

LAREDO RESOURCES CORP. Leveraging Rich Site History and Huge Potential

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LAREDO RESOURCES CORP. (OTC:QB – LRDR - \$0.085)

Price Target: \$0.35

Rating: Speculative Buy

COMPANY SNAPSHOT

Laredo Resources Corp. is an exploratory mineral company engaged primarily in gold mining and processing. The Company acquired the rights from Magna Management Ltd. to the property known as Pony Mountain Gold which is located in the Mineral Hills District in southwestern Montana. This 4,000 acre package of properties has 128 patented and unpatented mining claims. The underground hard rock vein sites consist of several properties assemblies of which several have been previously explored and mined. It is estimated that over 300,000 ounces of gold were mined.

KEY STATISTICS

Price as of 10/24/13	\$0.085
52 Wk High – Low	\$0.84– 0.015
Est. Shares Outstanding	178.5M
Market Capitalization	\$15.2m
3 Mo Avg Vol	26,000
Exchange	OTC:QB

COMPANY INFORMATION

Laredo Resources Corp.
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INVESTMENT HIGHLIGHTS

Leveraging the historical mining successes in the region and on the site itself, Laredo Resources Corp. appears poised to take advantage of one of the most attractive mining opportunities in the Northwest region of the United States.

The Pony Mountain Gold site is located in the Mineral Hills District in southwestern Montana. The property is a proven producer of gold dating back to the 1800's.

With approximately 100,000 tons of dump material on the site that could produce gold, the size of the near term opportunity is simply huge. Earlier this month the process of hauling from dumps of ore material located on the Pony property to a staging area at the base of the property, in order to be prepared for crushing and shipping has already commenced.

In the short term, investors benefit not only from a sharply rising gold price in recent weeks, but greater activity and higher valuations for gold mining stocks.

With a long history of mining success on the property as well as major finds on adjacent properties, we believe that the undervalued Laredo offers great potential. As management executes its very achievable and conservative operations plan, these shares are likely to spike higher. We rate Laredo Resources Corp. a Speculative Buy with a 6-12 month price objective of \$0.35.

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COMPANY OVERVIEW

Laredo Resources Corporation is an exploratory mineral company engaged primarily in gold mining and processing. In November of 2012, the Company acquired the rights from Magna Management Ltd. to the property known as Pony Mountain Gold which is located in the Mineral Hills District in southwestern Montana.

Image I: Location of Laredo Resources Pony Mountain Gold Site

(Source: www.LaredoResources.com)



Image I above shows the locale of the 4,000 acre package of properties known as Pony Mountain Gold that has 128 patented and unpatented mining claims. The underground hard rock vein sites consist of several properties assemblies by local families and geologists over the years of which several have been previously explored and mined. It is estimated that over 300,000 ounces of gold were mined from the late 1800's into the early part of the 20th century.

In addition, there is approximately 100,000 tons of dump material on the site that could produce gold. On October 16th the Company announced that M & W Milling and Moen Excavation were in the process of hauling from dumps of ore material located on the Pony property to a staging area at the base of the property, in order to be prepared for crushing and shipping. These dumps have already undergone bulk sampling and will be tested more rigorously by a resident geologist to determine the exact grades of gold in the stock piles and to assist in monitoring the material before any shipment. Later this month, the 100-ton capacity crusher plant will be moved to the site to expedite the process.

Figure 1: Laredo Resources Two-Stage Operations Plan

OPERATIONS - STAGE 1	OPERATIONS - STAGE 2
• Establish \$2 million in working capital	• Implement aggressive, 50-hole drill program primarily from underground.
• Analysis of the Pony Mountain Gold dump material to be processed by Golden Sunlight mill, owned and operated by Barrick Gold	• Seek to identify gold/silver targets, after extensive sampling & drill program
• Purchase of ore crusher & establishment of ore crushing site with positive economic analysis of dump material	• Establish shipment schedule and strategy for the low-grade, dump material to the Golden Sunlight mill
• Invest in exploration & drilling from underground	

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Laredo Resources has an aggressive two-stage plan for its stake in the Pony Mountain Gold properties. The sites are strategically located with excellent infrastructure for mining including roads, water, and hydro resources. The town of Pony is located about 25 miles from both the low-grade Golden Sunlight Mill (owned and operated by Barrick Gold Corp. – NYSE - ABX) and from the high-grade M&W Mill at Alder Gulch. Laredo Resources will also have access to significant underground and surface mining equipment, and a repair and maintenance facility at the M&W Mill once exploration begins. Finally, it is estimated that the Pony Mountain Gold Property has approximately 100,000 tons of dump material that could be milled at the Golden Sunlight Mill.



Image I. Mountain Cliff Site
(Source: www.LaredoResources.com)



Image II. Strawberry-Keystone Site
(Source: www.LaredoResources.com)



Image III. M&W Mill at Alder Gulch (adjacent property)
(Source: www.LaredoResources.com)

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INDUSTRY AT A GLANCE

The rise in price of gold due to global economic uncertainty over the last decade has spawned a gold boom over that time. Despite the recent reduction in gold prices this year, gold just hit a 5-week high and remains 250% above the price in 2003. Easy monetary policies of the United States and other industrialized nations still make it a strong speculative and hedging opportunity. *Figure 1* illustrates the steady rise of gold prices over the last ten years. As evidenced by the chart, gold generated a return close to a 400% over a seven year period from the fall of 2003 to 2010 as investors largely used gold as an ever-increasing portion of investment portfolios as a hedge against the decline of currencies, inflation, and low interest rates.

Figure 2: The 10-Year Spot Price of Gold

(Source: www.Kitco.com)



Figure 3 below represents a sampling of the latest gold price estimates over the next two years from some of Wall Street's leading investment banks. While the average consensus price each year varies, the \$1300 level appears to be a general floor for the yellow metal.

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Figure 2: Most Recent Analysts' Forecast for Gold

Firm	Forecast Date	2013 Forecast Price	2014 Forecast Price
Citi	9/25/2013	\$ 1,405	\$ 1,250
Morgan Stanley	6/25/2013	\$ 1,409	\$ 1,313
HSBC	9/13/2013	\$ 1,446	\$ 1,435
Goldman Sachs	6/24/2013	\$ 1,300	\$ 1,050
Deutsche Bank	6/25/2013	\$ 1,431	\$ 1,338
UBS	6/20/2013	\$ 1,440	\$ 1,325
	<i>Consensus Price</i>	\$ 1,405	\$ 1,285

The general theory behind the relatively flat price of gold over the next year is that world economies are generally improving and easy monetary policies will subside, thus decreasing demand from the investor side. However, HSBC raised its outlook for gold for the rest of 2013 in September citing, "Physical demand for jewelry, coins, and bars from China, especially, are supportive and becoming a key driver". Another factor to consider is the currency exposure gap for gold by worldwide central banks, including China, which is alarming given that it is now the second largest economy in the world. Additionally, there is the consideration that inflation could be a serious issue longer term given the extent and time duration of the Fed stimulus, which could amplify, creating an undervalued opportunity to capitalize on another potential gold boom.

LAREDO LEADERSHIP

Robert Gardner - President, Chief Executive Officer, Chief Financial Officer, Director

Mr. Gardner became the CEO, CFO, Secretary, Treasurer, and Director for the firm in September of 2012. At this point he is a one man show, but there is a solid business plan in place and he is a seasoned veteran in mining exploration with over 10 years of experience with several firms in some sort of a C-Level or Director capacity. A graduate of Cambridge University in the UK, he came to British Columbia in the mid-60's and had a prolific 35 year career in law with his firm Gardner & Associates in Vancouver. Since his move into mineral exploration and mining he has served with a plethora of companies including Q-Gold Resources Ltd, Genco Resources (now Silvermex Resources, Inc.), Kootenay Gold, Inc., Andover Resources, Consolidated Mining, Bolero Resources Corporation, and Getty Copper.

RISK FACTORS

As is the case with most early stage mining and exploration companies, Laredo's biggest overall risk factor is not achieving success in "striking gold" in its primary project. In our view, the primary risk factor is related to any missteps or delays the commencement of meaningful resource surface extraction. Considering the relative size of the region's and site's production history and data, we deem it unlikely that gold mineralization will not occur. A near term risk is access to capital. In order to fund continued exploration and then production,



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Laredo management must maintain access to capital. Still, given that the needs for capital are a fraction of the usual requirements due to the unique resource depth and extraction methods, we believe that this access to capital on fair terms should be favorable to the company and investors. With a solid management team, we are confident that Laredo will be in good financial shape throughout this process and achieve profitability early on in the production stage.

VALUATION AND CONCLUSION

Leveraging the historical mining successes in the region and on the site itself, Laredo Resources Corp. appears poised to take advantage of one of the most attractive mining opportunities in the Northwest region of the United States. The Pony Mountain Gold site is a proven producer of gold dating back to the 1800's, and with approximately 100,000 tons of dump material on the site that could produce gold, the size of the near term opportunity is huge.

With a long history of mining success on the property as well as major finds on adjacent properties by some of the world's largest mining exploration and mining companies, we believe that the undervalued Laredo offers great potential. As management executes its very achievable and conservative operations plan, these shares are likely to spike higher, aided in part by rises in gold prices and other mining stocks, which are under broad accumulation. We rate Laredo Resources Corp. a Speculative Buy with a 6-12 month price objective of \$0.35.

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Recent Trading History For LRDR

(Source: Stockta.com)





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Senior Analyst: Robert Goldman

Rob Goldman founded Goldman Small Cap Research in 2009 and has over 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

Analyst Certification

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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