



GEOLOGIX EXPLORATIONS INC.

Price target increased on exploration success and increased size of target area

EVENT

In recent weeks Geologix Explorations Inc. announced positive analytical results from trenching in Zone 2 at San Agustin, expanding the width of surface mineralization to the three-times the size of the original mineralized zone and releasing positive assay results from diamond drilling on the San Agustin project in Durango State Mexico.

BOTTOM LINE

We maintain our **Speculative BUY** recommendation and we are increasing our one-year price target to \$4.25 (from \$2.20).

FOCUS POINTS

- Trenches “V”, “L”, “M” and “T” extend the Main zone and Zone 2 to the North and defined a new area of mineralization up to 300 metres wide and 1,000 metres long. Total width of Zone 2 is now 700 metres.
- Trench “V” assayed 246 metres at grades of 0.81g/t Au, 14g/t Ag, and 0.14% Zn.
- Zone 2 surface mineralization has been extended to 700m wide and by 500m on strike.
- Positive drilling results highlight the size of this mineralized system.
- Main zone is expanded to 400 metres wide.
- Surface mineralization has now been identified over 2.2 kilometres on strike and remains open in all directions and at depth.
- Drilling will continue well into 2008.

Company profile: Geologix is an exploration company focused on discovery in the Americas, of deposits with >1 M – 10 M ounce gold capacity.

Recommendation:

Speculative BUY

Symbol/Exchange:

GIX/TSX-V

Sector:

Mining and Metals

All dollar values in C\$ unless otherwise noted.

Current price:

\$2.54

One-year target:

\$4.25 ↑

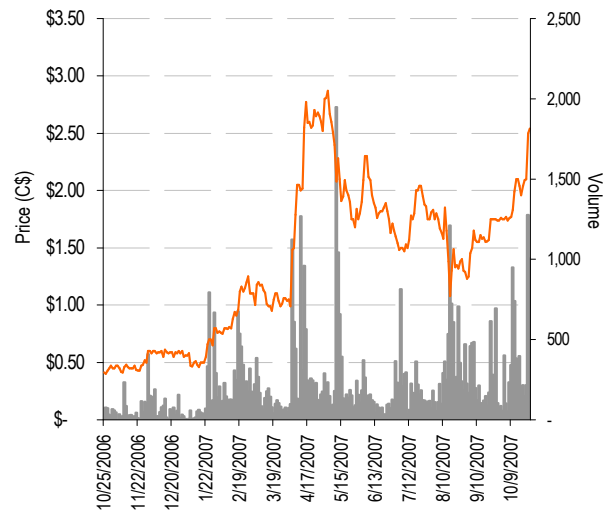
Target return:

67%

Financial summary

Basic Shares O/S (mm)	37.66	52-week Range	\$0.40-\$2.87
Shares Fully Diluted (mm)	46.20	Avg. weekly vol (000)	1,063,555
Basic Market Cap (mm)	95.65	Fiscal year-end	31-Dec

Source: Versant Partners, Company reports



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See disclosure and a description of our recommendation structure at the end of this report.

SUMMARY AND RECOMMENDATION

Our valuation of Geologix is based on the theoretical potential of what the company could be worth if the San Agustin project area proved to host an economic deposit of greater than 10 million ounces of gold equivalent.

The San Agustin project in Durango State Mexico is the flagship of the Geologix portfolio. It contains a historic NI 43-101 compliant inferred resource of 11.2 million tonnes at 1 gram per tonne gold and 13 grams per tonne silver at a 0.5 gram per tonne gold equivalent cut-off. This is equivalent to an inferred resource of 436,000 ounces.

With the recent success in both drilling and trenching, it is our opinion that there is a 50% probability of delineating a resource of 10M ounces of gold equivalent or larger at San Agustin. Assuming an eventual indicated resource of 10M ounces of gold equivalent at the same 0.5 gram per tonne cut-off is delineated at San Agustin and using a market valuation of \$50 per resource ounce based implies a project value of \$500M. We assume further financing requirements for both exploration and final payment to Silver Standard to result in an eventual 58.5M shares outstanding and a value per share of \$8.55. We discount this full valuation by 50% to represent our perceived exploration risk at this stage of the project to derive a target price of \$4.55. As work continues at San Agustin we will revisit our valuation.

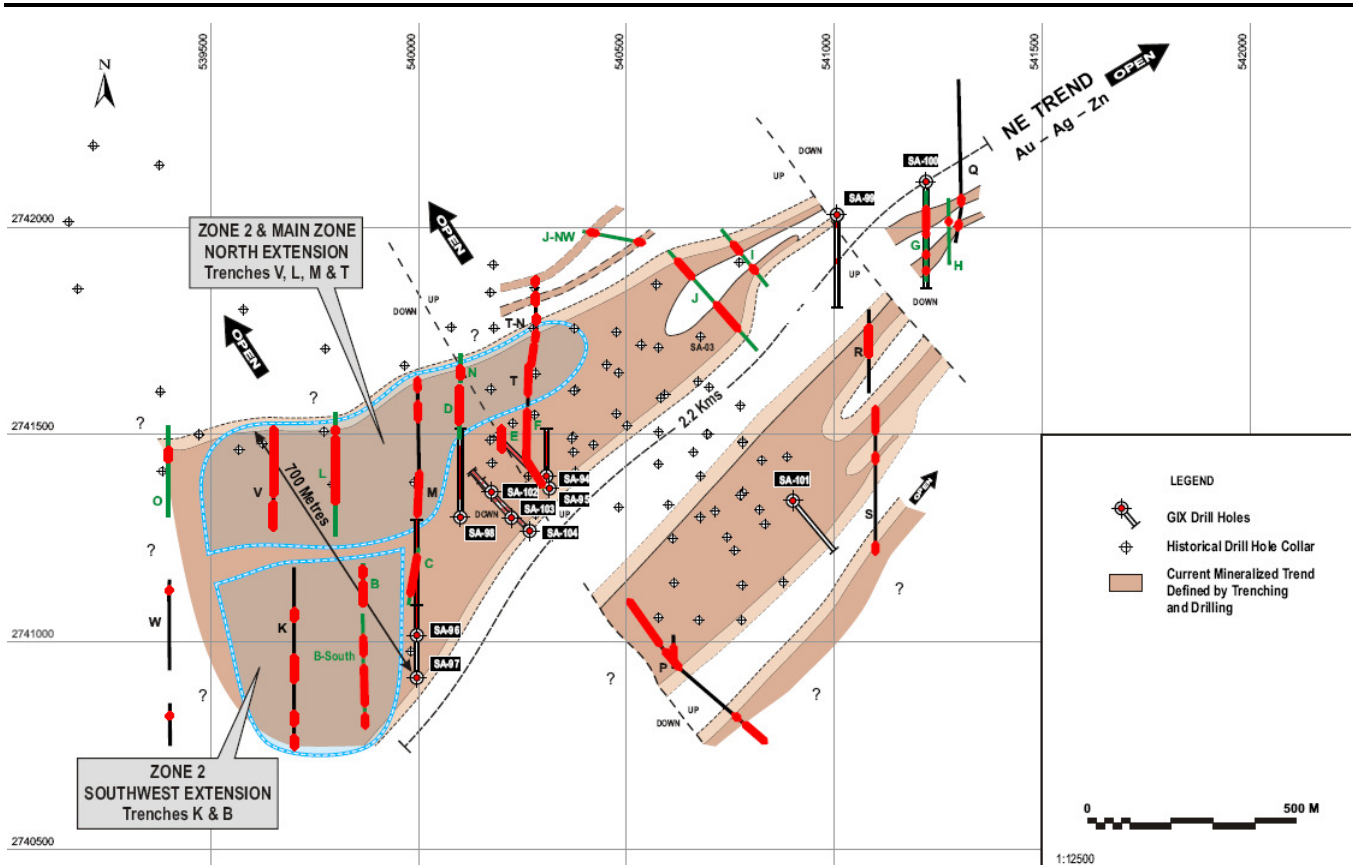
Exhibit 1. Valuation of Geologix

	10,000,000 Au Eq Ounces	
\$	50.00	Value per Au eq ounce
\$	500,000,000.00	Insitu value of resource
	58.5 Million shares outstanding post financings	
	1 CDN/US Exchange Rate	
\$	8.55	Full value per share outstanding
\$	4.27	Discounted 50% for geological risk

Source: Versant Partners

SUMMARY OF RECENT EXPLORATION ACTIVITY

Exhibit 2. San Agustin Phase II Trenching Results, Plan View – Zones Main, 2, 3 & 4



Source: Geologix Explorations Inc.

Recent trenching indicates that mineralization continues to the north and west of the known resource. The main zone and zone 2 have a combined length of over 1000 m and more than 300 m wide with mineralization known to continue along strike for at least a total length of 2.2 km. The footprint of this mineralization is substantially larger than originally thought. If diamond drilling replicates the trenching success at depth there is potential for a large poly-metallic deposit similar to Goldcorp’s Peñasquito.

Exhibit 3. Summary of recent trench results

Zone	Trench	Total Trench Length (metres)	From (metres)	To (metres)	Interval (metres)	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)
Zone 2	"V"	246	0	246	246	0.81	13.92	0.03	0.14
North Extension		including	0	57	57	2.56	9.72	0.02	0.27
Zone 2	"L"	298.27	39	48	9	0.43	14.03	0.163	0.194
North Extension	previously reported		72	225	153	0.66	4.41	0.761	0.62
Zone 2	"M"	336	0	102	102	0.31	7.51	0.13	0.12
North Extension	previously reported		231	270	39	0.15	4.08	0.04	0.17
			303	327	24	0.19	3.75	0	0.59
Main Zone	"T"	315	30	159	129	0.40	4.11	0.01	0.13
North Extension	previously reported								

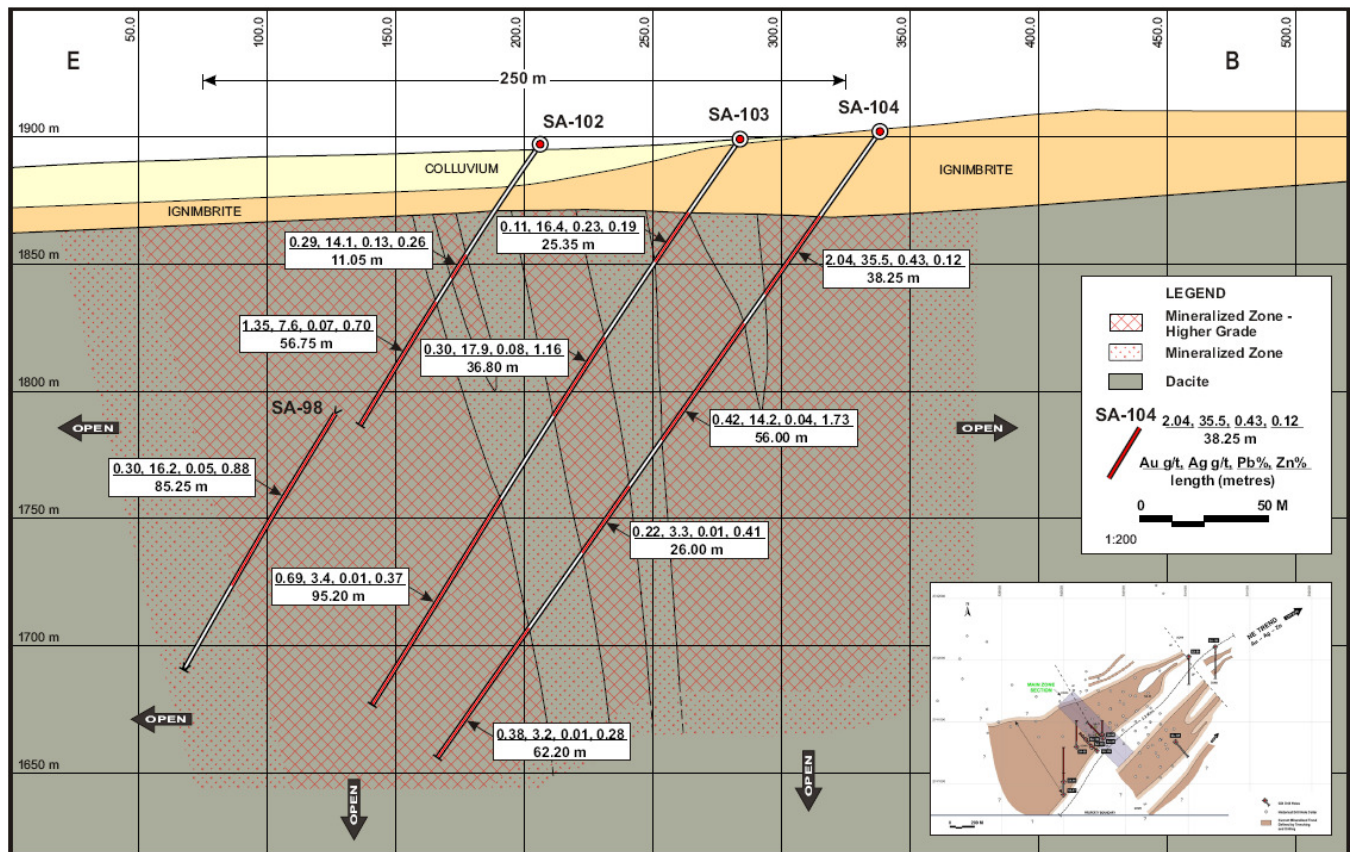
Source: Geologix Explorations Inc.

Exhibit 4. Summary of Recent Drill Results

Zone	Drill Hole	From (metres)	To (metres)	Interval (metres)	Au (g/t)	Ag (g/t)	Pb (%)	Zn
Main	SA-102	0	130.75	130.75	0.41	6.6	0.08	0.36
	incl.	52.05	63.1	11.05	0.29	14.07	0.12	0.26
	incl.	74	130.75	56.75	1.35	7.59	0.07	0.69
Main	SA-103	0	264.65	264.65	0.33	6.2	0.05	0.34
	incl.	33.15	58.5	25.35	0.11	16.35	0.23	0.19
	incl.	94	130.8	36.8	0.3	17.86	0.07	1.16
Main	SA-104	0	300.2	300.2	0.48	8.91	0.07	0.48
	incl.	39.75	78	38.25	2.04	35.52	0.43	0.12
	incl.	92	148	56	0.42	14.23	0.45	1.73
Main	SA-107	0	139.7	139.7	0.4	13.4	0.02	0.37
	SA-108	73.8	296.5	222.7	0.64	5.1	0.01	0.53

Source: Geologix Explorations Inc.

Exhibit 5. San Agustin drill hole results for section 550EB



Source: Geologix Explorations Inc.

According to Goldcorp Peñasquito has an NPV₅ of US\$1.52B (2006). Clearly these large poly-metallic deposits have value and additional work is warranted at San Agustin to determine the size of this deposit.

On October 10, 2007, Geologix announced preliminary scoping metallurgical test work. Results on flotation and cyanidation test work were positive. Composite core samples from the Main Zone, Zone 4 and Zone 2 indicate that gold and silver recover very well to the rougher concentrates as does zinc when activated at a relatively coarse grind of -80% passing 150 to 200 mesh. According to the company, precious metal recoveries of 93-98% for gold and 82%-94% silver occur in rougher flotation concentrates regardless of the activation method used in the tests. Additionally, base metal test results show high recoveries of 91% and 92% for lead and zinc, respectively.

Geologix has expanded the drill program to a total of 20,000 metres to test the San Agustin extension zones and the adjacent Consejo Property.

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Disclosures as of October 25, 2007

Versant *has not* provided investment banking services or received investment banking related compensation from Geologix within the past 24 months.

The analyst responsible for this research report *does not have*, either directly or indirectly, a long or short position in the shares or options of Geologix.

The analyst responsible for this report *has* visited the material operations of Geologix. No payment or reimbursement was received for the related travel costs.

Analyst certification

The research analyst whose name appears on this report hereby certifies that the opinions and recommendations expressed herein accurately reflect his personal views about the securities, issuers or industries discussed herein.

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Strong Buy: The stock has substantial upside potential and a catalyst is expected to drive the price higher in the near term. One of the analyst’s top picks.

Buy: The stock is attractively priced relative to the company’s fundamentals and we expect it to appreciate significantly from the current price over the next 12 months.

Speculative Buy: The stock is attractively priced relative to the company’s fundamentals but carries an above-average level of risk.

Hold: The stock is fairly valued and we expect it to trade within a narrow range of the current price in the next 12 months.

Sell: The stock is overpriced relative to the company’s fundamentals, and we expect it to decline from the current price over the next 12 months.

Tender: We believe the offer price by the acquirer is fair and thus recommend investors tender their shares to the offer.

Under Review: We are temporarily placing our recommendation under review until further information is disclosed.