

QuickNote

TAKU GOLD**August 26, 2011**

TAK-TSXV \$0.19

Rating: BUY (Speculative)

Target Price: N/A

Market Capitalization (Basic): \$12.9 million

METALS & MINING

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2011 Sampling Program Complete – Drilling Started at Portland

Event

- The company announced that the deep auger soil sampling stage of the 2011 exploration program is now complete on the Aussie-Melba, Bishop, Burnham, Dan, Sulphur, Montana, Rosebute, and Wounded Moose properties, with complete results still pending for these areas.
- Taku has now moved into the second stage of the 2011 exploration program with diamond drilling underway at the Portland property, with the goal of the drill program to test the continuity of a gold-bearing structure first identified as the Gold Run showing. Trenching in 2010 traced the structure over a strike length of 250 metres on surface.

Discussion

- During our recent site visit we were impressed by the potential demonstrated by the gold-in-soils anomalies discovered to date. Presently we believe that Taku is only hindered by the short drilling season and the late delivery of their only core drill. Their originally planned 4,000 metre drill program will likely be cut-back to 3,000 metres simply due to the practical constraints presented by the Yukon's climate (i.e. snow's hindering access, limited daylight for helicopter mobilization and de-mobilization, freezing of water lines and water sources for drilling, etc.).
- The company has drilled two holes at Portland and a third was underway during our site visit. Assuming a September 15th drop-dead date for drilling and no other issues (i.e. mechanical, etc.) the company should get a total of 7 to 10 holes completed at Portland. Additional holes might be completed on targets at the Sulphur and Bishop properties post September 15th. Both these properties are at lower elevations and hence will not suffer from as severe a freeze up as Portland.
- Of the two holes drilled, one had visually intersected a structure that seemed to straddle the contact between an augen gneiss unit and a chlorite schist unit. The structure was visually clay altered with poor rock quality, limonitic staining, and trace sulphides. The width of the structure was approximately 4 metres and it was coincident with the depth projection of a historic surface showing identified via trenching. Based on current lab turnaround times we would not expect to see assays returned from these holes for at least 6 to 8 weeks. Given the anomalous gold results in surface trenching immediately above the drilled intercepts, we would expect the structure to show at least anomalous gold values.
- We view the late start and limited amount of drilling expected this season as disappointing. This is mitigated somewhat by the company's aggressive property acquisition and first pass soil geochemical sampling program. This strategy should leave them very well positioned for an aggressive (and hopefully earlier start) drill campaign next season.
- Based on Taku's significant landholdings, favourable location and preliminary indications of mineralized structures (good soil geochemical anomalies) we view the company as one of the best positioned and lower risk juniors exploring in the White Gold District. Since Taku does not have significant resource ounces, and has not yet drilled to outline potential ounces in three dimensions, we are not setting a target at this time, but maintain our Buy (Speculative) recommendation.

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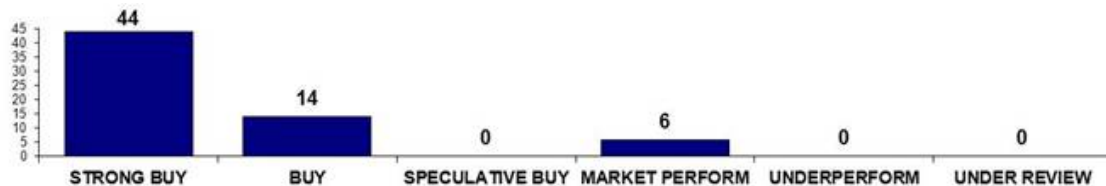
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The analyst who prepared this report has not visited the material operations of TAKU GOLD.

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