Growth Stocks Weekly

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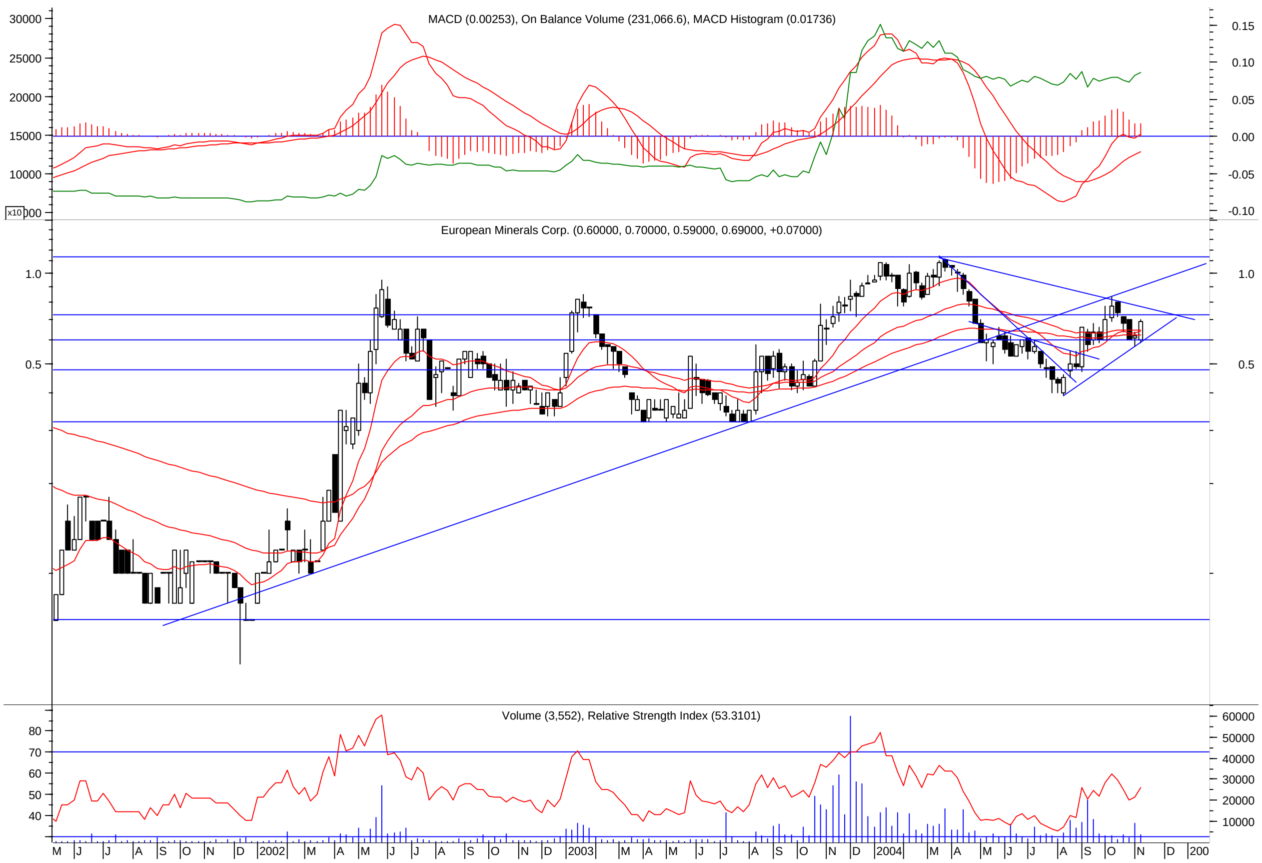
Performance: Year ended April 1996 **116.9%**; 1997 **28.1%**; 1998 **36.4%**; 1999 **39.4**%; 2000 **180.9**%; 2001 **-50.5%**; 2002 **18.7%**; 2003 **28.8%**; 2004 **166.7%**

Junior Gold and Natural Resource Sector Report

November 10, 2004

Overlooked Emerging Producer
UPDATE*

EUROPEAN MINERALS CORPORATION (EPM.U-TSX, EUM-London AIM)



Weekly chart, High US$2.25, Low US$0.05, Last Trade US$0.69

Our Initial Report was published September 10, 2004: GSW Junior Sector Report-European Minerals

NEWS HIGHLIGHTS:

- *Bankable Feasibility Study now complete*
- *Payback < 22 months at US$400/oz gold, US$1.10/lb copper*
- *Low US$108/oz of gold cash operating cost years 1-6*
- *Life of mine 15+ years*
- *Share price severely discounts NPV – potential takeover target*
- *Very low US$12.40 market cap per in situ oz of gold*

European Minerals Corporation (EMC) announced completion of the optimization of its Bankable Feasibility Study on its Varvarinskoye gold-copper project in Northern Kazakhstan today. EMC owns **86%** of the Varvarinskoye project. The optimized Study highlights a very commercially robust project with proven and probable mineral reserves containing **2.345 million ounces** of gold and **269 million pounds** of copper.

Financial Highlights:

All equity case, before taxes and royalties	**Project Base Case: US$375/oz gold, US$1/lb Copper**	**US$400/oz gold, US$1.10/lb**
NPV (0% discount)	US$301 million	US$371 million
NPV (10% discount)	US$114 million	US$147 million
IRR	35%	41%
Payback	26 months	22 months

Base Case Scenario

Operating Costs (using copper revenue as a credit)

- **US$108 per ounce of gold** cash operating cost years 1-6
- **US$170 per ounce of gold** cash operating cost life of mine (15 years)
- **US$219 per ounce of gold** total operating cost (including capital cost)

Capital Costs

- **US$94 million** (Reduced from US$123 million), comprising :
  US$80 million for process plant/mine infrastructure
  US$14 million for pre strip and stockpiling

Proven and Probable Reserves
The Varvarinskoye project contains a **diluted measured and indicated mineral resource of 117.6 million tonnes containing 3.8 million ounces of gold and 431 million pounds of copper.** From within this resource proven and probable mineral reserves are calculated to be 2.345 million ounces of gold at a gold price of US$375/oz and 269 million pounds of copper at a copper price of US$1.00/lb.

Mining operations to commence
EMC plans to develop Varvarinskoye by conventional open pit mining using hydraulic shovels and dump trucks at a rate of 4.2 million tonnes of ore per annum.

Open pit mining using 13 cubic metre hydraulic shovels matched with 91 tonne capacity trucks will enable the movement of 22 million tonnes of ore and waste per year (4.2 million tonnes of ore and 17.8 million tonnes of waste including low grade resource material) at a stripping ratio of 4.2:1. Estimated **mine operating cost is US$1 per tonne** of material mined, including G&A costs.

Management's goal is to begin construction in the second quarter of 2005 with the aim of the first gold pour in the third quarter 2006.

Opportunity
EMC and its financial advisor, Barclays Capital, the investment banking division of Barclays Bank PLC, disclosed that they are currently advancing project finance discussions with a group of potential lending banks.

EMC has received strong interest for the debt portion of the mine financing. Assuming the low-end of a conventional financing structure where 70% debt is provided, EMC will need to contribute approximately US$28.2 million to the capital cost. With about US$9 million in cash today a minimum US$20 million raise would seem necessary, probably more.

Current trading seems to be capping the share price at the US$0.70 level, almost entirely the result of Canaccord Capital's selling efforts. One could assume by the trading that a financing will be announced in this trading area, and would typically be for units consisting of one share and one ½ warrant. Hopefully the warrants would be exercisable north of US$1.00 given the company's severely discounted marketcap, in the interests of limiting dilution. Typically such a financing is placed institutionally, so retail investors are unlikely to gain access to such a financing. One could expect such a financing to be announced and see the books closed quickly.

There is of course a possibility that Canaccord does not get the nod, and that management attempts to fund at higher prices with another broker. In any case, from this discounted share price level there's so much inferred upside that, from an outside investor looking in, one just needs to be in the deal now.

Given the comfort provided by this Bankable feasibility we see a timely window for informed investors to accumulate positions in this undervalued opportunity ahead of institutional interest. **We are today adding 50,000 shares of EMU to our GSW Model Portfolio between US$0.67-0.70.**

Technicals

A new uptrend commenced off the US$0.40 area in August, clearing major resistance at the US$0.60 Fibonacci Retracement line and the 13, 40 and 80-week EMA's between US$0.60-0.65, now essentially starting to curl up from their flat profile. This area is now supportive to price (old resistance becomes new support once breached), having been tested and held these last 3 weeks. A thin band of resistance exists between US$0.72-0.80, the upper end of the zone being the top of the equilateral triangle. A breakout through the downtrend line would be very bullish and mark a move that should challenge the old highs set in early 2004.

Website: www.eurominerals.com

Shares Issued:	57 million
Fully Diluted:	70 million
Cash	US$9 million