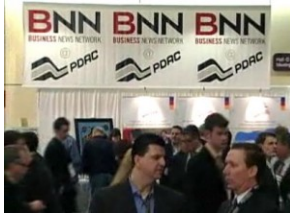


Eritrea: Market is Overreacting, Analyst Says

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PDAC

Analyst and Chief Commentator Peter Grandich from Agoracom was invited to comment on small cap mining stocks by BNN Market Call during the PDAC 2010 Mining Conference in Toronto.

He said the market is overreacting and the share price of mining companies in Eritrea is undervalued as a consequence of negative media coverage.

This overshadows some of the progress being made by mining companies such as Sunridge Gold and Nevsun Resources in Eritrea.

Nevsun, for instance, has completed its non-brokered private placement financing and is planning to go into production in late 2010 despite all the dramatic ups and downs in recent years.

Grandich believes that the worst of the bad news is behind them and that better days lie ahead, unless further tidal waves of bad press will continue to dominate the media.

He says that the UN has adopted sanctions not against the country as a whole, but against certain politicians and the military in Eritrea. He will update his rating on Nevsun and Sunridge Gold later this month after the UN has announced its decision, whether it is going to continue, increase or remove the sanctions on Eritrea.

“If Sunridge’s projects would be somewhere else in the world it probably would be three to four times the price of today. Its being penalized for being there, but if you are a believer like me eventually things will get better and they should be doing well in the long run,” says Grandich.

When he was asked to rate Eritrea on a risk scale against other places in the world he replied, *“You have to put it to the most riskiest when the UN has brought sanctions against them, but the good thing is the likelihood of things getting better is high as things cannot get much worse.”*

Experts believe the fact that Nevsun Resources managed to solve the question of financing will remove most of the fears that came from the UN sanctions against Eritrea.

Watch the episode on <http://watch.bnn.ca/market-call/march-2010/market-call-march-9-2010/#clip274281>