

Growth Stocks Weekly

Publisher: Diversified Financial Solutions, Inc. ~ **Since:** May, 1995 ~ **Editor:** Richard Reinhard ~ **E-Mail:** reinhard@shaw.ca

Performance: 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%; 2005 28.2%; 2006 153.3%; 2007 8.8%; 2008 -25.2%

Junior Gold and Natural Resource Sector Report

February 10, 2009

Initial Report

“Venture to Grow”

Mega Silver (MSR-TSX Venture)



Daily chart, High C2.40, Low \$0.15, Last Trade \$0.48

Mega Silver (MSR-TSXv) commenced trading last year after completing a change of business to a mining company with the TSX Venture Exchange. In September 2007 the company announced that it had entered into agreements to acquire options to earn interests in several prospective silver exploration properties located in Mexico, British Columbia and the Yukon Territories. Mega Silver was a shell company controlled by Pinetree Capital whose chairman and CEO is Sheldon Inwentash. Pinetree sponsored Mega Silver's reorganization.

Pinetree Capital (PNP-TSX) is a Toronto-based high-profile financial advisory and merchant banking firm focused on the small cap market. Pinetree brands its approach using the slogan "venture to grow". It maintains a diversified investment portfolio primarily in the resources sector, primarily Oil & Gas, Uranium, Precious Metals and Base Metals. Their investment approach is to build a macro position in a sector, find the micro-cap opportunities within

that sector and work with those companies to build them to commercial production, and to create an exit. They tend to be ahead of the crowd and position into secular trends via well-positioned well-structured public companies. For more details about Pinetree and its investments, please visit their website at www.pinetreecapital.com.

Recent Events

On February 5th Mega Silver Inc. and Skybridge Development Corp. (SBD-TSXv) announced entering into a binding letter agreement to combine the companies through an all-share transaction. Skybridge will become a wholly-owned subsidiary of Mega.

Skybridge owns the Blue Caribou properties in Nunavut. The Blue Caribou properties include a high-grade copper deposit, with significant molybdenum and rhenium credits, and an appreciable gold zone. Skybridge also recently announced an agreement on the historical Laverty claims in the Red Lake gold camp and initiated geological and geophysical compilation work ahead of an upcoming drill program in Red Lake.

Mega Silver holds interests in the promising Spidermann, Fisher and Eagle claims in the historic Keno Hill silver camp in Keno Hill, Yukon. Mega Silver has identified several under-explored vein structures on its claims that form a continuous block immediately south of the historic Hector Calumet mine. Hector Calumet, the largest single producer in the Keno Hill camp, produced 96 million ounces of silver at a grade of 34 ounces per tonne.

Shareholders of Skybridge will receive one Mega common share in exchange for each 2.5 Skybridge common shares held. Upon completion of the transaction, Mega will issue approximately 8.3 million Mega common shares to Skybridge shareholders, approximately 23% of the 35.2 million outstanding Mega common shares following the transaction.

Mega has a cash position of approximately \$11.0 million as of Jan. 31, 2009. Each share in the combined company will have approximately 34 cents per share in cash upon closing of the transaction.

This transaction is a good fit strategically for both companies, combining Mega with Skybridge's strong management team and chairman, Ewan Downie. Mega also acquires a significant project in the Blue Caribou project, in addition to an excellent entry into the Red Lake gold camp in Ontario.

Ewan Downie is chairman of Skybridge and is President and CEO of Premier Gold Mines Limited. Mr. Downie founded and ultimately sold Wolfden Resources Inc. for \$361 million in 2007. Wolfden was the recipient of the NWOPA "Discovery of the Year" for the discovery of the East Bay gold deposit and again in 2005 for the discovery of the Bonanza gold deposit, in the burgeoning Red Lake gold camp. In 2004 Mr. Downie was named "Prospector of the Year" by PDAC for the discovery of the West Zone VMS deposit at High Lake In 2004. He serves on the boards of several other publicly traded companies.

Completion of the transaction is subject to a number of conditions, including a 15-day due diligence period, the approval of the TSX Venture Exchange, and a vote of Skybridge shareholders at a meeting to be held as soon as practicable during the second quarter of 2009.

History

In late 2007 Mega Silver entered into agreements to acquire options to earn interests in several prospective silver exploration properties, and has a policy of quickly weeding out the marginal properties in order to focus resources on the most promising. It has recently been adding to its promising silver properties in the Yukon Territories during 2008.

Mega Silver completed two private placements for 13,000,000 subscription receipts to raise gross proceeds of \$13,000,000, completed in early November 2007. As part of the placement one-half of one warrant was issued for each purchased share. Each whole warrant is exercisable into one common share of Mega Silver at \$1.50 for two years. Mega Silver also completed a flow-through financing issuing 2,750,000 flow-through units at a price of \$1.10 per unit to raise \$3,025,000. Each flow-through unit consisted of one flow-through common share and one-half of one common share purchase warrant at an exercise price of \$1.60 for a two year term.

The new shareholders that invested over \$16 million in this new initiative included some of Canada's leading institutional investors. Sheldon Inwentash resigned as president of Mega Silver to make way for the new management group. They put together a top management team and a collection of silver assets and exploration projects with good growth potential.

On January 31, 2008 Pinetree Capital announced that it acquired ownership of 750,000 common shares and 375,000 common share purchase warrants of Mega Silver. Each warrant entitles Pinetree to acquire one additional common share at a price of \$1.50 until November 6, 2009.

Before the proposed amalgamation with Skybridge, Pinetree held 2,640,600 common shares of Mega Silver. In the event that the convertible securities are fully exercised, Pinetree's holdings represented 19.7% of the total issued and outstanding common shares of Mega Silver as of January 3, 2008, calculated on a partially diluted basis assuming the exercise of the Convertible Securities only.

In November 2008 Mega Silver entered into an option agreement with Avino Silver & Gold Mines to earn the exclusive right and option to acquire a 100% title and interest in the Eagle Property located in the historic Keno Hill silver district, which has produced over 200 million ounces of silver. The Eagle Project is comprised of the SpiderMan property, the Fisher property and the recently acquired Eagle property in the historic Keno Hill silver district that has produced over 214 million ounces of silver. Mega Silver's total land position now covers 1,595.8 hectares in two adjacent claim blocks of 74 claims and 10 claims each on the southeast slope of Galena Hill.

The Eagle project includes historic surface trenches that expose the silver-lead-zinc mineralized Eagle Vein. The Eagle Vein is the only known significant, mineralized, transverse vein-fault hosted in Keno Hill Quartzite on Galena Hill that has not been developed and explored by underground drifting, in spite of repeated past recommendations to do so. The Eagle Vein is located roughly 1.5 kilometres south of and parallel to the vein structures of the Hector-Calumet Mine, which produced almost half of all metal produced in the Keno Hill camp from 1935 to 1972.

The contiguous Spider, Man and Ag claims are located on Galena Hill immediately to the east and along trend of the Eagle Vein. A 1971 geochemical soil survey completed by United Keno Hill Mines Ltd. (UKHM) of the property outlined a 300 metre lead-silver anomaly extending along strike from trenches exposing the Eagle Vein. The anomaly has not been explained by trenching, nor has it been drill tested.

The Fisher claims cover historic hand dug shafts where Bema Industries Limited reported in 1980 that a sample of galena-quartz vein material found in dumps assayed 22,311 g/t silver. The claim area has been the subject of various geochemical work programs in the late 1970s. Work completed by StrataGold in 2006 on the Fisher claims has outlined a moderate silver soil geochemical anomaly (values to 2.5 g/t Ag) extending a kilometre northeast from the historic shafts along a strong linear (McLeod fault?) towards and intersecting with the Eagle vein-fault structure.

The 2008 Mega Silver Work Program included the following:

- * A 610 line-kilometre airborne magnetic gradiometer and VLF-EM survey was flown over the entire Eagle Project area. Preliminary interpretation of the magnetic survey has indicated the continuation of a number of possible structures in the area of the Eagle vein and McLeod linear.

- * A detailed geochemical soil survey of the Spider, Man and Ag claims (249 samples), confirming the 1971 United Keno Hill Mines Ltd. The survey produced a strong linear, coincident, multi-element (Ag-Pb-Zn-As-Sb) anomaly extending more than 350 metres east across the Man claim along the trend of the Eagle vein. The core of the anomaly is highlighted by 14 samples ranging between 403 and 4,036 ppm lead, and 2.1 to 3.5 ppm silver.

- * Four trenches were attempted in 2008 to test the Fisher anomaly, but failed to penetrate through thick permafrost frozen overburden.

- * A total of 253 soil samples were collected on the Fisher grid area, increasing sample density and confirming the anomaly in the grid area, and expanding to the grid to the west over the area of the historic workings.

- * Geological mapping was limited, largely due to thick overburden on the south slope of Galena Hill.

The 2009 work program will focus on the Eagle vein structure.

- * Mega Silver intends to core drill 3,500 metres on the Eagle vein, Man geochemical anomaly area and structures indicated by the geophysical survey.

- * Mega Silver is also investigating a follow-up the Fisher geochemical anomaly with a rotary air blast (RAB) surficial drilling program in preparation of drilling in 2009.

Website: <http://www.megasilver.ca/>

Skybridge's Blue Caribou project

The Blue Caribou Property is a quartz rich, high grade copper and molybdenum prospect with byproduct silver and gold. Grades up to 9.6% copper, 0.07% molybdenum, 17.37 g/t silver and 0.31 g/t gold were obtained from select

grab samples on the surface in 2007. The 2008 +3000m drill program at Blue Caribou has returned interim assays up to 3.62% copper over 8.9m (29.2ft) and 4.28% copper over 5.0m(16.4ft) using a 1% copper assay cutoff.

The Blue Caribou Gold Zone is a distinct gold occurrence identified on the property in the Company's independent NI 43-101 technical report, but was never previously drilled. Gold values up to 7.3 g/t Au (grab) in the North Zone and 67.71 g/t Au (grab) in the South Zone are associated with an intensely altered volcanic sequence and an 8km magnetic high with quartz vein swarms and numerous as yet untested EM conductors. The Company is currently drilling this target as part of its current Phase 1 drill program.

These compelling gold and copper targets in a granodiorite-dominated terrane evoke an IOCG mineral deposit model near the intersection of the Bathurst Fault Zone and Thelon Front magmatic zone and suggest that the Skybridge management team may be on the verge of an exciting new discovery in the Arctic.

Skybridge's Red Lake Acquisition

In early February Skybridge announced the acquisition of the historic "Lavery" property in Red Lake, Ontario. The property consists of six patented mining claims totaling approximately 240 acres. The new acquisition is contiguous with the historic Hasaga and Howey gold mine properties which produced approximately 640,000 ounces of gold within similar host rock to those located on the Lavery property.

Historic exploration on the Lavery Property has confirmed the presence of extensive near-surface gold mineralization. According to government assessment files reviewed by the Company, significant near surface and laterally continuous gold values were intersected in historic drilling on the Property. Based on its 1981 report on drilling of the Lavery Property, Wilanour Resources Limited generated an historical "grade and tonnage" estimate of 790,000 tons at 0.08 oz/t gold using a 0.02 oz/t cutoff. Skybridge has initiated geological and geophysical compilation work on the Lavery Property in preparation for an upcoming drill program to be conducted under NI 43-101 quality assurance and quality control reporting standards.

The prolific Red Lake camp has produced more than 22 million ounces of gold and has current production of about 700,000 ounces of gold per year from the district's primary producer, Red Lake Gold Mines, a Goldcorp subsidiary. The Red Lake gold camp is one of the world's most productive gold mining districts and will likely continue to see substantial investment into new production and mineral processing infrastructure.

Website: www.skybridgedevelopment.com

Conclusion

We wish to increase our exposure to precious metals, and this combination of talent, properties and cash is hard to resist. With 34 cents per share in cash post-amalgamation, excellent management and a compelling property position, Mega Silver offers significant upside. Technically the shares are trending up and under accumulation, with support now moving higher as all three key moving averages trending up in unison. Initial resistance will likely be found in the mid-60 cents area, although post-merger the technical chart will reflect the combined shareholder base and may not trade based on the old MSR chart as expected.

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