

CROWN MINING CORP.

(TSX-V: CWM)

Recommendation

Speculative Buy

Risk

High

Price (February 26, 2015)

\$0.04

52-Week Range

\$0.30 - \$0.035

Target Price

First: \$0.15

Second: \$0.30

Third: \$0.55

Shares O/S

12.385 million

Market Cap

\$0.495 million

Average Daily Volume

50-day: 4,100

200-day: 5,500

Year-End

December 31

Book Value Per Share

December 2011: \$0.051

December 2012: \$0.003

December 2013: \$neg.

December 2014: \$neg.

eResearch Analyst:

Bob Weir, B.Sc., B.Comm., CFA



UPFRONT

Unless you lived on another planet and only recently came to Earth, you are well versed in the hard times that have befallen commodities and commodity companies over the past two years. Not only have the shares of the junior mining companies been desecrated, but also the shares of the intermediate and senior companies. Troubled or slowing global economies, with particular mention to China because far too much expectation was thrown on that country's shoulders, are the main factors built into the falling commodity prices. No-one has come forward to say that he or she foresaw the precipitous fall in the price of crude oil! Or copper! Or iron ore! Or uranium, nickel, or zinc!

The question now becomes: When can we expect a recovery? For this is a prerequisite for a concomitant recovery in mining share prices. And, most likely, the shares of the senior mining companies will recover first. Any share price improvement for a junior will depend completely on a compelling story.

In Crown Mining Corp., we believe there is a compelling story that should propel its stock price higher. However, to achieve a loftier share price, the Company is going to need good fortune along the way, not the least of which is a successful financing infusion. In addition, it is incumbent that management executes on its corporate objectives and moves the Company forward. It cannot stand still and expect its share price to improve.

This report outlines what the Company needs to achieve.

RECOMMENDATION

Why are the shares of a junior mining company, with a NI 43-101 Technical Report on its key project that shows a resource estimate of 547 million pounds of copper, and which has an historical resource estimate determined by Placer Development Limited of 2 billion pounds, selling for only 4 cents a share, being a market cap of less than \$500,000 ???

In our opinion, this is not logical. However, there may be illogical reasons for this dysfunction. Like so many junior miners trying to keep going in the current adverse mining environment, Crown Mining Corp. needs financing to bring its project forward. The Company is actively seeking a joint-venture partner, which could be either a mining operator or a passive mining financier.

Crown Mining Corp. represents an intriguing, but highly speculative, junior mining situation. A merger, an acquisition, a take-over, all could be in play here. A mining-friendly jurisdiction, potential resource expansion, a short permitting time-line, open pit operations, and an improving commodities market all could bring increasing investor attention to Crown Mining Corp. Our recommendation is the shares are a Speculative Buy.

THE COMPANY

Crown Mining Corp. is a junior mining exploration company intent on finding and advancing mining properties in order to become a large-scale producer. The Company's current focus is on advancing its Superior Project, a copper project located in Plumas County, California.

2014 DEVELOPMENTS

1. Name Change

At its Annual General Meeting on May 29, 2014, the Company passed a resolution to change its corporate name from Crown Gold Corporation to Crown Mining Corp.. This change was effected on June 30.

2. Consolidation

Also at the AGM, the Company passed a resolution to consolidate its shares on a 1-for-10 basis. Post-consolidation trading commenced on June 30.

3. Private Placement

Also on June 30, 2014, Crown Mining completed a non-brokered private placement with the sale of 3,000,000 post-consolidation units (the "Units") at a price of \$0.10 per Unit for aggregate gross proceeds to the Company of \$300,000. Each Unit is comprised of one common share and one common share purchase warrant. Each warrant will entitle the holder to purchase one common share for \$0.30 at any time within 2 years after closing, subject to an acceleration clause. The Company will use the proceeds of the Private Placement at its Superior Project and for general working capital purposes.

4. Technical Report Refiling

Crown Mining refiled its Technical Report and Resource Estimate on its Superior Project in November 2014. See Page 10 for details.

OVERVIEW

- Crown Mining has a NI 43-101 resource of 547 million pounds of copper in a porphyry system in northeast California.
- The Company has a historical resource of 2 billion+ pounds, as calculated by Placer Amex in the 1960s.
- The Company needs \$2 million of drilling to bring those historical pounds into a NI 43-101 to justify a Preliminary Economic Assessment (“PEA”) and to start baseline studies.
- The Company has an open pit scenario with a capital cost of \$250 million; 20,000 tonnes per day would be processed to produce 50 million pounds of copper per year.
- There is an oxide production scenario at Engels with a capital cost of \$12 million; production would be in the order of 8 million pounds of copper per year.
- The mines produced 160 million pounds of copper from 1915 to 1930 with silver and gold credits; Placer never assayed for these in the 1960s.
- The Company expects permitting to take about two years, once started.
- The deposits are on patented land and the rock is non-acid bearing.
- The three deposits are open in all directions.
- There is a 1 billion+ pound copper deposit adjacent to Crown Mining’s property that could be available for acquisition by the Company.

KEY PROJECT

Crown Mining’s Superior Project, which contains three identified deposits (Superior; Engels; and Sulfide Ridge), was acquired in June 2013 from a subsidiary of Starfield Resources Inc. The Superior Project is not yet a producing property for Crown Mining.

The Superior Project consists of 132 unpatented contiguous mining lode claims, and an open option to acquire 36 patented mining lode claims.

The 132 unpatented claims require a \$21,000 annual fee payable to the Bureau of Land Management in order to keep the claims in good standing. Although minimal disturbance is allowed, permits are required for drilling and developing the property. The Company has an option to buy the patents for \$1 million.

The 36 patented claims, which cover both the Superior and Engels mines, is owned by a public company, which is not listed on an exchange, but is active as a Reporting Issuer. Crown Mining pays the Owner a fee of \$20,000 per year to lease, explore, and drill on the claims area. The purchase option is subject to a 2% Net Smelter Royalty (NSR) attached to the arrangement.

The total claims area is approximately 3,200 acres.

On the next two pages, we provide two maps:

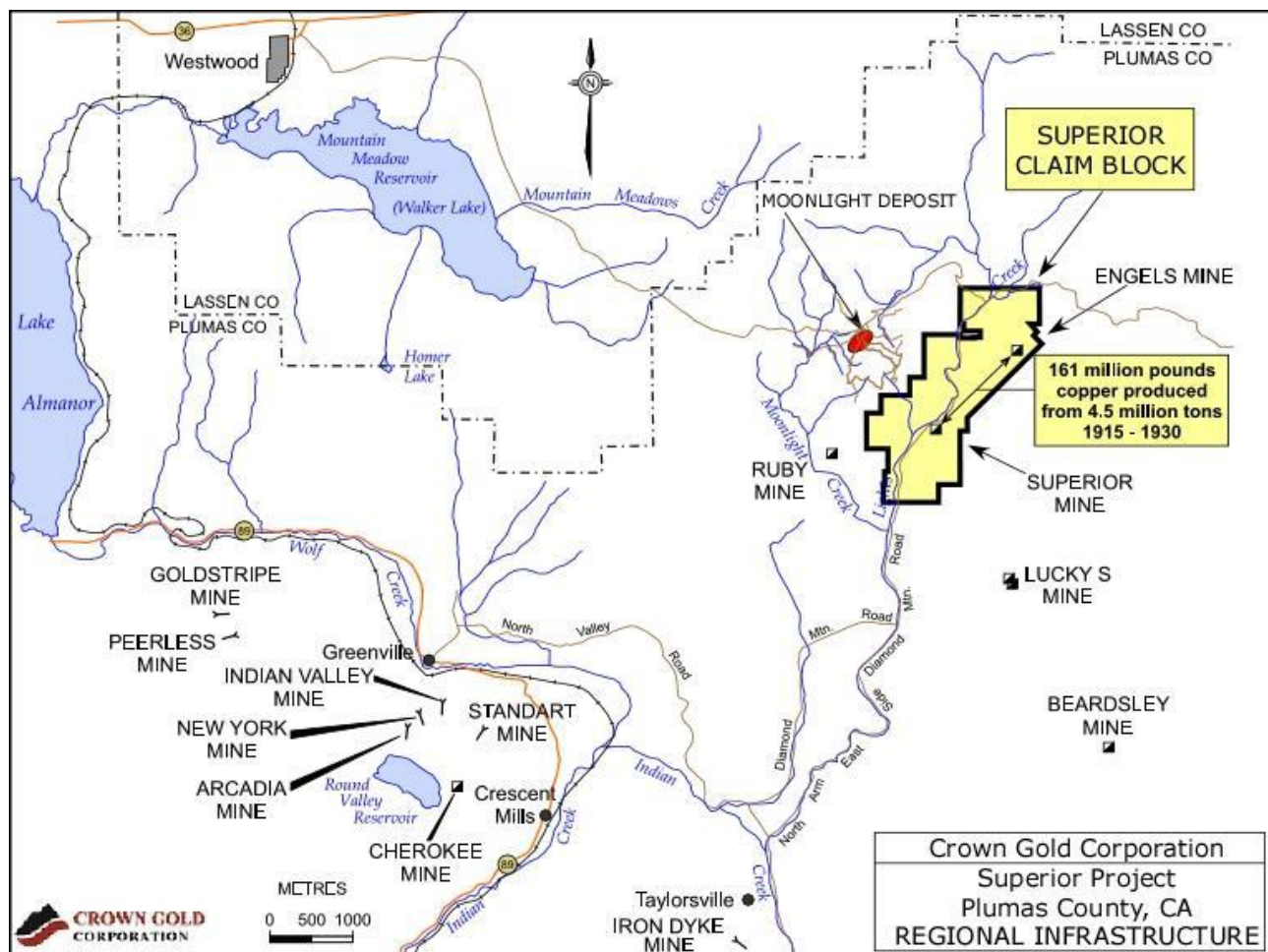
- Map 1 shows the location of the Superior Project in northeast California; and
- Map 2 shows the environs around the Superior Project location, including other company mines.

Map 1: Location of Superior Project, California



Source: Company

Map 2: Superior Project and Immediate Environs



Source: Company

The Superior and Sulfide Ridge Deposits are hosted within the Lights Creek Stock.

The Lights Creek Stock is a mostly circular medium- and fine-grained quartz monzonite (*intrusive igneous rock with a type of feldspar, a large group of rock-forming, very common minerals*) to granodioritic (*also an intrusive igneous rock, similar to granite, and having a different type of feldspar*), tourmaline-rich (*crystal boron silicate mineral compounded with certain elements, such as aluminium, iron, and magnesium*) intrusive, approximately 18 square kilometers in area.

The Superior copper porphyry deposit, which lies south of Engels, is hosted within the quartz monzonite. Superior's disseminated copper mineralization lies within an approximate circular area that is about 610 meters in diameter. Disseminated mineralization consists of fine chalcopyrite and lesser bornite with typical grades being between 0.1%-0.3% copper.

The Engels Deposit lies just outside the Lights Creek Stock in the surrounding meta-volcanic country rock and is classified as a structurally-controlled deposit.

The Sulfide Ridge copper porphyry deposit is similar to Superior and, although historic wide-spaced drilling indicated disseminated copper mineralization similar to that found at Superior, there were no occurrences of the high-grade breccia-veins that were mined at Superior.

HISTORIC MINING

Historic mining on Superior and Engels occurred from 1914 through 1930. More than 160 million lbs. of copper was extracted from 4.3 million metric tonnes of ore (3.1 million from Engels and 1.2 million from Superior) at an 85% recovery grade of 2.2% copper.

Extensive exploration of all three deposits was conducted by Placer Amex (a subsidiary of Placer Development) in the 1960s and 1970s. There was also recent exploration of the Superior and Engels Deposits in 2005-2010.

Picture 1: Aerial View of Superior Project Location (Sulfide Ridge, Engels, and Superior)



Source: Company

1. Superior Mine

The Superior Mine, which is located entirely on patented claims, is an advanced exploration target and former producer.

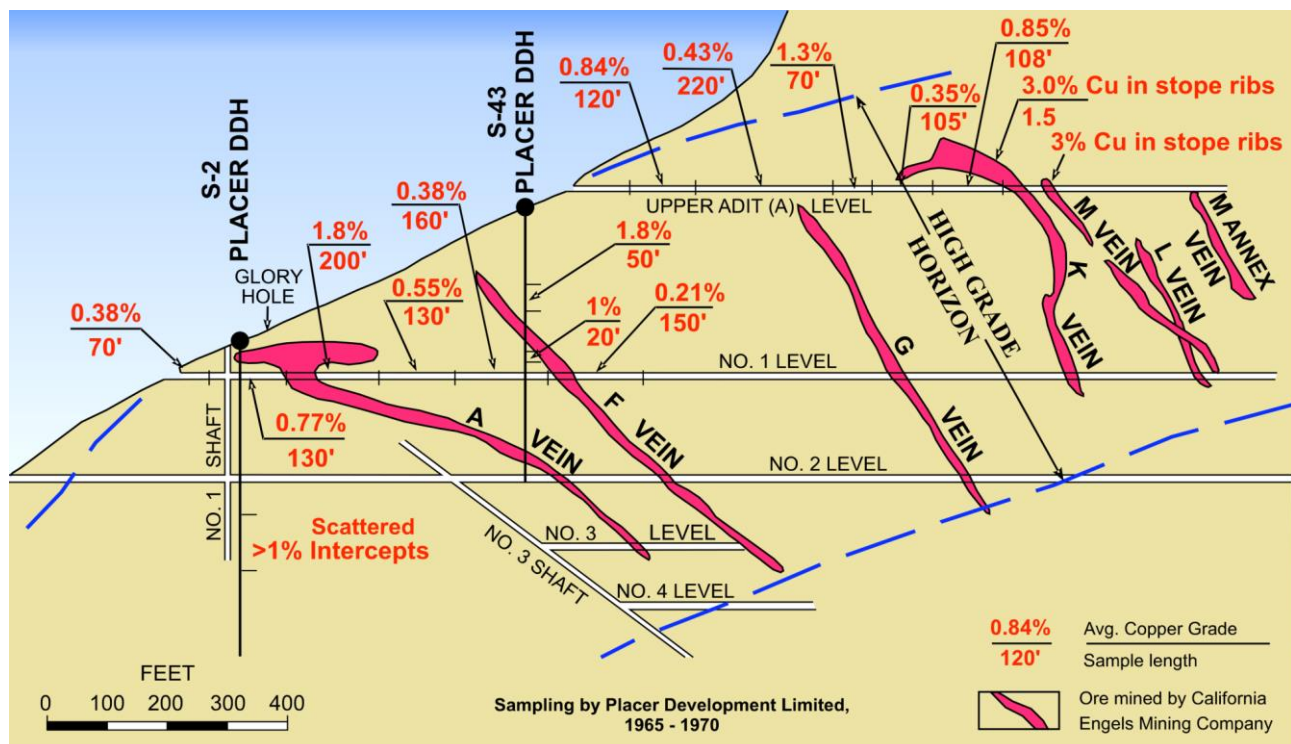
It consists of approximately six northerly trending, east dipping high-grade copper sulfide bearing veins that were mined in the past. Copper sulfide mineralization (bornite and chalcopyrite) is, however, not totally restricted to the previously mined veins, and sufficient disseminated, veinlet-controlled and stockwork mineralization exists between the larger veins to justify looking at this prospect as either an underground or open pit bulk mineable target. Current non-NI 43-101 compliant resources total 43 million tons averaging 0.56% Cu.

Although the Superior mine lies within a northerly trending structural corridor, the previously completed soil geochemical survey defines a circular copper and gold anomaly. The Superior target appears to remain open, to some extent, both north and south of the underground workings, and possibly at depth.

Placer Amex did extensive sampling between 1965 and 1970 on Superior and came up with some impressive copper mineralization that occurred between the veins that had already been mined, as shown on the schematic below.

One sample graded 1.8% over 200 feet. Others were 0.84% over 120 feet, 0.85% over 108 feet, and 0.43% over 220 feet. The average was 0.84% over 120 feet.

Schematic 1: Placer Sampling at Superior Mine



Source: Company

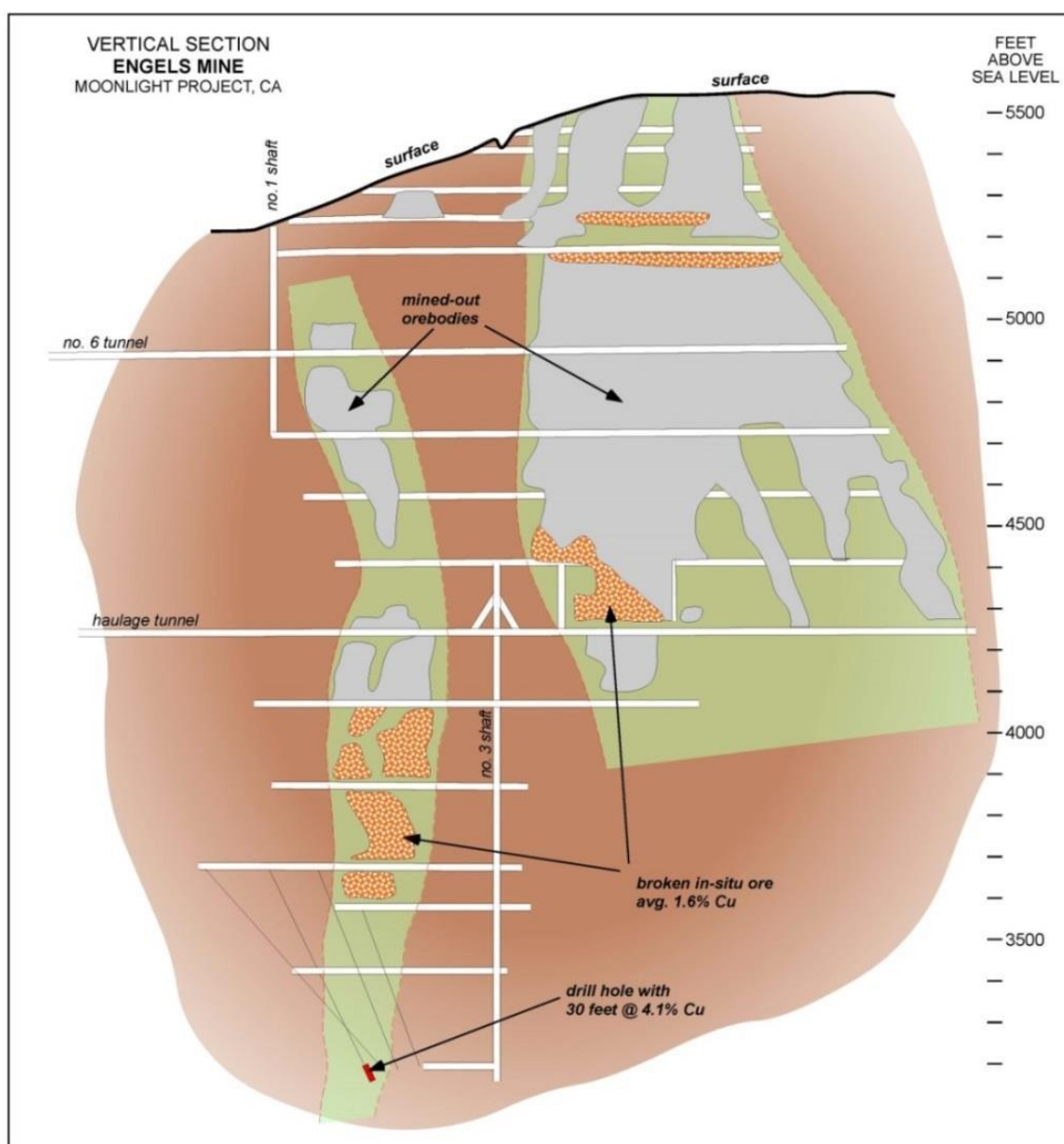
2. Engels Mine

The Engels Mine, which is located entirely on patented claims, was an important historical producer of high grade (>1.0%) copper ore. The copper mineralization is thought to be controlled by a poorly-defined northeast trending, steeply east-dipping structural zone of considerable metres in width. Mixed oxide-sulfide copper mineralization, which is locally high grade, reportedly extends to depths as great as 656' (200 m) from the surface. At depth {>500 m}, high grade copper sulfide mineralization has been encountered in previous underground exploration core holes.

The next schematic shows a vertical section of Engels.

Starfield's subsidiary, Nevoro, identified an open-pit oxide deposit at Engels. As well, Placer Amex compiled an underground historic resource.

Schematic 2: Engels Mine Levels



Source: Company

3. Sulfide Ridge

Since it has been subject to only 28 widely-space drill holes, the Sulfide Ridge Deposit has insufficient drilling on it as yet to provide a meaningful resource estimate. Placer Amex identified about 1 billion pounds of copper in the 1960s, but this estimate is not NI 43-101 compliant.

Picture 2: Sulfide Ridge



Source: Company

NI 43-101 TECHNICAL REPORT

Crown Mining received a NI 43-101-compliant Technical Report and Resource Estimate (the “Report”) for the Superior Project in November 2013. This report was refiled in November 2014.

COMMENT: *Crown Mining refiled the Technical Report and Resource Estimate for the Superior Project on November 11, 2014 and issued a Press Release to clarify its disclosure on November 26, 2014. The original Report contained a minor infraction that was contrary to the requirements of NI 43-101, Section 5.3 (1) (c) regarding authorship of the Report. None of the technical information, findings, or conclusions were altered or changed in any way.*

The resource estimate was determined as follows:

Table 1: Superior Project Resource Estimate

<u>Deposit</u>	<u>Estimate</u>	<u>Metric</u>		<u>Contained</u>
		<u>Tonnes</u>	<u>Grade</u>	<u>Cu Pounds</u>
Superior	Inferred	54,400,000	0.41%	487,000,000
Engels	Inferred	<u>2,600,000</u>	<u>1.05%</u>	<u>60,000,000</u>
		57,000,000	0.43%	547,000,000

Recommendations

The following recommendations were included in the Summary section of the Technical Report on page viii. The Technical Report can be accessed on SEDAR at: <http://www.sedar.com/>, or by going directly to the Crown Mining Corp. filings on SEDAR at the following link, and click on November 11, 2014: <http://www.sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00030394>

“The Author recommends that Crown Gold (name subsequently changed to Crown Mining) undertake a phased approach to advancing all three deposits with first priorities to include drilling to expand the shallow mineralization at Engels, drilling at Superior to offer greater confirmation of the Placer Amex drilling and supplement the lack of QA/QC documentation that hampers the confidence that can be placed in the estimate, and drilling at Sulfide Ridge to better understand the structural controls on mineralization so that a comprehensive in-fill drilling program can be designed.”

“The Author also recommends that less expensive, but important issues be addressed as well, including:

- obtain high resolution topography and link to past drill collar coordinates;
- conduct a more focused and organized SG test program using an independent laboratory; and
- re-submit the Engels pulps for sequential copper analysis to permit accurate assessment of the potential for heap leach SX-EW treatment.”

Plan of Action

Crown Mining’s management agrees with these conclusions:

- (1) The Company recognizes the need to drill more holes at both Superior and Engels to firm up more tonnage for NI 43-101 purposes.
- (2) The Company also realizes it has to get back to Sulfide Ridge and drill at least another 30 holes to complement the 28 historical drill-holes. This will also include assaying for silver.

CURRENT STRATEGIES and 2015 OBJECTIVES

Crown Mining has the following corporate strategies and objectives:

- (1) Drill more holes; increase known tonnage; augment the existing NI 43-101 Technical Report.
- (2) Secure a joint-venture partner, which could be either a mining operator, or a mining financier.
- (3) Obtain financing to bring the Superior Project forward.
- (4) Initiate and complete the permitting process.
- (5) Expand the resource at all three of its mining sites.
- (6) Initiate production studies.

INVESTMENT CONSIDERATIONS

A. Strengths

- The Company is focused on two past-producing California copper mines;
- California is a very mining-friendly jurisdiction;
- A NI 43-101 Technical Report shows a resource estimate of 547 million pounds of copper;
- A historical, non-NI 43-101-compliant resource, calculated by Placer Development, estimates 2 billion pounds of copper, which means there is excellent potential to increase the size of the resource significantly;
- Good grade: combined Superior and Engels deposits measure 0.43% copper;
- Mining production would be primarily by open pit, which is considerably less expensive than underground;
- Numerous attractive mining projects (Moonlight Deposit, Ruby Mine, Beardsley Mine, Goldstripe Mine, New York Mine, and Arcadia Mine) in the immediate environs; and
- Location has excellent infrastructure: accessible roads, numerous creeks, rail-line, nearby power-lines, and a sizable pool of available labour close by.

B. Challenges

- The Company's market cap is currently less than \$500,000, with only 12.38 million shares outstanding and, therefore, not suitable for institutional ownership; fairly illiquid share trading (average 5,500 per day over last 200 days);
- The Company needs financing, and equity financing is a challenge when the Company has a low share price;
- Crown Mining is seeking a joint-venture partner to assist it in bringing the Superior Project forward;
- The Company does not own any of the properties on which it is conducting its activities, although it owns the Sulfide Ridge unpatented claims, and it has an option to buy the patented claims;
- The Company needs to firm up its resource estimate and verify the 2 billion pounds of copper estimated by Placer Development;
- Crown Mining needs to initiate its permitting process, which will likely take about two years to complete; and
- Management must take bolder action to move the Company forward and achieve stated objectives.

MANAGEMENT & CONSULTANTS

Stephen Dunn, President & CEO

Stephen Dunn has over 30 years of experience in the investment industry having worked with a large Canadian insurance company, a Canadian Schedule A bank, and two Canadian investment dealers. He has extensive experience in the capital markets and has been a director of numerous resource companies. Mr. Dunn earned his BA and his MBA from the University of Western Ontario.

Johnny Oliveira, CFO

John Oliveira has served as the Chief Financial Officer of Crown since June 2010. Mr. Oliveira is a Chartered Accountant and practiced professionally as a senior audit manager for a boutique accounting firm in Mississauga from 2002-2010. Mr. Oliveira holds an Honours Bachelor in Business Administration from the University of Wilfrid Laurier.

COMMENT: *With a 20% equity holding, Mr. Dunn's interests are closely aligned with the Company's shareholders. The annual Management Information Circular shows that both Mr. Dunn and Mr. Oliveira have not taken an annual salary or received any share-based awards for each of the last three years. However, the Company has paid a modest sum in each of the last three years to the private companies each of them owns to retain their respective services, and each has received a modest number of options in each of the last two years.*

John Lukens, Geological Consultant

John Lukens has over 25 years of professional experience in exploration and development having worked with INCO Ltd., Homestake Mining, BHP Minerals and Agnico-Eagle (US) Limited, as well as Allied Nevada Gold Corp., NovaGold Resources Inc. and Bravada Gold Corporation. He has extensive experience in project evaluation, planning, and management; drill program management, GIS compilation, QA/QC management, project budgeting, office budgeting and office management. He is a Qualified Person pursuant to NI 43-101 as a Certified Professional Geologist by AIPG.

DIRECTORS

Stephen Dunn

James Fairbairn, CA, ICD.D, has more than 20 years of experience with publicly-traded companies. He is a Chartered Accountant, having obtained his CA designation in 1987 and is an Institute-certified Director. He holds a B.A. from the University of Western Ontario. His experience touches on corporate governance and financial reporting with respect to junior mining exploration companies. He is a Director of several junior mining companies.

George Cole was Vice President, Exploration for Cominco America until he retired in 2001. He has subsequently served in senior management and board positions for several junior mining companies, most recently with Trelawney Mining & Exploration and Rae-Wallace Mining Company.

Rich Morrow, MBA was formerly Chief Executive of a resource focused company. Control of that company was sold through a supported takeover that he negotiated. He has a strong background in Capital Markets and in Corporate Development (M&A). During a thirty year business career, primarily with Canadian based investment dealers and latterly in the corporate sector, he has had a key role in initiating and closing several successful IPO's and numerous financings, acquisitions, and divestments. His international business experience includes negotiations, transactions and investments in South America, Europe, Africa and China.

FINANCIAL INFORMATION

Table 2: Salient Financial Statistics

Balance Sheet

	<u>Sept. 30/2014</u>	<u>Dec. 31/2013</u>
Cash	\$16,790	\$55,907
Current Assets	\$40,485	\$83,414
Total Assets	\$65,005	\$88,394
Current Liabilities (also Total Liabilities)	\$92,561	\$183,488
Working Capital	-\$52,076	-\$100,074
Working Capital Ratio	0.44	0.45
Total Equity	-\$27,556	-\$95,094
Actual Shares O/S	12,384,961	9,384,961
Weighted Average Shares O/S	10,407,000	9,332,000

Statement of Net Loss

	<u>9 Mos: 09/30/2014</u>	<u>9 Mos: 09/30/2013</u>
Non-discretionary OpEx ("Burn")	\$156,825	\$141,627
Average Monthly Burn	\$17,425	\$15,736
Exploration/Evaluation Expenses	\$60,543	\$179,110
Net Loss	\$245,252	\$405,023

Source: Company and eResearch

VALUATION

Last year, HudBay Minerals Inc. purchased Augusta Resource Corporation for US\$540 million which, with Augusta having 8.6 billion pounds of copper at its Rosemount property in Arizona, is equivalent to US\$0.063 per pound of in-the-ground copper. At the time, spot copper was selling in the market at around US\$3.25-US\$3.30 per pound. At time of writing, copper is currently quoted at about US\$2.68 per pound.

In Table 3 below, we have used a matrix of values for in-the-ground copper ranging from US\$0.01 per pound, increasing in increments of US\$0.005 per pound, up to US\$0.03 per pound. We also show US\$0.063 per pound, which is the in-the-ground copper price at which HudBay valued Augusta.

Table 3: Matrix of Values Per Attributable Resource Ounce (in-the-ground value)

Per Attributable							
Copper Resource Pounds (\$)	US\$0.01	US\$0.015	US\$0.02	US\$0.025	US\$0.03	US\$0.06
Market Cap (C\$ @C\$1=US\$0.7991)							
Using 547,000,000 Resource Pounds	\$6,845,201	\$10,267,801	\$13,690,402	\$17,113,002	\$20,535,603		\$43,124,765
Value Per Fully Diluted Share							
Using 12,384,961 Shares	\$0.55	\$0.83	\$1.11	\$1.38	\$1.66		\$3.48

Source: eResearch

Given that Crown Mining's resource estimate and development stage are far behind that of Augusta Resource at the time of its acquisition, we are taking about 30% of the HudBay bid level, or US\$0.02 per pound, as an appropriate valuation metric for Crown Mining.

This equates to a market cap of \$13.69 million, or \$1.11 per Crown Mining share. The shares are currently trading at \$0.04. What a disconnect! Even using US\$0.01 per pound for the in-the-ground copper price, the equivalent market cap is \$6.845 million, or \$0.55 per share, which is more than 13 times the current share price.

COMMENT: *Clearly, the market is either oblivious to the potential of Crown Mining, or it simply does not believe that the Company will ever get its Superior property into production OR even attract a bid from a larger mining entity that would appreciate the property's potential.*

TARGET PRICE

The Company has to attract interest in the marketplace in order to generate some share price momentum. To achieve this, management has to execute. It must be seen that the Company is moving forward on its objectives. This is difficult given the negative environment for the mining sector, and particularly adverse for small, under-followed mining companies, like Crown Mining.

So, while the valuation table above shows some lofty intrinsic share values, it is unrealistic to expect the stock to run up to anywhere near these values without achieving some positive catalysts.

Consequently, we are choosing the following Target Prices as possible objectives for the stock in an improving environment for junior mining companies:

- (1) **First Target Price:** \$0.15 per share, which is the level the stock reached in the April-June 2014 period.
- (2) **Second Target Price:** \$0.30 per share, which is the level the stock reached in October 2013 and duplicated in November 2013 and March 2014.
- (3) **Third Target Price:** \$0.55 per share, which is the level determined by using an in-the-ground price of copper of US\$0.01 per pound.

COMMENT: *Our lofty share price objectives, when compared to the Company's current share price, seem unrealistic. However, a compelling argument for why we consider Crown Mining Corp. to be under-valued at its current share price is the excellent possibility that the Company will be able to prove up Placer Amex's 2 billion pound resource estimate and have that confirmation included in an updated NI 43-101 Technical Report.*

Thus, Crown Mining should not be considered as a junior mining exploration company. It should be regarded as a junior mining developer. The extensive drilling program that the Company needs to undertake should be thought of as confirmation drilling, not exploratory drilling. This is a monumental difference compared to the exploration programs of its peers.

Whenever the market recognizes and accepts this viewpoint, the under-valued shares should perform well.

ANALYST CERTIFICATION

The Research Analyst who was involved in the preparation of this Research Report hereby certifies that:

- (1) the views and opinions expressed herein accurately reflect the Research Analyst's personal views concerning any and all securities and issuers that are either discussed or are the subject matter of this Research Report; and
- (2) The compensation received for the preparation of this report was not related, in any way, to the Research Analyst's views and opinions expressed herein.

eResearch Analyst on this Report:

Bob Weir, B.Sc., B. Comm., CFA: Bob Weir has 48 years of investment research and analytical experience in both the equity and fixed-income sectors, and in the commercial real estate industry. He joined eResearch in 2004 and has been its President, CEO, and Director of Research since May 2005. Prior to joining eResearch, Mr. Weir was at Dominion Bond Rating Service (DBRS), latterly as Executive Vice-President responsible for supervising the firm's 34 analysts and conducting the day-to-day management affairs of the company.

Analyst Affirmation: I, Bob Weir, hereby state that, at the time of issuance of this research report, I own, directly, common shares of Crown Mining Corp., and warrants to acquire common shares until June 30, 2016.

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***e*Research Recommendation System**

Strong Buy:	Expected total return within the next 12 months is at least 40%.
Buy:	Expected total return within the next 12 months is between 10% and 40%.
Speculative Buy:	Expected total return within the next 12 months is substantial, but Risk is High (see below).
Hold:	Expected total return within the next 12 months is between 0% and 10%.
Sell:	Expected total return within the next 12 months is negative.

***e*Research Risk Rating System**

A company may have some, but not necessarily all, of the following characteristics of a specific risk rating to qualify for that rating:

High Risk:	<i>Financial</i> - Little or no revenue and earnings, limited financial history, weak balance sheet, negative free cash flows, poor working capital solvency, no dividends. <i>Operational</i> - Weak competitive market position, early stage of development, unproven operating plan, high cost structure, industry consolidating, business model/technology unproven or out-of-date.
Medium Risk:	<i>Financial</i> - Several years of revenue and positive earnings, balance sheet in line with industry average, positive free cash flow, adequate working capital solvency, may or may not pay a dividend. <i>Operational</i> - Competitive market position and cost structure, industry stable, business model/technology is well established and consistent with current state of industry.
Low Risk:	<i>Financial</i> - Strong revenue growth and earnings over several years, stronger-than-average balance sheet, strong positive free cash flows, above-average working capital solvency, company may pay (and stock may yield) substantial dividends or company may actively buy back stock. <i>Operational</i> - Dominant player in its market, below-average cost structure, company may be a consolidator, company may have a leading market/technology position.

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