio from \$41.3/oz, to \$40.2/oz. The company, however, wrote down the Hunt property, and the Lesavage property, in Q4-2010, which resulted in a drop in the 'book value of other projects' from \$3.39 million (\$0.06 per share), to \$0.84 million (\$0.01 per share), since our previous report on the company. As a result, our net valuation on the company dropped from \$0.27, to \$0.22 per share (as shown below).

<b>Valuation Summary</b>	<b>Value</b>	<b>VPS</b>
Rosebud property	\$10,964,820	\$0.19
Book value of other projects	\$835,542	\$0.01
Estd. working capital	\$967,000	\$0.02
<b>Net Fair Value</b>	<b>\$12,767,362</b>	<b>\$0.22</b>

**We have, however, maintained our BUY rating (Risk 5: Highly Speculative) and fair value estimate at \$0.30 per share based on the highly encouraging results from Rosebud.**

**Fundamental Research Corp. Equity Rating Scale:**

**Buy** – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk

**Hold** – Annual expected rate of return is between 5% and 12%

**Sell** – Annual expected rate of return is below 5% or the expected return is not commensurate with risk

**Suspended or Rating N/A**— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

**Fundamental Research Corp. Risk Rating Scale:**

**1 (Low Risk)** - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

**2 (Below Average Risk)** - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

**3 (Average Risk)** - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

**4 (Speculative)** - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

**5 (Highly Speculative)** - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.

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