

Gold Summit Corporation – GSM:TSX C\$\$0.60

Drilling Update – Initial Resource Estimate at Monte Cristo Possible by Q4/5.

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Stock Rating: Speculative Buy

Target Price: C\$1.60

C\$mm	F05E	F06E	F07E
Yr end Dec 31			
Gold Sales (000 oz)	n/a	n/a	n/a
Total Cash Costs (\$/oz)	n/a	n/a	n/a
Revenue (\$ mm)	n/a	n/a	n/a
EBITDA	n/a	n/a	n/a
EPS pro forma	n/a	n/a	n/a
P/E	n/a	n/a	n/a
Projected Return			166%
Shares o/s basic			25.3
Shares o/s f.d.			37.4
Market Capitalization (basic)			\$15.3
52 week high/low			\$0.80 / \$0.12
Balance sheet – As of March 2005:			
Cash			\$2.5
Debt			\$0.0

Gold Summit Corporation is a junior exploration company focused on gold and silver projects in Nevada. The company has developed a portfolio of very prospective grass roots and more advanced projects, with many that exhibit the potential to host high-grade gold-silver vein systems.

The Company's Monte Cristo project in southwestern Nevada may host a high grade gold epithermal vein/vein breccias system.

All dollar figures in this report are expressed in US\$ unless otherwise indicated.

Developments

We recently toured Gold Summit's Monte Cristo property located in the Walker Lane gold trend of western Nevada. Drilling is ongoing with 3 drills (2 diamond drills and 1 reverse circulation) as part of a planned 25 hole, \$1.2 million budget Phase 2 drill program at Monte Cristo.

Thus far, gold mineralization has been encountered over an area of about 350 meters x 350 meters and the vein/vein breccia remains open in all directions. There is however evidence of high angle faulting that could disrupt the lateral continuity of the mineralized vein making it more difficult to intersect along strike.

Drilling down dip continues to intersect vein/vein breccia intersections. On our site visit, hole MCC-30 intersected over 20 feet of prospective oxidised vein/vein breccia at a depth of about 900 feet and recently completed hole MCC-28 intersected 15 feet of vein/vein breccia. Assays are pending.

Despite the likelihood that late, high angle faulting will affect the lateral continuity of the McLean Vein system the vertical continuity remains especially strong and we continue to believe that the Monte Cristo property could potentially host a high grade resource of between 0.5 and 1.0 million ounces.

We are maintaining our Speculative Buy recommendation and target price of C\$1.60 per pro forma in-the-money-warrants (ITMW) diluted share. GSM is a well-financed junior exploration company with a strong management team and an attractive portfolio of early-stage, high-grade exploration projects in Nevada. In addition to the flag ship Monte Cristo project it is exploring several other projects with drill ready targets.

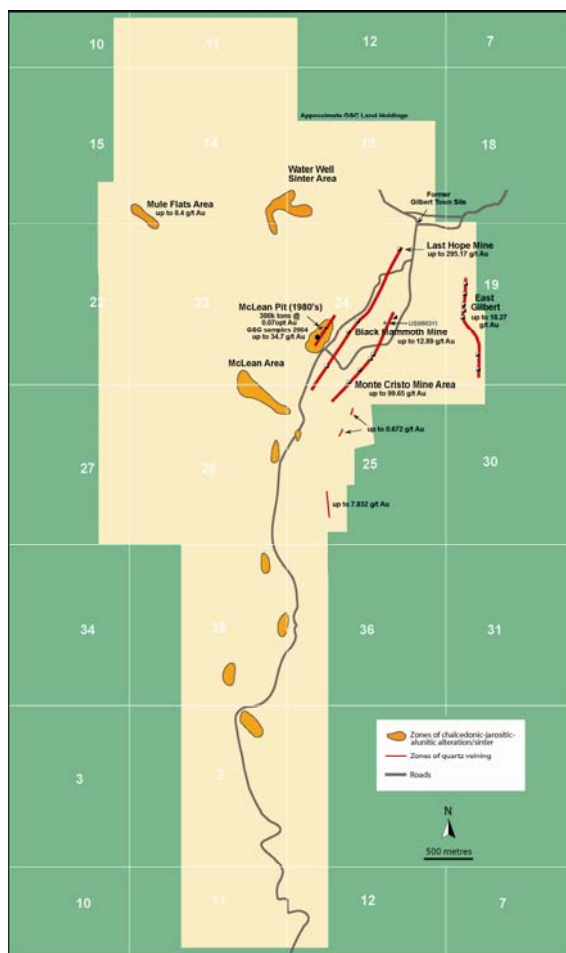
Comments

Monte Cristo Drilling has tested only a portion of the property

Early drill results from Monte Cristo indicate the company has identified a high grade epithermal system present immediately down dip from the past producing McLean Pit. The McLean Pit produced a small amount of gold in the late eighties from a low grade gold resource (about 300,000 tons grading 0.07 ounces per ton) from one area of a laterally extensive alteration system present on the Monte Cristo property. Surface alteration consists of extensive areas of pyropilized volcanics with localized zones of more intense chalcedonic-jarositic-alunite alteration typical of what is evident at high levels in a epithermal gold mineralized system.

The identification of an extensive alteration system along trend from high grade gold and silver intercepts is a positive development and only serves to highlight the potential of the Monte Cristo property.

Figure 1: Monte Cristo Property Alteration



Source: Gold Summit

Deep step-out drilling down dip on the McLean Vein system continues to intersect significant widths of vein/vein breccia. On our site visit, hole MCC-30 located approximately 100 meters or about 300 feet down dip of high grade intersection MCC 12 (3 feet grading 2.02 ounces per tonne) intersected about 20 feet of prospective vein/vein breccia at a down hole depth of about 900 feet. The vein was extensively oxidised and exhibited late stage millimeter scale quartz veining overprinting the more massive quartz-carbonate material the makes up the majority of the vein/vein breccia. Another

recently completed hole MCC-28 located a further 300 feet to the north of MCC-30 and a further 100 feet down dip intersected 15 feet of similar vein/vein breccia at a hole depth of over 1000 feet.

Both holes confirm the down dip extents of the vein/vein breccia with assays expected in early May.

Drilling continues with hole MCC-32, the deepest down dip hole yet that is currently in progress. Should these deep, step out holes intersect significant gold and silver mineralization they could extend the mineralized vein/vein breccia system further down-dip and positively impact our preliminary resource estimate range of 0.5 to 1.0 million ounces.

Comparisons to the famous Comstock Lode are warranted

The Comstock lode was reportedly one of the richest gold-silver vein districts in Nevada. Located about 40 miles southeast of Reno in the Walker Lane trend of southwestern Nevada, the Comstock actually consisted of over 20 separate deposits of high grade gold and silver mineralization focused on a major structural trend over a strike length of 10,000 feet. The gold district operated principally between 1860 and 1880 and produced over 8.2 million ounces of gold and 192 million ounces of silver. The largest single orebody was the Con Virginia which alone produced more than 2.9 million ounces of gold and 61 million ounces of silver or about one third of total reported Comstock production.

Monte Cristo exhibits many similarities to the Comstock; the key similarity being gold grade. Thus far, several holes have returned multi-ounce gold grades over mineable widths. Bonanza silver grades have also been encountered, although with less frequency.

Monte Cristo lies 200 km southeast of the Comstock Lode and is hosted by a similar package of andesite volcanics interpreted to be of the same age and composition as those that host the Comstock.

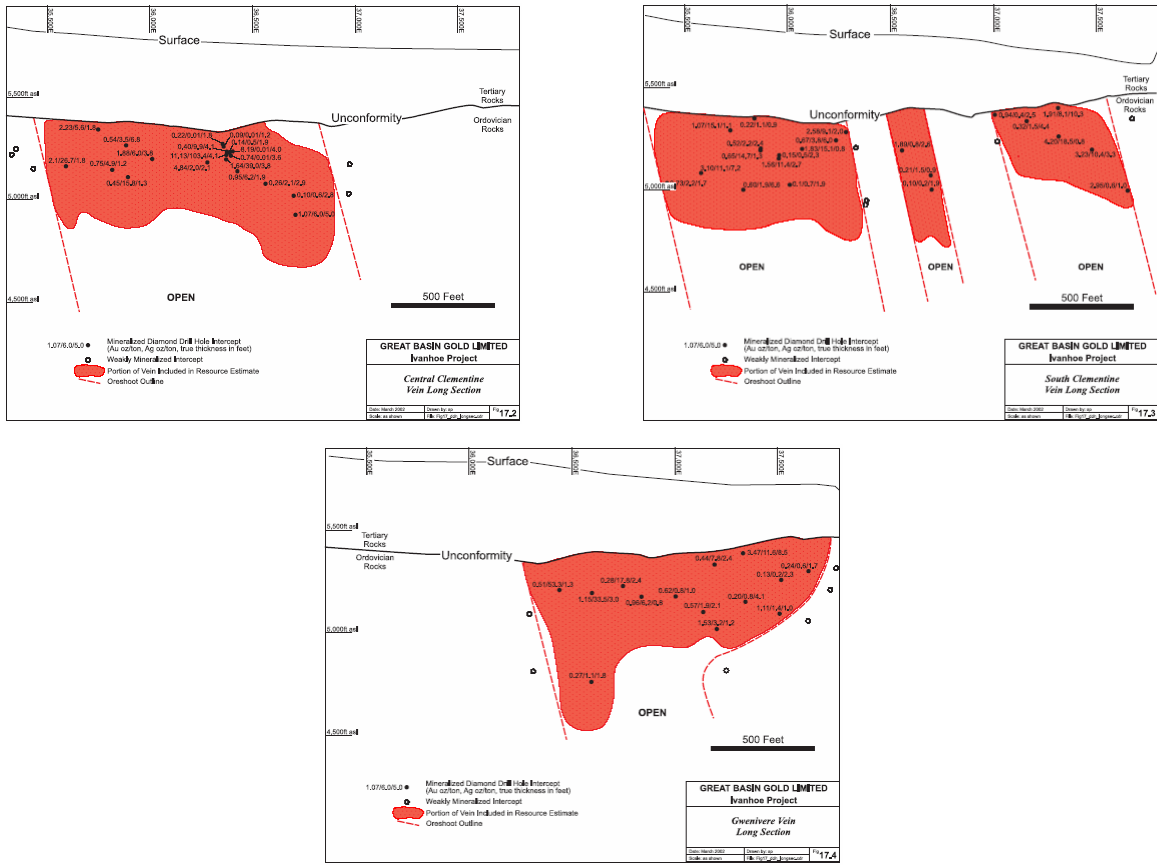
Surface alteration at Monte Cristo can be traced over a strike length of 10,000 feet to the south of the McLean Pit and is evidence that the epithermal system that generated high grade gold zone currently being evaluated by Gold Summit is active elsewhere on the property. Only limited drilling has occurred on these other alteration zones. Gold Summit's discovery down dip of the McLean pit and growing understanding of the epithermal system will play an important role in future exploration along this trend. **We believe the extensive high level alteration along this trend offer excellent exploration targets and highlight the "District Scale" potential evident at Monte Cristo.**

Monte Cristo also Comparable to Hollister Block Joint Venture

Our recent site visit confirmed our view that the McClean Vein system is also comparable to another more recent high-grade epithermal vein discovery currently being developed in Nevada; namely the Clementine and Gwenivere Veins being developed on the Hollister Block Development Joint Venture by Great Basin Gold (GBG:TSX) and Hecla Mining (HL:NY, operator).

Although considerably more advanced than Monte Cristo (Hecla is spending US\$22 million as part of an underground exploration/development program to earn 50% of the HBD JV), we note that the gold/silver grades and thicknesses identified at the Hollister Block (tenor and variability) are comparable to Monte Cristo. The current inferred resource on the Hollister Block is 719,000 tons grading 1.238 opt gold and 7.0 opt silver, containing 926,000 ounces of gold and 5.03 million ounces of silver.

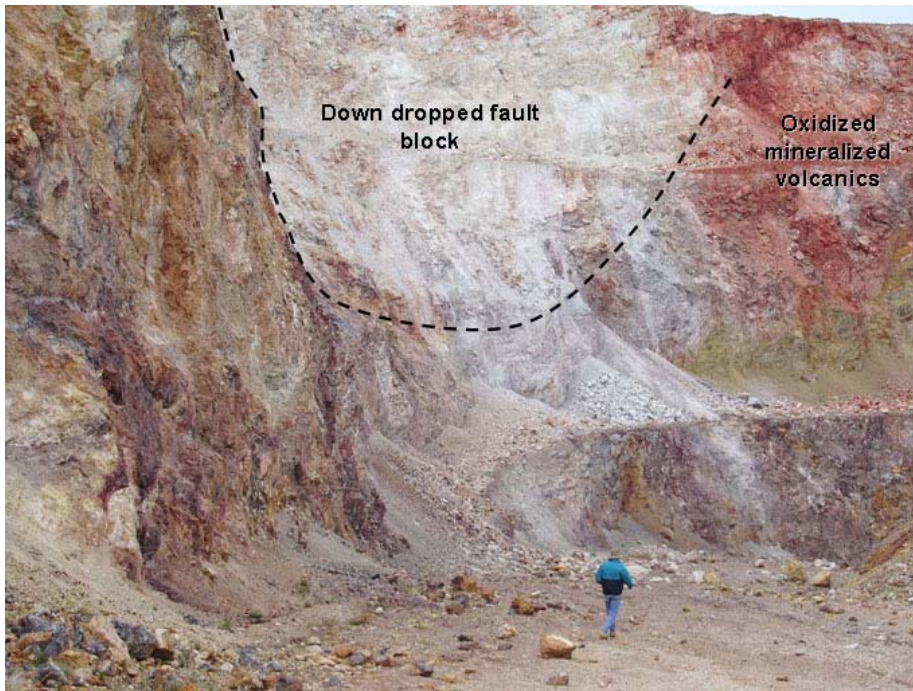
Figure 2: Clementine Vein Long Sections



Source: Great Basin Gold

There is also clear evidence of high angle structures controlling lateral continuity of vein system/mineralization at Hollister. We observed several high angle faults with normal and reverse displacement at Monte Cristo. Figure 3 below is a photo taken in the McClean pit where propylitized volcanics originally located higher up in the stratigraphic section (the lighter colour rocks) have been down dropped and are now adjacent to oxidized and more strongly altered volcanics that host the McLean Vein system.

Figure 3: McLean Pit Faulting



Source: MGI

Speculation and Resource Expansion will Drive Valuation

We continue to believe that the Monte Cristo property has the potential to host a small high grade gold resource. Our “back-of-the-envelope” estimate for a potential resource of between 0.5 to 1.0 million ounces remains unchanged. That said, a considerable amount of drilling will be required over the next few months to delineate/confirm the lateral continuity and down dip extents of the current discovery area.

Our recent site tour also confirmed the “District Scale” potential of the Monte Cristo property with over 10,000 feet of relatively unexplored high level epithermal alteration evident along strike from the Mclean Pit.

In Figure 4 we have highlighted the potential valuation that can be derived by applying a gold multiple of \$50 per resource ounce to a potential resource of between 0.3 to 1.0 million ounces. Taking into account dilution for ITMW suggests a potential valuation in the range of between C\$0.79 and C\$2.09 per pro forma ITMW diluted share.

Figure 4: Valuation Matrix

MGI Preliminary Resource Estimate (mm oz)	0.30	0.50	0.75	1.0
Suggested Market Multiple @ US\$50/oz	50.00	50.00	50.00	50.00
Implied Market Valuation C\$ mm	18.75	31.25	46.88	62.50
Current shares outstanding	25.3	25.3	25.3	25.3
In-the-money Warrants (ITMW)	8.5	8.5	8.5	8.5
ITMW Diluted Shares Outstanding	33.8	33.8	33.8	33.8
		Incl.	1.5	
Potential Market Valuation (C\$/sh)	\$0.55	\$0.92	\$1.39	\$1.85
ITMW Cash (C\$/sh)	\$0.24	\$0.24	\$0.24	\$0.24
Potential Valuation (C\$/sh)	\$0.79	\$1.16	\$1.63	\$2.09

Source: MGI Estimates

Summary and Recommendation

Our site visit confirmed our view that the company has identified a new gold-silver rich epithermal system with “District Scale” potential at Monte Cristo. These are early days however and considerable amount of drilling will be required to establish lateral continuity of the system and to establish an independently calculated resource base (possibly before the end of 2005).

Despite the early-stage we estimate Monte Cristo has the potential to host a gold resource on the order of 0.5 to 1.0 million ounces. Applying a gold market multiple of \$50 per ounce would suggest a potential valuation between C\$1.16 per pro forma ITMW diluted share and C\$2.09 per pro forma ITMW diluted share. As such, we are **maintaining our Speculative Buy recommendation and target price to C\$1.60 per pro forma ITMW diluted share.**

Our target price is supported by our estimated potential market valuation of C\$1.63 per pro forma ITMW diluted share should the company identify a resource on the order of 0.75 million ounces.

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