

Executive Summary

Stronghold Metals Inc. - Corporate Description: Stronghold Metals Inc. (TSX-V: Z / OTCQX: SDMTF / E9X: Frankfurt) trades in Canada on TSX Venture under the symbol “Z”, in the United States on OTCQX under the symbol “SDMTF” and in Germany under the symbol “E9X”. Stronghold Metals Inc. is a mining exploration company based in Vancouver, BC, and it focuses on the discovery, exploration and mining of gold, copper and other metals in South America. Stronghold is currently active and holds subsidiaries in Guyana, Brazil and Chile. Stronghold’s management team and Board of Directors are comprised of experienced geo-scientists and financiers who have a proven track record of discovering and developing mines. The Company is currently focusing its resources on its flagship property, the Eagle Mountain Gold Project in Guyana, which has an NI 43-101 compliant resource estimate of 733,500 ounces of gold, based on approximately 25,000 meters of drilling conducted prior to 2011. Stronghold has been expanding that number with a 15,000 meters drill program currently underway from which new positive analytical, results have recently been released.

Outlook for Stronghold: In what seems to be a telling indicator of the opportunity at Eagle Mountain, nearly the entire team that worked the project for IAMGOLD (NYSE: IAG) came to work for Stronghold after Stronghold’s acquisition of the project. It seems reasonable to conclude that this operational and management continuity is a positive signal with regard to Stronghold’s estimates for resource, production cost and timing, and perhaps even the project’s blue sky potential. Similarly, while acquiring the full interest in Eagle Mountain will require \$11 million in cash payable by Stronghold to IAG and \$3.5 million in project expenditures, the agreement also calls for IAG to receive 6 million common Stronghold shares, implying that IAG, the seller of the project, saw sufficient upside at Eagle Mountain to justify taking an equity position in Stronghold. This also implies a vote of confidence in Stronghold’s management team and their ability to take the project from exploration to production. Stronghold’s drilling program calls for at least 120 exploratory, expansion, and in-fill diamond drill holes and a minimum of 15,000 meters. As of 11/29/11, 73 holes and 10,338 meters had been drilled, with analytical results returned on 46 holes, 44 of which have gold intersections of favorable grade supporting historical data from the Eagle Mountain project. While Stronghold remains encouraged by the results of the infill drilling on the known resource, the Company also has begun reporting step out drilling results that include intersections of at least 0.97 g/t Au on over 88 meters from different zones. The step out drilling is intended to delineate the known resource which remains open on three sides and at depth.

As illustrated later in the report, Murphy Analytics (MA) is estimating that the net present value of the Eagle Mountain project may be \$350 million utilizing a blend of analyst and Company estimates, including gold at \$1,370 / oz. This NPV falls to \$110 million if it is assumed gold is \$1,000 / oz. and climbs to \$760 million with gold at \$2,000 / oz. This estimate is based on potential results for drilling on the known resource at Eagle Mountain without any value attributed to the project’s Blue Sky potential which Stronghold is beginning to assess with the step out drill holes.

MA expects that both fiscal and real economic forces will drive the price of gold higher over the long term. However, even if gold should fall 40% from the current price and remain there over the coming decade, MA is estimating that the NPV of Stronghold’s Eagle Mountain project may be \$0.50 per share. Stronghold has estimated that the project has an NPV of approximately \$350 million, which MA is estimating translates into approximately \$1.60 per share on an assumed gold price of under \$1,400 / oz. Although the Company expects to fund part of the project’s capital expenditures with cash flow, there is inevitable uncertainty regarding the cost of any future equity raised for that portion of the project that cannot be funded by cash flow. For purposes of identifying a price target in light of the uncertainty of the cost of equity as well as the project not yet having commenced production, MA is assuming it is reasonable to interpolate the midpoint between the low end of the MA estimated Eagle Mountain NPV / share and MA’s estimate of the NPV per share based on Stronghold’s NPV calculation, and MA is initiating coverage on Stronghold with a \$1.00 12-month price target.

Stronghold Recent Price (TSXV)	\$0.26	<u>Please review the risk factors outlined later in this report and the important disclosures and disclaimers at the end of this report.</u>
Outstanding Share Estimate	65,701,290	
Market Cap Estimate (\$USD)	\$17.1 million	
MA 12-Month Price Target for Stronghold*	\$1.00	
<i>Given the nearly 1:1 relationship between the U.S. and Canadian dollars currently, this target price for Stronghold applies for trading on the TSXV and OTCQX.</i>		

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Key Considerations Regarding the Stronghold Opportunity

Highly seasoned management team. The Stronghold management team and Board of Directors has significant executive, operating, technical, experience working for and with some of the leading junior and major mining companies. The team also has substantial financial and legal experience.

The on-site management and operations team from IAMGOLD has stayed with the Eagle Mountain project and now works for Stronghold. Led by Anne Casselman, now Stronghold's Exploration & Country Manager, nearly the entire 22 person team continues to operate the Eagle Mountain project on behalf of Stronghold. Stronghold Director Paul McGuigan, P. Geo, who has 35 years of international experience in management of mineral exploration and mining operations, now assists with the supervision of the project. Assuming this continuity implies a positive view of the opportunity at Eagle Mountain, it also provides an important operational benefit as relationships are maintained with governmental officials, environmental regulators and other project stakeholders. As noted later in the report, a Wall Street Journal / Heritage Foundation study assigns a low ranking to the country of Guyana in terms of economic freedom. However, the CIA Factbook estimates that 60% of the country's GDP comes from the export of six commodities, including gold, and this economic dependence on resource extraction lends support to Stronghold's characterization of the country's mining regime as friendly, and the Stronghold team's experience at the project seems likely to be a valuable asset.

733,500 oz Au of "current" inferred resource at a grade of 1.27 grams per ton. This estimate is based on 25,000 meters of drilling and Stronghold is in the process of drilling another 15,000 meters. As of 11/29/11, over 10,300 meters (73 holes) had been drilled and Stronghold CEO Yannis Tsitos has stated that *"We are highly encouraged by the continuation of the excellent results we have been receiving from our drilling program; 44 of 46 holes drilled to date have intersected gold mineralization of meaningful widths and grades that support our strategy and expectations at Eagle Mountain."* As Stronghold continues the drilling program into 2012, including the drilling of additional in-fill holes as step out holes, the Company has stated there is "tremendous 'Blue Sky' potential" that may result in a significant increase in reported mineralization at Eagle Mountain.

The seller of the Eagle Mountain project, IAMGOLD, signed an agreement that consists of cash consideration, required project expenditures, and the issuance of up to 6 million common Stronghold shares should the Company acquire the full interest in the project. With a recent market cap of approximately \$7.7 billion and production of approximately 1 million ounces of gold annually, IAG's preference¹ for expansion and optimization of existing mines, a strategy which it sees as more cost effective, faster, and less risky, seems reasonable as IAG's *"best opportunity for near term growth."* IAG also has a stated corporate strategy of growth by acquisition, and it identifies 150,000+ oz of gold production annually and 2 million+ oz of reserves as acquisition criteria. In light of these targets, it makes sense for IAG to find a junior to continue the exploration at Eagle Mountain and to maintain an interest in the project and an equity stake in the buyer and wait to see if or how the annual production and resource estimates may change.

Stronghold estimates a maximum capital expenditure of \$150 million at Eagle Mountain. Unless the price of gold drops significantly, it seems reasonable to assume that Stronghold is likely to continue to have access to capital. The accuracy of that estimated capital expenditure as well as the cost of the capital are of course critical components in the valuation of Stronghold. For an earlier stage Company, an investor must be concerned with the Company's exploration and mining skill as much or more as the resource estimates. Judging by the over-subscription of Stronghold's recent financing, the market seems to have confidence in this management team and presumably in the quantity of resource at Eagle Mountain. Stronghold has stated the budget for the next 12-months is expected to exceed \$4.5 million. It seems reasonable to expect that Stronghold will work quickly to complete the current drilling program and move as quickly as possible to the Scoping Study or Pre-Feasibility Study in 2012 in the hope that increasing visibility into the magnitude and timing of the opportunity will enable the Company to raise necessary equity and/or debt capital at a cost that is economical. With an estimated 250,000 ounces of the contained gold in the inferred mineral resource hosted in saprolite, Stronghold expects this hosting in oxide material will enable low cost mining providing additional cash flow to increase non-dilutive exploration.

¹ http://iamgold.com/Theme/IAMGold/files/presentations/Denver%20Gold%20Forum%202011%20FINAL%20print_v001_y5ugm9.pdf

Stronghold Management²

Mr. Ioannis (Yannis) Tsitos – President, CEO, Director: Mr. Tsitos, MSc., has over 25 years experience in the Mining Industry, having spent 19 years with BHP Billiton group. Mr. Tsitos has lived and worked in South Africa, Ecuador, Greece and United Kingdom, and has been working in Canada since 2000. Originally a physicist-geophysicist, he left BHP Billiton in December 2007, where he had the title of New Business Manager for Minerals Exploration based in Vancouver. He holds a B.Sc degree in Physics from the University of Athens and a Master's degree in Applied Geophysics and Geology from the University of Birmingham, U.K. In addition, he has done management and finance studies as part of an MBA program with Herriot Watt University, Edinburgh. Mr. Tsitos brings to the Company a wealth of knowledge and extensive experience in the mining sector focused on exploration and development for a wide spectrum of commodities, from gold, base metals, nickel and diamonds to bulk minerals such as bauxite, coal and iron ore. Well-known in the Canadian and international exploration communities, he has worked on projects and has travelled for business in 32 countries. He has been instrumental in the identification, negotiation and execution of more than 50 exploration agreements with juniors, majors, as well as with state exploration and mining companies. Mr. Tsitos has also been part of two discovery teams with BHP Billiton in porphyry-copper and nickel-sulphide deposits. He is a member of the Association for Minerals Exploration British Columbia and Prospectors and Developers Association of Canada.

Anne Casselman – Exploration & Country Manager, Guyana: Senior geologist with more than 20 years experience in precious metals exploration. Ms. Casselman has worked the last 7 years as the Golden Star / Cambior / IAMGOLD Chief Geologist on the Eagle Mountain Au project in Guyana.

Mr. Albert Wu – CFO: Mr Wu is a certified Management Accountant and he received his Bachelor of Commerce Degree in 1969 and his MBA in 1971, both from the Chinese University of Hong Kong. In the last twenty five years, Mr Wu has been working with public companies in providing accounting and management services on a part-time basis. He is currently the CFO of First Bauxite Corporation, Carat Resources Inc., Silver Lake Resources Ltd., Urastar Energy Inc. and Pacific Imperial Mines Inc., all of which are public companies listed on the TSX Venture Exchange.

Board of Directors – In addition to Mr. Tsitos, Stronghold's Board consists of:

Dr. Luiz Augusto Bizzi, PhD

Mr. Art Freeze, Professional Geoscientist

Mr. Paul McGuigan, Professional Geoscientist

Mr. Claudio Gianascio

Mr. Jim Heras

Mr. Geoff Hampson

² http://www.strongholdmetals.com/about/management_%26_directors/

Discussion of Stronghold Financials

Unaudited Balance Sheet as of 5/31/11 (Fiscal Q3) (Reported in Canadian Dollars*)	
Current Assets**	\$1.9 million including \$1.4 in cash and equivalents, up from \$1.3 million as of 8/31/10.
Current Liabilities	\$169,000 including \$53,000 due to related parties.
Working Capital	\$1.7 million, a current ratio of 11.33x. Working capital increased from \$1.2 million as of 8/31/10.
Total Assets	\$6.3 million including \$4.4 million in mineral properties.
Total Liabilities	\$404,000.
Stockholders' Equity	\$5.9 million as of 5/31/11, a book value of approximately \$0.11 per share. Capital stock was \$10.4 million with a deficit of \$11.8 million.
Unaudited Statement of Operations for the Quarter Ended 5/31/11 (Fiscal Q3)	
Revenues	Stronghold is an exploration stage company.
Expenses	\$250,000 for the quarter and \$940,000 for the 9-month period ended 5/31/10.
Net Loss	\$364,000 for the quarter and \$1.2 million for the 9-month period ended 5/31/10. With 55,068,790 weighted average outstanding common shares for the quarter, the net loss per share was \$0.01.
Liquidity	For the 9-months ended 5/31/11, a net operating loss of \$1.2 million and \$2.3 million in investing activities were funded primarily by \$3.7 million of cash generated from the sale of shares.
Notes:	
*Stronghold results are reported in Canadian dollars. As of 9/22/11, the following exchange rates apply: <div style="text-align: center;"> \$1 CAD = \$0.9712 USD \$1 USD = \$1.0297 CAD </div> For the past 12 months, the exchange rate generally has fluctuated between \$0.965 and \$1.06 per \$1.00 CAD.	
**The Company is exposed to foreign currency fluctuations to the extent expenditures incurred are not denominated in Canadian dollars. The Company has operations in Chile, Brazil and Guyana. A 10% increase or decrease in the value of the foreign currencies against the Canadian dollar would have \$25,947 (August 31, 2010 - \$1,910) increase or decrease on the monetary net assets of the Company. The Company has not entered into any foreign currency contracts to mitigate this risk.	

8/3/11 Financing:

On 8/3/11, the Company completed a non-brokered private placement of 8,382,500 units at a price of \$0.40 per unit for gross proceeds of \$3,353,000. Each unit consists of one common share and one-half of one transferrable share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at \$0.55 for a period of 24 months from the closing date of the private placement. The Company has agreed to pay finders' fees comprising \$168,675 cash and 486,562 warrants entitling the holders thereof to acquire common shares of the Company at \$0.40 per share for a term of twelve months from closing.

The proceeds of the Private Placement will be used to finance the advancement of the Company's Eagle Mountain project in Guyana, to search for and negotiate the acquisition of additional complementary projects and for general working capital.

With regard to the financing, Yannis Tsitos, President and Chief Executive Officer of the Company stated:

"We are very pleased to close this financing, which provides us with the necessary funds to continue our ongoing drill program at Eagle Mountain in Guyana. The financing was led by M Partners Inc. and we welcome the lead order from Sprott Asset Management Inc., which continues to be a tremendous supporter of the Company. In addition we welcome several other new institutional investors to the Company. The Offering was heavily oversubscribed allowing the Company to increase the offering size to accommodate these new shareholders. We expect a strong flow of news over the next few months and look forward to advancing our flagship Eagle Mountain project."

MA Estimate of Stronghold Outstanding and Potential Common Share Count*	
Outstanding Common Shares as of 10/28/11	65,701,290
Options	6,260,000
Warrants	<u>11,666,362</u>
Total	83,627,652
<i>*http://www.strongholdmetals.com/investors/stock_info/</i>	

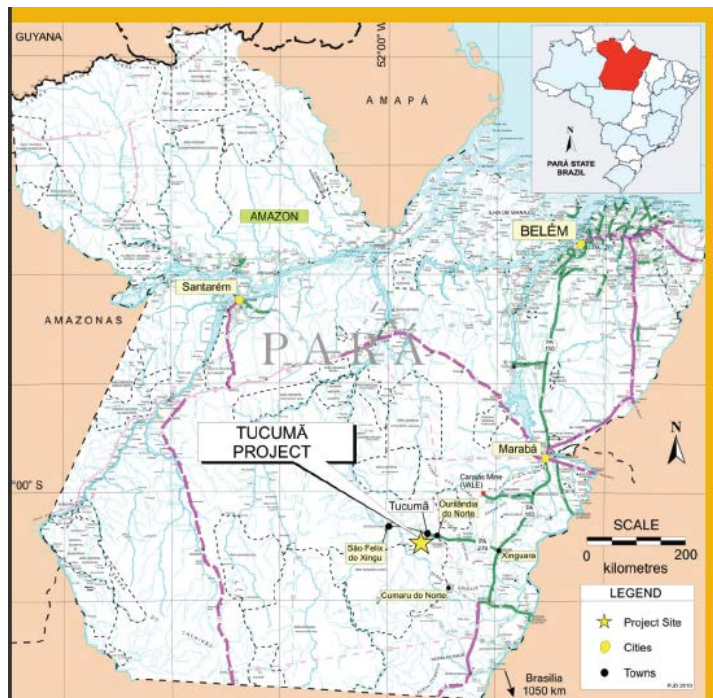
Stronghold Mineral Properties

Seneca: No future exploration programs planned for this property. Net book value is \$1.00.

Combardala: No future exploration programs planned for this property. Net book value is \$1.00.

Tucuma: On 8/4/11, Stronghold announced it that it has entered into a letter of intent to sell 100% of its interest in the Tucuma Gold Project (Brazil) to Kensington Court Ventures (TSX-V: KCT-P). The property consists of 6 mineral concessions covering a total of 11,456.31 hectares located in the Carajás metallogenic province in the state of Pará, Brazil. Under the terms of the LOI, if the acquisition is completed, Kensington will acquire all of the issued and outstanding shares of Do Sonho (Stronghold's subsidiary) in exchange for the issuance to Stronghold of 16,300,000 common shares of Kensington. Upon completion of the Acquisition, Do Sonho will become a wholly-owned subsidiary of Kensington. Upon completion of the QT, Kensington will grant to Stronghold a 2% net smelter returns royalty (the "NSR Royalty") from the production of minerals from the Tucumã Property, subject to Kensington's right to purchase the NSR Royalty from Stronghold for \$1,500,000, which right is exercisable at any time. Since acquiring Do Sonho in 2010, Stronghold has spent \$1,046,250 on exploration and development of the Tucumã Property. Do Sonho's financial results are reflected in Stronghold's consolidated audited annual financial statements and unaudited interim financial statements filed on SEDAR. Stronghold is in the process of obtaining unconsolidated financial statements for Do Sonho.

As of 8/4/11, there were 6,858,000 common shares of Kensington issued and outstanding. Kensington also announced a brokered private placement to raise gross proceeds of \$2,000,000 by the issuance of 8,000,000 units (the "Units") at a purchase price of \$.25 per Unit. Each Unit will consist of one common share and one-half of one common share purchase warrant (each whole warrant a "Warrant"). Each Warrant will entitle the holder to acquire an additional common share of Kensington at an exercise price of \$.35 per common share exercisable at any time until two years from the date of the closing. The proceeds of the private placement together with Kensington's current working capital will be used to finance an exploration program on the Tucumã Property and for general working capital purposes. Upon completion of the private placement and transaction, Stronghold will hold an aggregate of 16,300,000 common shares of Kensington representing approximately 52.3% of the Company's 31,158,000 common shares issued and outstanding shares on a non-diluted basis.



Stronghold Metals Corporate Strategy: Stronghold's corporate goal is to rapidly grow into a mid-tier gold producer by establishing the economics of a low cost, open pit operation in an environmentally friendly way. The Company's exploration and development strategy consists of:

- *To aggressively focus on obtaining a new NI 43-101 compliant resource evaluation and to continue the exploration program at the advanced-stage Eagle Mountain Project in Guyana, with the goal of delivering a Scoping Study or Economic Assessment Report in 2012 that will support an independent Au mining operation.*
- *Management will initially focus on mining the gold in the saprolite, which is at surface and can be successfully and economically mined due to the ease of extraction. The cash flow generated from these activities will be used to fund extended exploration to quantify the extent of the Eagle Mountain system. An analysis of the costs associated with this surface mining will be conducted in the coming months.*

Eagle Mountain

Earn-In / JV:

Pursuant to a definitive Earn-In and Joint Venture Agreement with a subsidiary of IAMGOLD Corporation ("IAMGOLD") (NYSE: IAG) dated September 15, 2010, and subsequently amended December 20, 2010, the Company has been granted the right to acquire in stages up to 100% in the Eagle Mountain Gold Property, located in Guyana, South America, by paying an aggregate of US\$11,000,000 and issuing an aggregate of 6,000,000 common shares of the Company, and expend US\$3,500,000 in exploration expenditures. The Eagle Mountain property is owned by Omai Gold Mines Ltd. ("OGML"), a 95% owned subsidiary of IAMGOLD with the Republic of Guyana ("Guyana") holding the remaining 5%. To earn the first 25% of the property, the Company has agreed to pay US\$250,000 (paid), issue 2,000,000 common shares (issued) in the capital of the Company to OGML and incur exploration expenditures of not less than US\$400,000 (incurred) by December 31, 2010 which date was subsequently extended to September 29, 2011. In addition, the Company has agreed to pay OGML US\$250,000 (paid) on the earlier of: (i) December 1, 2010; and (ii) 5 days from the date on which Guyana grants OGML an extension notice (the "Extension Notice") for the concessions that cover the property for the period October 2010 to October 2011. Provided the Extension Notice has been granted, the Company shall fund an additional US \$1,100,000 of expenditures, issue an additional 2,000,000 common shares and pay an additional US\$1,000,000 to OGML by October 31, 2011. Once the Company has satisfied the above requirements and therefore has funded an aggregate of US\$1,500,000 of expenditures, issued an aggregate of 4,000,000 common shares and paid US\$1,500,000 to OGML the Company will have earned a 25% equity interest in the property. To acquire a further 25% interest (50% in aggregate), the Company shall by no later than October 31, 2012 pay US\$1,000,000, issue 2,000,000 common shares of the Company and fund additional exploration expenditures of US\$2,000,000. The Company may earn a further 50% (100% in aggregate) by paying an additional US\$1,000,000 by April 30, 2013, and an additional US\$7,500,000 on granting of a mining license for the property from the Government of Guyana. Once the Company has satisfied the above requirements, the Company will either be issued, or have assigned, transferred or conveyed to it, such number of shares in the capital of OGML as will constitute it the registered and beneficial owner of 100% OGML's entire issued capital stock, once such shares have been issued (excluding any equity interest, which may be held by the Government). The terms of the agreement are summarized in the following table (in addition, the Company will pay a finder's fee of up to 1.5 million shares in stages over the term of the agreement).

Summary of Eagle Mountain Work Completed to Date:

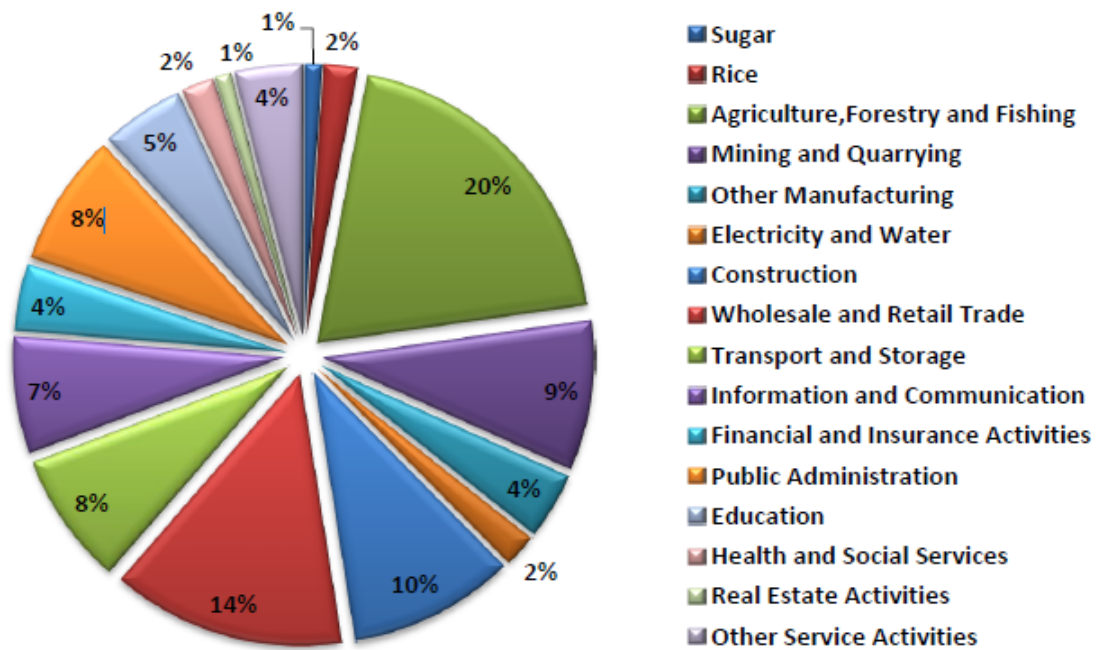
- Good historical data and new results to build on.
- Team has good understanding of geology and lithology.
- The Eagle Mountain Gold Project is an advanced stage exploration project on track to produce a Scoping Study or Economic Assessment Study in late 2012.
- Drilling of approximately 35,000m (225 holes) already completed.
- 10,000 m in 2011 by Stronghold Metals.
- 25,000 m completed historically before Stronghold Metals.
- The reported resource covers an area of 1.5 km x 2 km (300 hectares)

Guyana Overview³:

<i>Government</i>	Republic. English is the official language.
<i>Population</i>	745,000 (164 th globally)
<i>Legal system</i>	Common law system, based on the English model, with some Roman Dutch civil law influence
<i>GDP</i>	\$5.4 billion (160 th); \$7,200 per capita (129 th)
<i>Index of Economic Freedom</i>	151 st (ranked by Heritage Foundation and Wall Street Journal ⁴ . Stronghold characterizes the government as mining “friendly.”



Gross Domestic Product by Industry, 2010



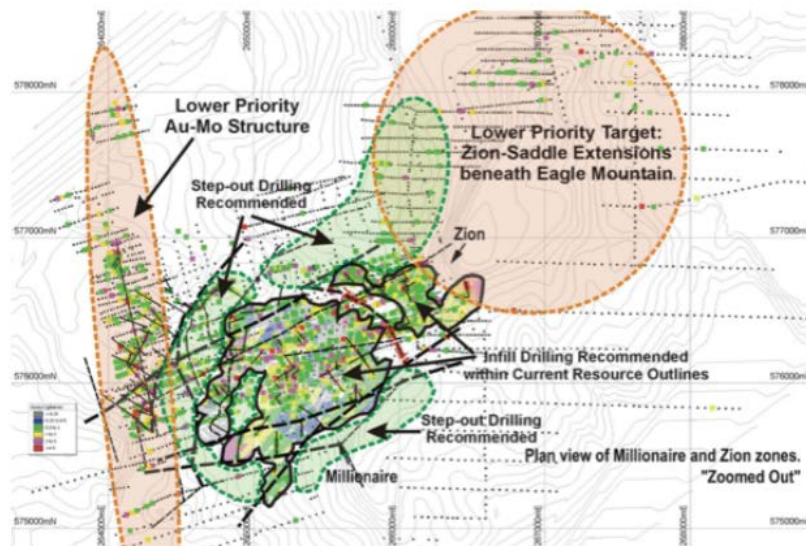
<http://www.ggmc.gov.gy/Documents/2010MinReview.pdf>

³ <https://www.cia.gov/library/publications/the-world-factbook/geos/gy.html>

⁴ <http://www.heritage.org/Index/>

Eagle Mountain Highlights

- *2010 Acquisition:* The Eagle Mountain project was acquired via a strategic transaction with IAMGOLD (NYSE: IAG) in late 2010.
- *Stronghold to Acquire up to 100% of Eagle Mountain in Stages:* Stronghold has an active joint venture and earn-in option agreement with IAG.
- *IAG to Become a Major Shareholder in Stronghold:* See details in the Eagle Mountain Earn-In / JV section of this report.
- *Eagle Mountain covers 5,050 Hectares (12,480 acres)⁵ in Central Guyana:* The project is located 200km southwest of the capital city of Georgetown. Stronghold observes that the infrastructure here is better than most competitors in Guyana.
- *Deposit located 45km from Historic Omai Gold Mine:* The Omai gold mine was owned by IAG and purchased by Mahdia Gold Corp.⁶ earlier this year. From 1993 – 2005, the mine produced 3.7 million ounces of gold.
- *25,000m (190 Holes) Already Drilled at Eagle Mountain:* As noted by Stronghold, Eagle Mountain is an advanced stage exploration project on track to produce a Scoping Study or Pre-Feasibility Study in 2012.
- *Reported resource covers an area of 1.5km x 2km (300 hectares)(741 acres)*
- *Production in the Area since 1884:* Gold production from the general Madhia / Eagle Mountain area is estimated at over 1 million ounces of gold from alluvial and eluvial sources.
- *Stronghold sees potential for both new discoveries and resource expansion.*
- *Deposit is open in three directions:* The gold resource starts from the surface in both Saprolite and hard Rock strata.
- *The Eagle Mountain Area occurs with the Paleo-Proterozoic greenstones of the Guiana Shield:* A composite granodiorite pluton intruding the greenstone rocks hosts most of the known gold mineralization on the property. Individual zones dip 20-40° to the southwest and vary in thickness from 5 – 25 metres, more commonly 10 – 15 metres. They are separated from each other by 1 – 40 metres of barren rock. There are four horizons: Millionaire, Kilroy, Zion, Saddle.



⁵ 1 hectare = 0.01 square kilometers ≈ 2.47 acres

⁶ <http://www.mahdiagold.com/news-may30.pdf>

Eagle Mountain Inferred Resource & Metallurgical Sampling Results

733,500 oz Au @ 1.27 g/t of “current” inferred resource starting from the surface:

						INFERRED	
AU-CAP	Cut-off	Volume	Density	Tonnage	AU-cap		
	g/t	(000's m3)	(t/m3)	(000's t)	g/t	oz	
Saprolite	0.3	5,137	1.60	8,219	1.11	294,100	
	0.5	3,905	1.60	6,248	1.34	268,300	
	0.7	3,038	1.60	4,861	1.55	242,200	
	1.0	2,134	1.60	3,415	1.85	203,000	
Fresh Rock	0.3	5,141	2.70	13,881	1.11	493,600	
	0.5	4,337	2.70	11,711	1.24	465,100	
	0.7	3,114	2.70	8,409	1.49	402,600	
	1.0	2,260	2.70	6,102	1.74	340,900	
Total	0.3	10,278	2.18	22,100	1.11	787,800	
	0.5	8,242	2.21	17,959	1.27	733,500	
	0.7	6,153	2.18	13,270	1.51	644,800	
	1.0	4,394	2.19	9,517	1.78	543,900	

Geological Resource Compliant with filed Independent NI 43-101 Report

An estimated 250,000 ounces of the contained gold in the inferred mineral resource is hosted in saprolite: With Stronghold expects this hosting in oxide material will enable low cost mining providing additional cash flow to increase non-dilutive exploration.

Additional Exploration Potential: Stronghold believes there is additional exploration potential of 300,000 to 800,000 oz to be defined by more broadly spaced drilling in the immediate deposit area, at a comparable range to the inferred resources already defined. (Note: Please see Stronghold’s legal disclaimer⁷)

Feed	Grind Actual (P ₈₀ μm)	Extraction (%)		Residue (g/t)	
		Au	Ag	Au	Ag
Kilroy Sap Oxide	83	98.7	81.9	0.09	0.5
Millionaire Sap Oxide	99	91.0	69.2	0.10	0.5
Zion Sap Oxide	91	64.9	80.9	0.31	0.5
Kilroy Hard Rock	72	92.7	30.5	0.07	0.5
Millionaire Hard Rock	75	95.5	20.8	0.03	0.5
Zion Hard Rock	79	94.2	29.1	0.03	0.5

Recovery results from IAMGOLD’s metallurgical tests

⁷ [http://strongholdmetals.com/media/Z%20PPT%20-%20September%202011%20\(FINAL\).pdf%20.pdf](http://strongholdmetals.com/media/Z%20PPT%20-%20September%202011%20(FINAL).pdf%20.pdf)

Eagle Mountain Current Drilling Highlights

Stronghold characterizes the drilling results as excellent and points out the following highlights:

- A diamond drilling program commenced in May 2011.
- The program calls for 15,000 of minimum drilling and 120 holes with an average depth of 125 meters.
- To date 73 holes totaling 10,338 meters have been completed.
- Program includes “INFILL” holes and “STEP-OUT” holes (expansion outside the periphery of the known deposit).
- Analytical Results from 46 holes have been announced to date. Results awaited from 27 holes (ACME Labs in Santiago, Chile).

Stronghold reports that 44 of 46 holes announced to date have intersected Au at good to excellent grades and widths. Stand-out results include:

- 24.19 m at 9.1 g/t Au from 0.0 to 24.19 m depth in EMD11-76 (Zion – infill)
- 22.85 m at 2.28 g/t Au from 1.5 to 24.35 m depth in EMD11-75 (Zion – infill)
- 14.1 m at 1.82 g/t Au from 5.4 to 19.5 m depth in EMD11-62 (Ounce – infill)
- 14.4 m at 1.40 g/t Au from 33 to 47.4 m depth in EMD11-70 (Saddle – step-out)
- 19.05 m at 3.13 g/t Au from 0 to 19.05 m depth in EMD11-83 (Bottle Bank – infill)
- 42.20 m at 0.97 g/t Au from 0 to 42.2 m depth in EMD11-77 (Zion – infill)
- 7.80 m at 30 g/t Au from 36 to 43.8 m depth

Stronghold – Work for 2011 and 2012

<p>Drilling infill & step-out (expansion) holes at Eagle Mountain</p>	<p>Approx. a hole (average depth of 135 m) every 2 days (to be continued well within 2012).</p>
<p>Analysis of the surface lying saprolitic ore (historical auger/trench/adit data plus drilling database – for the shallow gold (oxide ore)</p>	<p>Work to be completed in 2011.</p>
<p>Update on geological resource (new NI 43-101 compliant technical report)</p>	<p>Although drilling will potentially continue, an update of the geological resource (gold ounces, grade, etc.) will be produced in Q1 2012.</p>
<p>Additional mineralogical, metallurgical & environmental studies</p>	<p>To commence in Q1 2012 and to be delivered in Q2 2012.</p>
<p>Economic Assessment Report (Scoping Study)</p>	<p>To commence in Q2 2012 and to be delivered within the year.</p>
<p>Exploration work on Mowasi Gold properties</p>	<p>To commence with a different technical team than Eagle Mountain in Q1 2012 and to be continued the whole year.</p>

Stronghold Recent Accomplishments

Stronghold Drills 19.05 metres at 3.13 g/t Au: Commenting on the results, Mr. Yannis Tsitos, President and CEO of Stronghold stated: "We are highly encouraged by the continuation of the excellent results we have been receiving from our drilling program; 44 of 46 holes drilled to date have intersected gold mineralization of meaningful widths and grades that support our strategy and expectations at Eagle Mountain. The results announced today are mainly from infill holes, but the rig has recently moved to drill a step out exploration area in the North-Northwestern parts of the deposit, where we hold supportive surface historical geological data. This is an area which has seen no historical drilling." Result highlights include:

- The current planned program is for a minimum of 120 exploratory, expansion and in-fill diamond drill holes and a minimum of 15,000 metres.
- To date, 73 holes have been completed, representing 10,338 meters of diamond drilling.
- The analytical results of the first 32 holes have been announced in recent months (read relevant corporate News Releases in August and September 2011). Analytical results of an additional 14 complete holes have been received to date and are reported in this news release.
- The Company is highly encouraged by ongoing drilling results and intends to continue its infill and step out drilling program in order to increase the confidence of the mineral resource and to further expand the known mineralized zone, success contingent on results.
- Most of the new diamond drill holes with complete analytical results to date have returned favorable gold intersections.
- Stand-out results include intersections from different zones.

Stronghold Announces Engagement of First Canadian Capital Corp. to Provide Strategic Marketing and IR Services: Stronghold announced 11/14/11 it has engaged First Canadian Capital Corp. to increase visibility among retail and institutional investors and to keep them apprised of progress at the flagship Eagle Mountain project.

Stronghold Signs Definitive Option Agreement with Mowasi Gold Corp: Under the terms of the agreement, Stronghold can earn a 95% beneficial interest in Mowasi's exclusive interest in 23 prospecting permits medium scale and 8 mining permits medium scale (the "Concessions") which are adjacent to the Stronghold's Eagle Mountain project. Terms and conditions include the following:

- Mowasi holds an option to acquire a 100% exclusive interest in the Concessions and has irrevocably granted Stronghold the sole and exclusive Option for a period of up to eighteen months and ninety days to acquire up to a ninety-five percent (95%) undivided interest in Mowasi's interest in the Concessions. In order to keep the Option in good standing through the Option Period, Stronghold shall:
 - o Pay Mowasi the sum of \$100,000 USD and issue to Mowasi, 250,000 Common Shares of Stronghold.
 - o Expend Exploration Expenditures of not less than \$1,000,000 USD in the first eighteen months.
 - o Make any required option payments to underlying owners.
- Once Stronghold has made all payments required to keep the Concessions in good standing pursuant and incurred the \$1.0 million USD aggregate Exploration Expenditures, Stronghold will earn an undivided 49% interest in the Concessions or the entity that owns the Concessions.
- At anytime up until ninety days after making the Exploration Expenditures, Stronghold will have the Option to acquire an additional 46% Interest in the Concessions or the entity that owns the Concessions, bringing the total owned by Stronghold to 95%, by issuing to Mowasi, two million (2,000,000) common shares of Stronghold and paying the sum of \$1 million USD.
- In the event that Stronghold exercises the Option and acquires a 95% Interest in the Concessions, Mowasi's 5% interest in the Concessions will be carried until such time as the Company completes a Feasibility Study on the Concessions.
- Stronghold will be the operator on the Concessions during the Option Period and will be entitled to continue to act as Operator until it resigns.

Stronghold's Eagle Mountain Project Production and NPV Potential

As noted in the Company's 9/14/11 "It's All About Value Creation"⁸ PowerPoint, Stronghold is estimating that the Eagle Mountain project may have the potential to produce 100,000 ounces per year of gold annually. With an assumed maximum capital expenditure of \$150 million, Stronghold is estimating the project operation may have \$350 million in potential NPV. Murphy Analytics (MA) has made gold price and discount rate estimates based on the other information supplied by Stronghold in the presentation.

Potential NPV Illustration Based on Stronghold Production Estimates		
	Assumptions	Notes
Annual Production	100,000	100,000 oz of Au annually is Stronghold's minimum production target
Average Gold Price	\$1,370	MA estimate based on Stronghold PowerPoint 9/14/11
Annual \$ Production	\$136,981,571	
Production Cost / Oz	\$600	\$600 (Stronghold's maximum target)
Annual Production Cost	\$60,000,000	
Annual Operating Income	\$76,981,571	
Discount Rate	10.00%	MA estimate based on Stronghold assumptions
Expected Project Life	11	Stronghold PowerPoint estimates 10 - 12 years
Present Value	\$500,000,000	
Capital Expenditures	\$150,000,000	Stronghold's estimated maximum
Net Present Value	\$350,000,000	Stronghold's estimated minimum target from 9/14/11 PowerPoint

To illustrate the correlation of the project's NPV to the price of gold as well as the impact of capital expenditures assumed to be the same regardless of the price of gold, the following table calculates NPV based on the assumption that the average price of gold is \$1,000 in one case and \$2,000 in another.

Potential NPV Illustration Based on Different Assumed Gold Prices			
Gold at \$2,000 / oz	Assumptions	Gold at \$1,000 / oz	Assumptions
Annual Production	100,000	Annual Production	100,000
Average Gold Price	\$2,000	Average Gold Price	\$1,000
Annual \$ Production	\$200,000,000	Annual \$ Production	\$100,000,000
Production Cost / Oz	\$600	Production Cost / Oz	\$600
Annual Production Cost	\$60,000,000	Annual Production Cost	\$60,000,000
Annual Operating Income	\$140,000,000	Annual Operating Income	\$40,000,000
Discount Rate	10.00%	Discount Rate	10.00%
Expected Project Life	11	Expected Project Life	11
Present Value	\$909,308,541	Present Value	\$259,802,440
Capital Expenditures	\$150,000,000	Capital Expenditures	\$150,000,000
Net Present Value	\$759,308,541	Net Present Value	\$109,802,440

⁸ http://strongholdmetals.com/investors/power_point_presentations/

Market Capitalization, Resource Data and Capital Structure from Select TSX Traded Miners

The following table presents various share price, market capitalization, resource estimate and ratio comparisons on a sampling of mining companies traded on the TSX exchange.

	TSX Ticker	Recent Price	Shares Outstanding	Market Cap	Total Au Oz**	Market Cap / Resource	Resource Oz / Share
Stronghold Metals	Z	\$0.27	65.7	\$17.7	0.74	\$24	0.011
Oromin Exploration	OLE	\$0.83	135.6	\$112.5	3.73	\$30	0.028
Riverstone Resources	RVS	\$0.57	103.7	\$59.1	1.93	\$31	0.019
Keegan Resource	KGN	\$4.39	75.3	\$330.6	4.90	\$67	0.065
Lydian International	LYD	\$2.90	99.4	\$288.3	2.50	\$115	0.025
Guyana Goldfields	GUY	\$8.43	83.7	\$705.6	5.80	\$122	0.069
Brigus Gold	BRD	\$1.31	196.4	\$257.3	2.00	\$129	0.010
Luna Gold	LGC	\$0.59	522.6	\$308.3	1.97	\$157	0.004
			Average:	\$260	2.95	\$84	0.029
<i>*all amounts in millions of CAD; **Measured + indicated + inferred in millions of Oz</i>							
Sources for resource estimates:							
http://www.brigusgold.com/about.asp							
http://tmx.quotemedia.com/article.php?newsid=40917331&qm_symbol=GUY							
http://www.lunagold.com/s/Home.asp							
http://www.lydianinternational.co.uk/							
http://www.keeganresources.com/s/home.asp							
http://tmx.quotemedia.com/article.php?newsid=43956141&qm_symbol=OLE							
http://www.riverstoneresources.com/s/Home.asp							

A review of the capital structure of some of the Stronghold comps shows that long-term debt typically is a small part of the balance sheet of the junior miners, ranging from 0% for many to 11% on the high end while a review of the share capital and outstanding shares shows a range in cost of equity from \$0.25 / share to \$2.39.

	Ticker	Total Assets	Long-Term Debt	Total S/H Equity	Share Capital	Shares Outstanding	Implied Equity Cost / Share	LTDebt (LTD) + Share Cap (\$C)	LT Debt / LTD + SC
Barrick Gold	ABX	\$45,508	\$13,229	\$23,533	\$17,861	999	\$17.88	\$31,090	43%
Brigus Gold*	BRD	\$337	\$51	\$158	\$412	196.4	\$2.10	\$463	11%
Guyana Goldfields*	GUY	\$190	\$0	\$178	\$200	83.7	\$2.39	\$200	0%
Luna Gold*	LGC	\$115	\$9	\$57	\$110	441.9	\$0.25	\$119	7%
Keegan Resources*	KGN	\$93	\$0	\$91	\$113	75.3	\$1.50	\$113	0%
Oromin Exploration*	OLE	\$92	\$0	\$92	\$111	135.6	\$0.82	\$111	0%
Stronghold Metals*	Z	\$6	\$0	\$6	\$10	63.5	\$0.16	\$10	0%
Riverstone Resources*	RVS	\$28	\$0	\$25	\$33	103.7	\$0.32	\$33	0%
<i>all in millions of \$; * dollar amounts in CAD;</i>									
	ABX	as of 6/30/11; Total cash production cost of \$445 per Oz for Q2 11							
	BRD	as of 6/30/11; Share capital includes additional paid-in capital							
	GUY	as of 7/31/11							
	LGC	as of 6/30/11							
	KGN	as of 12/31/10							
	OLE	as of 5/31/11							
	Z	as of 5/31/11							
	RVS	as of 7/31/11							

Illustration of Impact of Capital Raise on Potential NPV / Stronghold Common Share

For purposes of this illustration⁹, model assumptions are highlighted in bold and shaded in gray. The assumptions with regard to the relative percentages of capital raised through equity and debt are based on the capital structure of the sampling of Stronghold comps presented previously in the report. It is assumed that Stronghold will be able to raise some capital through operating cash flows as well.

Assuming it is likely that the vast majority of funding for the Eagle Mountain project will be raised in the form of equity capital, the key assumptions are the Net Present Value (NPV) of the project as well as the average share price at which the equity capital is raised. For purposes of the illustration below, it is assumed that as Stronghold continues making progress in the development of Eagle Mountain, investors will gain increasing visibility into the quantity and timing of the gold resource and the Company is able to raise equity at an average price of \$1.00 share, which is below the average cost of equity for the set of comparables presented in the preceding table.

For purposes of the illustration, the production quantity and costs estimates provided by Stronghold are presented based on the Company's assumption for the price of gold. Additionally, those same assumptions are presented with gold at \$1,000 / Oz and \$2,000 per Oz.

Stronghold's Estimate of Capital Required to Fully Develop Eagle Mountain	\$150,000,000
Murphy Analytics (MA) Assumption for Equity Capital %	90%
MA Assumption for Debt Capital %	5%
MA Assumption for % Funded from Operating Cash Flow	5%
Implied \$ Amount of Equity Raised	\$135,000,000
Implied \$ Amount of Debt Raised	\$7,500,000
Implied \$ Amount of Capital Raised from Operations	\$7,500,000
MA Assumption for Average Stronghold Share Price for Equity Raise	\$1.00
Implied # of Shares Sold	135,000,000
MA Estimate of Current Total Shares	83,627,652
Total Implied Share Count after Full Development	218,627,652
Assumed Estimated NPV (Stronghold Estimate)	\$350,000,000
<i>Implied NPV / Share:</i>	\$1.60
Assumed Estimated NPV (MA Estimate with Gold = \$1,000 / Oz)	\$110,000,000
<i>Implied NPV / Share:</i>	\$0.50
Assumed Estimated NPV (MA Estimate with Gold = \$2,000 / Oz)	\$759,000,000
<i>Implied NPV / Share:</i>	\$3.47

⁹ Given the currency relationship is close to 1/1 currently, it is assumed that capital may be raised in USD or CAD

Barrick Explains How Gold is Produced and Used¹⁰

“Spinning Gold: From Ore to Bullion: Since the California Gold Rush over 150 years ago, the prospect of finding gold has driven men to great lengths. For the hardscrabble 49ers, the search for gold meant wading in riverbeds to sift gold from the rushing water. Today, gold is mined from the earth, since most of the surface gold – known as alluvial gold – has been found. The gold-mining process is intricate and multi-faceted, tying cutting-edge technologies with old-fashioned determination.

Finding Gold: Eureka!: While gold exploration used to be a matter mostly of "boot and hammer" prospecting, gold mining today is largely a matter of technology. First, geologists use geology maps to look for favorable areas to explore. Ore deposits are not easy to find and many of the ones exposed on surface have already been found. Geologists use the physical and chemical characteristics of the rocks they are looking for to zero in on prospective areas. Once favorable geology is established, remote sensing, airborne and ground geophysics and geochemistry are used to outline targets for drill testing.

Drilling and Engineering: Taking stock: Drilling at these sites brings up rock samples from various locations. These samples are analyzed to determine if any gold exists there, the size of the deposit, and the quality of the gold. Using this information, mining engineers determine if enough gold is under the surface to make the mining worthwhile; the type of mine needed; the physical obstacles to getting to the gold; and what impact a mine would have on the area's wildlife and environment. If the gold is close to the surface, the engineers will design an open-pit mine; if the gold is buried deeply, they will plan an underground mine.

Building a Mine: Be prepared: Before the gold can be mined, an infrastructure must be created. Even if the gold is close to the surface, the simplest open-pit mine can take up to a year to build. In fact, the time between discovering gold and actually bringing it out of the earth can be up to five years. Since mines are often in remote locations, an entire infrastructure – roads, administrative offices, equipment storage areas, even towns, schools and medical facilities – must be built. The plans for the mines must be given the green light by a number of authorities at each level of government. Also, the mining company must put aside money for reclaiming the land once the gold is mined. In all, the preparation process can end up costing hundreds of millions of dollars – before a single ounce of gold is mined.

Mining and Processing - Taking the good from the bad: Ore samples are taken and examined for the metallurgical quality of the gold in order to determine the appropriate processing technique required to remove the gold. The mine site infrastructure includes a processing area where the ore is crushed and undergoes various processes depending on the nature of the associated minerals and then the loose rock is sent to the appropriate processing location. The process for low-grade ore is relatively simple: a cyanide solution is applied to the heap, dissolving the gold, which is then collected. High-grade ore, on the other hand, heads to the grinding mill for a more extensive process. There are several different ore types which require different processes for optimal recovery of the gold. For example:

1. *Oxide ore goes directly to the leaching circuit, where cyanide dissolves the gold.*
2. *Refractory ore, which contains carbon, is roasted at 1000 degrees Fahrenheit, burning off the sulphide and carbon, then heads to the leaching circuit.*
3. *Sulphide refractory ore, which does not contain carbon, is oxidized in an autoclave in order to separate the sulphide safely, and in an environmentally friendly manner, from the ore, which then enters the leaching circuit.*

In the leaching circuit, the gold is extracted from the solution and deposited onto activated carbon, from which the gold is then chemically stripped. The impure gold is then melted into doré bars, which are about 90 percent pure gold. These bars are usually shipped to a refinery where they undergo further processing.”

¹⁰ <http://www.barrick.com/Investors/AboutGold/HowGoldisProduced/default.aspx>;
<http://www.barrick.com/Investors/AboutGold/HowGoldisUsed/default.aspx>

Refining: From 90 percent to 99.99 percent pure: The refining process strips out the remaining impurities from the gold, which is either recycled scrap being upgraded or gold destined to become bullion bars. In the first step, crude gold is melted and treated with chloride, converting remaining metals to chlorides that will drift off the gold. The resulting 99.5 percent pure gold is cast into electrodes known as anodes, which are put into an electrolytic cell. After a current is passed through the cell, the end product is 99.99 percent pure gold.

Reclamation: Giving back the land: After a number of years, the gold reserves in a mine will be exhausted. In the old days, a spent mine would be boarded up and abandoned, but nowadays a reclamation project returns the land, as much as possible, to its previous natural state. The project follows the plan submitted to government authorities before the mine was built, which details the strict guidelines the company will follow, during the life of the mine and its closure, to protect wildlife and the surrounding environment. The reclamation project will include such things as planting trees and grass, and returning wildlife to the area.”

Gold Uses:

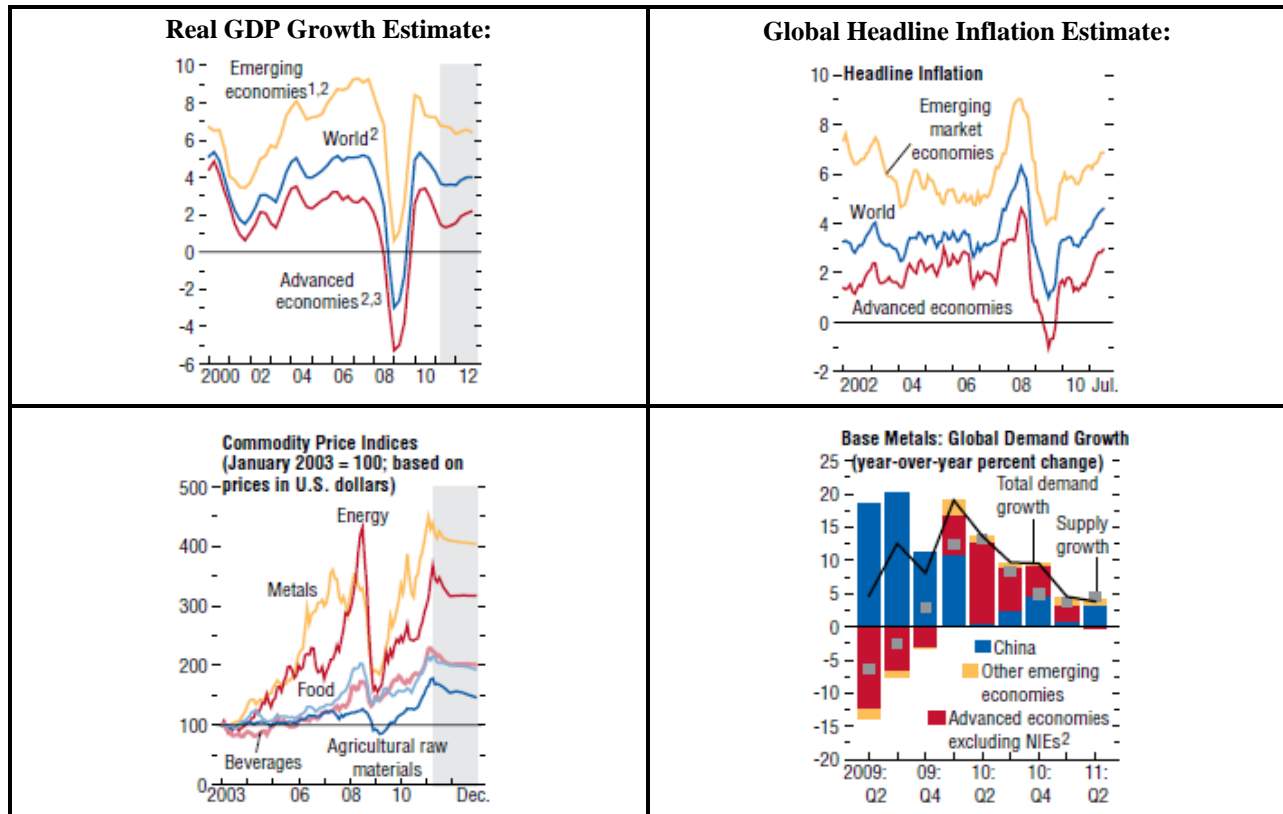
- *“Focused lasers: With gold-plated interiors, lasers give off a more focused beam, helping save the lives of heart patients suffering from once-inoperable heart conditions and tumors.*
- *Accurate thermometers: Gold-plated thermometers give accurate body temperatures of newborns and unconscious patients.*
- *Life-saving medicines: Biochemists use gold to bond with complex and compound materials, such as proteins, to create needed drugs.*
- *Genetic research: Researchers place gold on DNA strands to study the hybrid genetic material of cells.*
- *In cars, airbags depend on gold-coated contacts and electronic sensors for reliability, saving hundreds of thousands of lives in the past 15 years.*
- *In the air, commercial airplanes rely on gold-bonded compressor vanes to cool their turbines from exhaust that can reach up to 1150 degrees Fahrenheit.*
- *At work, gold-coated infrared equipment is used to detect a dangerous build-up of carbon monoxide and other air pollutants.*
- *Below ground, miners rely on gold-activated sensors to warn of low levels of oxygen and trigger an automatic replenishment in seconds.*
- *In spacewalks, an astronaut relies on gold coating to protect the vital lifeline tethering him to the ship, while the astronaut's eyes are shielded from the sun's rays by a gold-coated visor.*
- *In the space shuttles, rocket engines have four miles of gold-brazed tubing, which safely carries liquid hydrogen without melting the ship's nozzle at operating temperatures of up to 6000 degrees Fahrenheit.*
- *In geo-stationary weather satellites, sheets of gold-coated Mylar deflect heat that would otherwise degrade their performance.*
- *In the Hubble telescope, all parts of its electronic camera are coated with gold to insulate against heat damaging its celestial snapshots.*
- *Computers, the heart of the digital revolution, depend on gold circuitry.*
- *Electronics and telecommunications equipment count on gold for reliable performance, since gold does not corrode in normal atmospheric conditions.*
- *Trading in securities and other financial instruments depends on gold for static-free transmissions worth billions of dollars.*
- *National security is aided through the major role gold plays guaranteeing the reliability of sophisticated electronic monitoring and communications.”*

IMF World Economic Data and Outlook

Updated 9/11/11 and entitled “*Slowing Growth Rising Risks*”¹¹, the International Monetary Fund (IMF) update provides the following summary addressing anticipated global growth and calling for a range of governmental actions including accommodative monetary policy:

“Relative to our previous World Economic Outlook last April, the economic recovery has become much more uncertain. The world economy suffers from the confluence of two adverse developments. The first is a much slower recovery in advanced economies since the beginning of the year, a development we largely failed to perceive as it was happening. The second is a large increase in fiscal and financial uncertainty, which has been particularly pronounced since August. Each of these developments is worrisome— their combination and their interactions more so. Strong policies are urgently needed to improve the outlook and reduce the risks...

Base metal prices are expected to remain broadly stable despite the moderate rebound in global economic growth in the second half of 2011. On the demand side, as noted above, base metal demand growth in China is expected to remain broadly stable, while base metal consumption in advanced economies, which was still 12½ percent below its pre-crisis peak in the second quarter, is expected to recover gradually in the context of subdued economic growth. On the supply side, production, which surged in the first half of 2010 following a sharp decline during the Great Recession, should remain close to its average rate of expansion of about 3½ percent (year over year)—with some variations across metals—making for broadly balanced market conditions at current high prices.”



¹¹ <http://www.imf.org/external/pubs/ft/weo/2011/02/pdf/text.pdf>

Outlook for Gold Prices

World Gold Council Gold Demand Trends Q2 2011¹² Report Predicts Optimistic Near Term Demand for Gold: The World Gold Council is the market development organization for the gold industry and an association whose 22 members comprise the world's leading gold mining companies, representing approximately 60% of global corporate gold production. From the organization's Q2 11 Report:

“Second quarter global gold demand was 919.8 tonnes, worth US\$44.5bn – the second highest quarterly value on record. Year-on-year growth was broad based across sectors and geographies. India and China were the major contributors to growth in both jewelry and investment demand. We view the prospects for both markets for the remainder of the year as optimistic.”

Oxford Economics – “The impact of inflation and deflation on the case for gold”¹³ – Predicts that Gold is Likely to Perform Well through 2015 in Periods of Inflation, Deflation and Extreme Geopolitical Events:

Oxford Economics describes itself as one of the world's foremost global forecasting and research consultancies. Founded in 1981 as a joint venture with Templeton College, the business college of Oxford University, Oxford Economics has since grown into a major independent provider of global economic, industry and business analysis. From the July 2011 report:

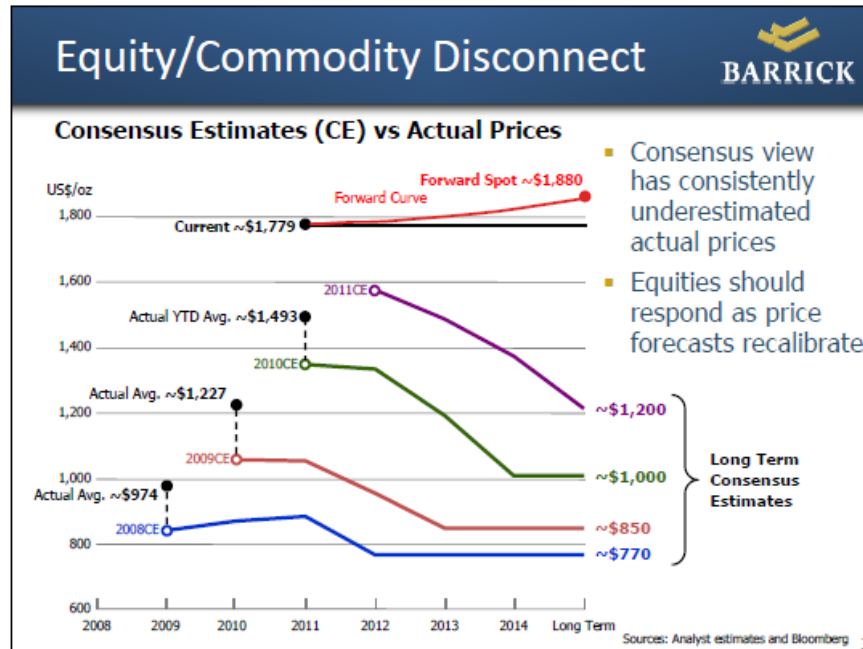
“Since 2007 the world has seen a period of considerable economic and financial volatility, during which gold has performed strongly with its price more than doubling. This performance has prompted some reappraisal of gold's properties as an investment vehicle.

- *Over the very long-term gold tends to hold its value in real terms, but short-run factors can move gold away from its long run equilibrium for extended periods. These factors include financial stress, political turmoil, real interest rates, inflation, central bank activity and the US dollar exchange rate.*
- *To begin our investigation into gold, we estimate an equation to explain gold price movements over the 1976-2010 period. The modelling approach suggests that all of the factors outlined above are significant short-run influences on the gold price and that shocks to the gold price tend to wear off relatively slowly. The equation also highlights the fact that whilst the current price of gold is comparatively high, the adjustment back to equilibrium could take place via a rise in the general price level, rather than a fall in the nominal value of gold.*
- *Using the estimated equation and Oxford Economics' Global Model, we examine the performance of gold relative to other assets from 2011-2015 over a number of variant economic scenarios. We find that while other assets outperform gold in the baseline scenario, gold performs relatively strongly in a high inflation scenario and also does comparatively well in a deflation scenario derived from a wave of defaults in the peripheral sharp rise in financial stress.* *“ eurozone countries.*
- *The scenario analysis confirms gold's' properties as a hedge against extreme events; properties that may be especially valuable given the considerable uncertainties still facing the world economy.”*

¹² http://www.gold.org/investment/research/regular_reports/gold_demand_trends/

¹³ <http://www.oef.com/Free/pdfs/goldjul11.pdf>

Barrick Gold (NYSE: ABX) Argues¹⁴ that Consensus Estimates are Consistently Low for Gold Prices: As evidence of the Company's insight into the direction of gold prices, in Q3 09 when gold was under \$1,000, ABX raised \$5.1 billion in capital and took a \$5.6 billion charge as part of its plan to eliminate the Company's gold hedges.¹⁵ From the presentation the world's largest gold producer made at the September 2011 Denver Gold Forum:



Goldman Sachs Raises Gold Price Estimate and JP Morgan Estimates Gold Could Test \$2,500¹⁶: “Amid generalized desperation and expectations that the dollar will continue to fall, experts at JPMorgan and Goldman Sachs raised their price estimates, with the former even saying the shiny metal could test \$2,500 an ounce by year’s end.”

Wells Fargo Warns of a Gold Bubble¹⁷ While Standard Chartered Bank Argues that Severe Supply Constraints Could Push gold to \$5,000¹⁸: Because gold offers no earnings or yield, Wells Fargo’s Erik Davidson notes that the asset price may drop rapidly: “When fear subsides, inflation doesn’t skyrocket, and everything begins to return to ‘normal,’ demand for gold can fade away quickly.” Despite the potential for volatility, Davidson adds: “gold is a commodity that should be held as a part of a larger, diversified allocation to commodities that is frequently rebalanced. That’s a view we’ve echoed when gold topped \$1,500 and \$1,600 an ounce earlier this year.”

Analyst Yan Chen argues that central banks have now become significant net buyers of gold and speaks to China’s potentially enormous disruption on the market: “Currently, only 1.8 percent of China’s foreign exchange reserves is in gold. If the country were to bring this proportion in line with the global average of 11 percent, it would have to buy 6,000 more tonnes of gold, equivalent to more than 2 years of gold production.”

¹⁴ http://barrick.com/Theme/Barrick/files/docs_presentations/2011/Barrick-Denver-Gold-Forum-2011.pdf

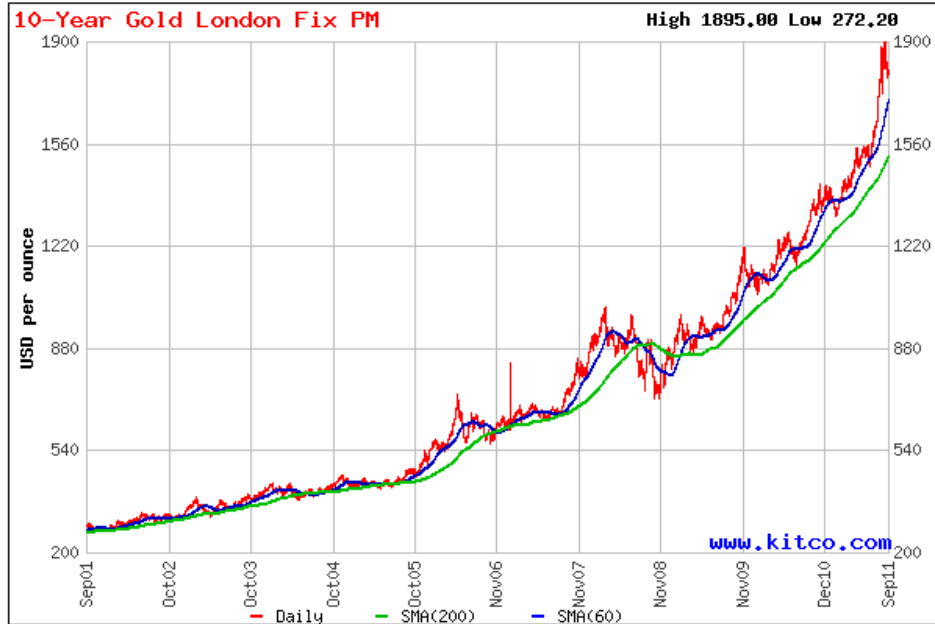
¹⁵ http://www.barrick.com/Theme/Barrick/files/docs_presentations/2009-Q3-Webcast-Presentation.pdf

¹⁶ <http://www.forbes.com/sites/afontecchia/2011/08/09/gold-hits-all-time-high-of-1778-as-jpmorgan-says-it-could-test-2500/>

¹⁷ <http://moneywatch.bnet.com/investing/blog/investment-insights/gold-bubble-alert-wells-fargo-warns-clients/2313/>

¹⁸ <http://www.cnbc.com/id/43396080>

Silver and Gold Price Charts from KITCO¹⁹ and CPM Group Show Exponential Increase over the Last 10 Years



¹⁹ http://www.kitco.com/charts/CPM_charts.html

Data from Van Eck™ Global Market Vectors Gold Miners Indices

NYSE Arca Gold Miners Index (GDM)²⁰

Description: GDM is a modified market capitalization-weighted index comprised of publicly traded companies involved primarily in the mining for gold. Companies eligible for inclusion in Index:

- Involved primarily in the mining for gold
- Market cap exceeding \$100 million
- Daily average trading volume of at least 50,000 shares over past six months

Recent Fund Performance*:

Year to Date: -10.2%

1 Year: -0.67%

**The performance quoted represents past performance. Past performance is no guarantee of future results. Performance may be lower or higher than performance data quoted. Performance current to the most recent month-end is available by calling 1.888.MKT.VCTR.*

Recent Top Index Constituents:

Barrick Gold Corp ABX US
 Goldcorp Inc GG US
 Newmont Mining Corp NEM US
 Kinross Gold Corp KGC US
 AngloGold Ashanti Ltd AU
 Gold Fields Ltd GFI US
 Cia De Minas Buenaventura Sa BVN US
 Agnico-Eagle Mines Ltd AEM US
 Silver Wheaton Corp SLW US
 Yamana Gold Inc AUY US

Recent Select Valuation Metrics:

PRICE/EARNINGS RATIO: 17.9x
 PRICE/BOOK RATIO: 2.2x
 MARKET CAP: 88% over \$5 billion

Market Vectors Junior Gold Miners Index (GDXJ)²¹

Description: GDXJ is a rules-based, modified market capitalization-weighted, float-adjusted index comprised of a global universe of publicly traded small- and medium-capitalization companies that generate at least 50% of their revenues from gold and/or silver mining, hold real property that has the potential to produce at least 50% of the company's revenue from gold or silver mining when developed, or primarily invest in gold or silver.

Recent Fund Performance*:

Year to Date: -29.4%

1 Year: -9.4%

**The performance quoted represents past performance. Past performance is no guarantee of future results. Performance may be lower or higher than performance data quoted. Performance current to the most recent month-end is available by calling 1.888.MKT.VCTR.*

Recent Top Index Constituents:

Alamos Gold Inc
 Aurico Gold Inc
 Perseus Mining Ltd
 Minefinders Corp
 Medusa Mining Ltd
 Silvercorp Metals Inc
 Nevsun Resources Ltd
 Kirkland Lake Gold Inc
 Northgate Minerals Corp
 Aurizon Mines Ltd

Recent Select Valuation Metrics:

PRICE/EARNINGS RATIO: 16.3x
 PRICE/BOOK RATIO: 2.4x
 MARKET CAP: All under \$5 billion

²⁰ <http://www.vaneck.com/index.cfm?cat=3193&cGroup=INDEX&tkr=GDX&LN=3-03>

²¹ http://www.vaneck.com/index.cfm?cat=3192&cGroup=ETF&LN=3-02&tkr=GDXJ&LN=3_02

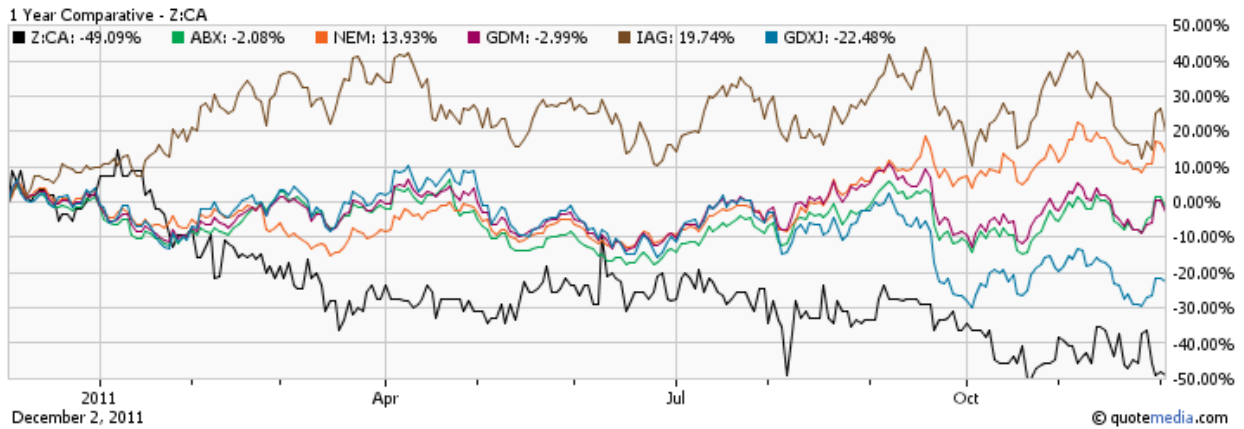
Stronghold Risks

Stronghold operations and share performance are subject to a number of risks and uncertainties, including those outlined in various Company reports which should be read in conjunction with this report. These risks include:

- The ability of the Company to continue as a going concern and meet its commitments as they become due, including exploration and development of its mineral interests, is dependent on the Company's ability to obtain the necessary financing. Management is planning to raise additional capital to finance operations and expected growth, and is looking at strategies to partner or dispose of its mineral interests. If the Company is unable to obtain additional financing, the Company will be unable to continue.
- The Company has not yet determined whether its properties contain mineral reserves that are economically recoverable. Ultimately, the Company continuing as a going concern is dependent upon its success in locating properties with economically recoverable resources and attaining either profitable operation from those properties or the proceeds from the disposition of those properties.
- The Company's consolidated financial statements do not reflect any adjustments that would be necessary if the going concern assumptions were not appropriate.
- The Company's investment in and expenditures on mineral properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent on establishing legal ownership of the properties, on the attainment of successful commercial production or from the proceeds of their disposal. The recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the properties, and upon future profitable production or proceeds from the disposition thereof. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values.
- Although the Company has taken steps to ensure the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures may not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.
- Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral property interests, the potential for production on the property may be diminished or negated. The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company. As at May 31, 2011 and 2009, the Company has determined that no provision for asset retirement obligations is required.

Stronghold and Comparable ETF Performance Chart from quotemedia.com

Barrick: ABX	Newmont: NEM	NYSE Arca Gold Miners Index: GDM
IAMGOLD: IAG	Stronghold Metals: TSX.V: Z	Market Vectors Junior Gold Miners Index: GDXJ



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Analyst

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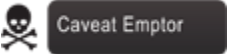
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Overview of the OTCMarkets²²

The OTC market is made up of many different types of companies, ranging from OTCQX companies worthy of investor consideration to economically distressed companies to speculative shell companies. Due to the wide range of OTC companies, Pink OTC Markets developed the OTC Market Tiers to help bring increased clarity, transparency and disclosure to the OTC Market. All non-OTCQX OTC securities are assigned a Market Tier based on their reporting method (SEC Reporting, Alternative Reporting Standard) and disclosure category – Current, Limited or No Information. Securities listed on OTCQX, the highest OTC Market Tier, are required to have Current disclosure in addition to the OTCQX requirements. Securities within OTCQB Market Tier must be SEC, Bank or Insurance reporting and must be Current in their disclosure. The OTC Market Tiers, ranked from highest to lowest, include the following:

	<p>The OTCQX marketplace is the premier tier of the U.S. over-the-counter market. Investor-focused companies use the quality-controlled OTCQX platform to offer investors transparent trading, superior information, and easy access through their regulated U.S. broker-dealers.</p>
	<p>The OTCQB market tier helps investors easily identify companies that are Registered and current in their reporting obligations with the SEC or report to a U.S. banking or insurance regulator. OTCQB securities are quoted on Pink OTC's quotation and trading system and some may also be quoted on FINRA's OTCBB. See OTCQB Fact Sheet</p>
	<p>This security is one of approximately 30 OTC securities that are quoted solely on FINRA's OTCBB quotation system so market makers must use the telephone to make any trades.</p>
	<p>Companies that follow the International Reporting Standard or the Alternative Reporting Standard by making filings publicly available through the OTC Disclosure & News Service pursuant to Pink OTC Markets Guidelines for Providing Adequate Current Information (pdf) are designated as Pink Sheets Current Information. The Current Information category is based on the level of disclosure and is not a designation of quality or investment risk. This category includes shell or development stage companies with little or no operations as well as companies without audited financials and as such should be considered extremely speculative by investors</p>
	<p>Designed for companies with financial reporting problems, economic distress, or in bankruptcy to make the limited information they have publicly available. The Limited Information category also includes companies that may not be troubled, but are unwilling to meet Pink OTC Markets' Guidelines for Providing Adequate Current Information. Companies in this category have limited financial information not older than six months available on the OTC Disclosure & News Service or have made a filing on the SEC's EDGAR system in the previous six months.</p>
	<p>Indicates companies that are not able or willing to provide disclosure to the public markets - either to a regulator, an exchange or Pink OTC Markets. Companies in this category do not make Current Information available via the OTC Disclosure & News Service, or if they do, the available information is older than six months. This category includes defunct companies that have ceased operations as well as 'dark' companies with questionable management and market disclosure practices. Publicly traded companies that are not willing to provide information to investors should be treated with suspicion and their securities should be considered highly risky.</p>
	<p>There are no market makers in this security. It is not listed, traded or quoted on any stock exchange, the OTCBB or the Pink Sheets. Trades in grey market stocks are reported by broker-dealers to their Self Regulatory Organization (SRO) and the SRO distributes the trade data to market data vendors and financial websites so investors can track price and volume. Since grey market securities are not traded or quoted on an exchange or interdealer quotation system, investor's bids and offers are not collected in a central spot so market transparency is diminished and Best Execution of orders is difficult.</p>
	<p>Buyer Beware. There is a public interest concern associated with the company, which may include a spam campaign, questionable stock promotion, known investigation of fraudulent activity committed by the company or insiders, regulatory suspensions, or disruptive corporate actions. During the time it is labeled Caveat Emptor, any stock that is not in the Current Information category will also have its quotes blocked on otcmarkets.com.</p>

²² <http://www.otcmarkets.com/pink-sheets/learn/otc-market-tiers>