

## GlobeStar Mining Corp.

GMI : TSX : C\$1.60

**SPECULATIVE BUY**

**Target: C\$2.70 ↑**

Wendell Zerb, P. Geol

1.604.643.7485

wendell.zerb@canaccordadams.com

### COMPANY STATISTICS:

52-week Range:	\$1.12 - 2.54
Av. Daily Volume:	241,073
Market Cap (M):	C\$160.48
Shares o/s (M):	100.3
Shares fd (M):	108.5
LT Debt (M):	Nil
Cash (M):	C\$32.2
CEO:	Mr. Bill Fisher
Website:	www.GlobeStarmining.com

### SHARE PRICE PERFORMANCE:



### COMPANY SUMMARY:

GlobeStar is an advanced mineral exploration and development company working in the Dominican Republic (DR). GlobeStar's principal assets include the Cerro de Maimon VMS deposit and exploration concessions, its Falcondo Belt Nickel Laterite (saprolite) concessions, and its Bayaguana high-level Cu porphyry and Au concessions (Cerro Koisko, Dona Amanda, Dona Loretta).

All amounts in C\$ unless otherwise noted.

### Metals and Mining – Exploration and Development

## CUMPIE HILL RESOURCE EXCEEDS EXPECTATIONS

### Event

The company has released an initial NI 43-101 Mineral Resource estimate (Snowden Mining Industry Consultants Inc) from its Cumpie Hill nickel saprolite project in the Dominican Republic. Based on a 1% Ni cutoff, the area returned an Indicated Resource of 3.0 million tonnes grading 1.49 % Ni and an Inferred Resource of 2.5 million tonnes grading 1.45 % Ni. This is, on average, better than our expectation of 3.0 million tonnes grading 1.6% Ni from Cumpie Hill. In addition, preliminary tests indicate saprolitic mineralization could be amenable to leaching (up to 90% recoveries in bottle rolls).

### Impact: positive

Our original expectation was the Cumpie Hill zone had the potential to host about 3 million tonnes of Ni saprolite grading approximately 1.6% Ni. Using a 1% Ni cutoff equates to moderately higher tonnes but also a lower overall grade at 1.5% Ni. Nevertheless these results suggest to us the mineralization at Cumpie Hill would be considered above average feed for the Xstrata Falcondo mine 8 km to the north.

### Valuation

We are maintaining our SPECULATIVE BUY rating. Our **12-month target increases to C\$2.70 (was C\$2.65)** is based on a 0.80x multiple on our current NPV (8%) for Cerro de Maimon. We apply an in situ value of 75 cents Canadian per lb for NI resources we believe should be defined within 12 km of the Falcondo Smelter and 27 cents Canadian per lb for resources greater than 12 km away.

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**Cumpie Hill Mineral Resource**

The company has released an initial NI 43-101 Mineral Resource estimate (Snowden Mining Industry Consultants Inc) from its Cumpie Hill nickel saprolite project in the Dominican Republic. Based on a 1% Ni cutoff, the area returned an Indicated Resource of 3.0 million tonnes grading 1.49 % Ni and an Inferred Resource of 2.5 million tonnes grading 1.45 % Ni. This is, on average, better than our expectation of 3.0 million tonnes grading 1.60% Ni. Breaking down the resource our expectation, however, compares very favorably using a 1.20% Ni cutoff which then equates to M&I resources of 2.3 Mt grading 1.61% Ni and Inferred Resources of 1.2 Mt grading 1.57% Ni.

The Mineral Resource estimate on Cumpie Hill is based on the results of 75 NTW and HQ3 core drill holes (2,015 metres), according to GlobeStar, spaced on 71 metre centres.

**Figure 1: Cumpie Hill Sector – Resource Estimate November 2007**

Category	Cut-off %Ni	Tonnes M	%Ni	%Co	%Fe <sub>2</sub> O <sub>3</sub>	%SiO <sub>2</sub>	%Al <sub>2</sub> O <sub>3</sub>	%MgO
Indicated	0.8	3.7	1.38	0.048	22.7	33.9	3.4	25.8
	0.9	3.4	1.43	0.048	22.2	34.3	3.2	26.1
	1.0	3.0	1.49	0.047	21.3	34.9	3.0	26.6
	1.1	2.6	1.55	0.041	19.8	35.9	2.7	27.4
	1.2	2.3	1.61	0.035	18.2	36.9	2.5	28.2
	1.3	2.0	1.67	0.033	17.9	37.1	2.4	28.3
	1.4	1.7	1.72	0.034	18.7	36.6	2.5	27.8
Inferred	0.8	3.1	1.33	0.037	21.7	35.4	3.7	25.3
	0.9	2.8	1.39	0.035	20.8	36.0	3.5	25.7
	1.0	2.5	1.45	0.033	20.1	36.5	3.3	26.1
	1.1	2.1	1.51	0.031	19.5	36.9	3.2	26.4
	1.2	1.8	1.57	0.030	19.1	37.2	3.1	26.6
	1.3	1.6	1.62	0.030	19.4	36.9	3.1	26.3
	1.4	1.3	1.68	0.029	18.7	37.4	3.0	26.7

Source: GlobeStar Mining

**Figure 2: Cumpie Hill – Resource Estimate November 2007 – 1% Ni cut-off**

Category	Unit	Tonnage M	Grade %Ni	Contained Ni kt
Indicated	Limonite	0.3	1.1	3.4
	Soft serpentine	1.3	1.7	22.6
	Hard serpentine	1.0	1.4	14.7
	Serpentinized peridotite	0.3	1.3	4.0
	Sub-total saprolite	2.7	1.5	40.7
	Total Indicated	3.0	1.5	44.8
Inferred	Limonite	0.2	1.2	2.7
	Soft serpentine	0.9	1.7	15.3
	Hard serpentine	0.9	1.4	13.1
	Serpentinized peridotite	0.4	1.3	4.7
	Sub-total saprolite	2.1	1.5	31.0
	Total Inferred	2.5	1.5	35.7

Source: GlobeStar Mining

### Initial leaching

Preliminary tests indicate the saprolitic mineralization at Cumpie Hill (and other zones on the Falcondo trend) could be amenable to leaching. This is a positive for GlobeStar because it could give it an option over processing mineralization at Xstrata's neighboring pyrometallurgical facility.

**Figure 3: Leach extraction & acid addition**

Sample ID	28 Day Metal extractions (%)					H <sub>2</sub> SO <sub>4</sub> addition Kg/T
	Ni	Co	Fe	Al	Mg	
Tran 1	88.8	Aprox. 95	3.1	87.6	24.4	984
Tran 2	91.9	Aprox. 63	30.6	94.2	58.7	983
Tran 3	91.9	Aprox. 68	46.3	91.5	54.6	1,011
Tran 4	86.4	Aprox. 66	52.6	77.2	25.0	932
Sap 1	88.9	Aprox 47	40.1	79.6	41.2	978
Sap 2	87.5	Aprox. 51	43.3	84.0	56.0	1,051
Sap 3	87.0	Aprox. 53	41.5	82.1	40.1	997
Sap 4	87.4	Aprox. 51	42.1	85.4	41.7	1,036
Lim 2	23.5	45	22.0	27.5	28.2	335

Source: GlobeStar Mining

Bottle roll tests returned up to 90% recoveries in saprolite. With these initially positive results, however, were very high acid consumption results (approx. average of 1,000 kg/t), which would in most circumstances eliminate this as a viable option. The company has suggested, however, there could be several sources of inexpensive acid available to a leaching operation. One option could initially come from producing a weak acid solution at the company's Cerro de Maimon site. The source would be from the pyrite tails in the process of concentrating copper. This would benefit the company not only in providing a cheap acid source, but improve the environmental liability of the acid generation at site. A second future source could come from processing the mineralization at Barrick's Pueblo Viejo operation which is expected to produce significant acid several years out.

### Other

Construction at Cerro de Maimón is progressing on time and budget. The company expects to complete wet commissioning by mid-2008.

Drilling continues on the Falcondo Ni belt with a focus on resource delineation at the north end of the trend. An initial mineral resource on Loma Mala is scheduled for February 2008. Drilling also continues on the Corozal target area.

### Valuation

We are maintaining our SPECULATIVE BUY rating. Our **12-month target increases to C\$2.70 (was C\$2.65)** and is based on a 0.80x multiple on our current NPV (8%) for Cerro de Maimon. We apply an in situ value of 75 cents Canadian per lb for established and estimated Ni resources within 12 kilometres of the Falcondo Smelter and 27 cents Canadian per lb for resources greater than 12 kilometres away. In our valuation we have allocated 132 million lbs of Ni at 75 cents Canadian per lb for Cumpie Hill. We expect an additional two million tonnes of 1.50% Ni (66 million lbs Ni) could be defined within the next year at Loma Mala and Corozal. For the remaining Falcondo belt we have assumed 100 million lbs could be outlined in mineral resources. Our assumption on C\$:US\$ has moved from 1.11 to 1.04.

**Figure 4: NAV US\$1.50/lb Cu**

Shares out (M):		100.3		
Cu US\$/lb:		1.50		
Exchange C\$/US\$:		1.04		
		<b>8.00%</b>	<b>10.00%</b>	
<b>Company Properties</b>		<b>(\$000)</b>	<b>per share</b>	<b>(\$000)</b>
				<b>per share</b>
Maimon	\$111,879	\$1.03	\$101,284	\$0.93
Total NPV US\$	\$111,879	\$1.03	\$101,284	\$0.93
Cumpie Hill	\$99,200	\$0.91	\$99,200	\$0.91
Ni <12km Falcondo	\$49,600	\$0.46	\$49,600	\$0.46
Ni >12km Falcondo	\$27,000	\$0.25	\$27,000	\$0.25
Maimon Expl	\$7,000	\$0.06	\$7,000	\$0.06
Bayaguana	\$5,500	\$0.05	\$5,500	\$0.05
Working Cap US\$	\$20,000	\$0.18	\$20,000	\$0.18
Long term debt US\$	\$15,000	\$0.14	\$15,000	\$0.14
<b>TOTAL NAV US\$ (000)</b>	<b>\$305,179</b>	<b>\$2.81</b>	<b>\$294,584</b>	<b>\$2.71</b>
<b>TOTAL NAV C\$ (000)</b>	<b>\$317,386</b>	<b>\$2.92</b>	<b>\$306,368</b>	<b>\$2.82</b>
Current share C\$		\$1.60		\$1.60
Disc in price to NAV		45%		43%
Multiple to NAV		0.55		0.57

Source: Canaccord Adams

**Investment risks**

The commercialization risks associated with mineral exploration and development are high, thus investment in the shares of GlobeStar Mining is for risk accounts only.

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**Price Chart:\***



Date	Analyst	Rating	Target Price
1) 12/19/06	WZ	Speculative Buy	1.75
2) 03/23/07	WZ	Speculative Buy	2.00
3) 07/16/07	WZ	Speculative Buy	2.65

\* Price charts assume event 1 indicates initiation of coverage or the beginning of the measurement period.

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Global Stock Ratings  
(as of 1 November 2007)

Rating	Coverage Universe		IB Clients	
	#	%	#	%
Buy	301	57.6%	42.5%	
Speculative Buy	55	10.5%	69.1%	
Hold	149	28.5%	30.9%	
Sell	18	3.4%	5.6%	
	523	100.0%		

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