

Moneta Porcupine Mines Inc. (ME-TSX)^{1,2}

Speculative Buy – Target: \$0.95
October 25/12 closing price: \$0.235
416-964-4440

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Moneta Porcupine Reports A 55% Increase In Inferred Resources At Golden Highway:-Positive

Moneta reported a revised resource estimate at its Golden Highway project near Timmins, Ontario. The results are tabulated below, together with variance information from its old resource statement.

	Oct 25/2012			RESOURCE ESTIMATES			Dec 1/2011			Change
	Million Tonnes	g/t	Ounces	Million Tonnes	g/t	Ounces	Million Tonnes	g/t	Ounces	
Indicated										
In-Pit	30.00	1.10	977,000	32.90	0.95	1,002,000				-2.50%
Out of Pit	1.08	3.29	114,000	0.65	3.33	69,400				64.27%
Total	31,080,000	1.09	1,091,000	33,532,100	1.00	1,071,100				1.86%
Inferred										
In-Pit	71.63	0.86	1,971,000	40.64	0.98	1,280,000				53.98%
Out of Pit	11.68	3.28	1,233,000	7.20	3.41	789,700				56.14%
Total	83,311,000	1.20	3,204,000	47,836,400	1.35	2,069,700				54.81%

Since the old resource statement, dated December 1, 2011, the company has focussed on drilling the extensions of the Windjammer, Gap, Southwest and 55 zones. The biggest change is the 55% increase in inferred resources, which is a very good result. The company will now have to move the inferred resource into the indicated category with more drilling. The total resource base (indicated and inferred) is now 4.2 million ounces.

The shares trade at an EV/resource ounce of just \$8.8. This compares to the \$43 per ounce that Argonaut (AR-not rated) paid for Prodigy (PDG-not rated) and it should be noted that the Golden Highway resource is higher grade than Prodigy's deposit. A takeover or merger of this company with another in the Timmins area cannot be ruled out. We maintain our Speculative Buy recommendation for Moneta Porcupine shares and \$0.95 per share target price.

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