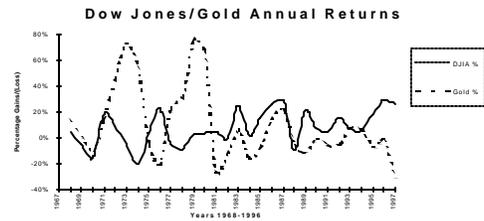




# Gold

## & Technology Stocks



Weekly Hotline Message

(Now in our 25<sup>th</sup> Year)

March 7, 2008

Stock Pick of the Week

### Moneta Porcupine Mines Inc. Our Next Pelangio?



**Business:** Exploring and developing three gold properties in the Porcupine and Golden Highway gold camps near Timmins, Ontario

Traded TSX Venture:	ME
Shares Outstanding:	88,205,610
Initial Recommendation 12/14/07:	US\$0.177
Price 3/7/08:	\$0.21
Market Cap:	US\$18.5 Million
Historical Gold Resource:	624,000 oz.
Progress Rating:	"C"
Telephone:	705-264-2296
Web Site:	<a href="http://www.monetaporcupine.com">www.monetaporcupine.com</a>

In our initial recommendation of Moneta Porcupine Mines Inc. (Moneta) we summed up our reasons for buying this stock as follows:

*"What we see here is a company with a miniscule market cap of well under \$20 million, despite a historical resource of 624,000 ounces of gold plus very substantial upside potential. Assuming the NI 43-101 resource comes in close to Barrick's estimate of 624,000 ounces on the **Golden Highway Project**, combined with this company's hiring a well-regarded IR firm to help make its story known, this could, in our view, quickly take this stock to a double from its current price. But of course, longer term, we have bigger things in mind than a double for ME, given all its exploration potential. If you can buy this stock at under \$0.20 or \$0.25, we think it represents a bargain-basement deal. Of course we don't mean to insinuate that this is not a high risk/high return proposition, and as such, we would especially like to suggest you follow our constant recommendation that you not allocate more than 5% of your portfolio to this or any other one stock. If you do that and ME is successful in building up ounces in the ground, this junior gold mining firm should provide a good portfolio sweetener without your risking the longer-term portfolio growth."*

Indeed, longer term, we are expecting something "bigger" than a double from our initial \$0.17 recommendation price. But how much bigger became much more firmly implanted in my mind after I sat down early this past week in Toronto at the PDAC with President Kevin Snook, who showed me the company's exploration plans. So, how big can this company's Golden Highway Project become? The best way I can answer that question in lay terms is by mentioning the name "**Detour Lake**," that certain 10-million-plus ounce Ontario Gold Deposit that is still

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growing. This deposit has enriched many of our subscribers who bought Pelangio Mines at prices as low as \$0.08 back in January 2002. Pelangio is now selling at over \$4.50 and we think it is likely still heading a lot higher.

Why am I comparing Moneta's Golden Highway with Detour Gold and by inference, Moneta with Pelangio? Keep in mind that Moneta has acquired a contiguous package of land including most recently a 50% interest in the Windjammer property to the east end of this gold-bearing trend located along the prolific Porcupine-Destor fault zone. A considerable amount of work has been carried out on these properties over the years, but not until recently, under the leadership of Kevin Snook, were these prospects seen as one large related deposit. Now, having information from these various properties, what we can see are prospects for continuous mineralization over a 4-kilometer strike length and over a width of 100 meters or so. We know that this mineralization extends to at least 300 meters in depth and quite possibly much deeper.

All that means is that there is the potential for uncovering a very large deposit. How large? Based on exploration results so far, we could be looking at a grade of between 1.5 grams and 2.0 grams per tonne, depending on the cutoff. But in theory—**and we want to stress this is just theory so far**—if you used a 1-gram cutoff, we could be looking at an average grade of 1.6 grams/tonne to 1.7 grams/tonne. **If (a very big word)** this area were mineralized continuously over the three dimensions noted above, we could be looking at upwards to 20 million ounces here! **Again, I want to stress that this is highly theoretical and you should not bank on these kinds of numbers by any means. But it does provide a vision of what is possible. The model is very much akin to what is in fact unfolding at Detour Lake.**

I might also mention that there is another similar deposit in the making, though somewhat lower-grade than the Detour Lake Deposit. That is Osisko's 8.4-million-ounce open-pit deposit located in northwestern Quebec's Abitibi region. In addition to a lower grade, Osisko has the challenge of needing to move part of the town of Malartic, population 3,500, to build its mine.

What is the upside for Moneta if they are successful in outlining a multimillion-oz. deposit in the 8- to 10-million-ounce range? Consider this. The market cap for Detour Gold (of which Pelangio owns half) is about \$760 million. Osisko has a market cap of about \$936 million. Right now, Moneta has a market cap of approximately \$15 million. Sure, some dilution will have to take place for Moneta as it raises money to drill out these prospects and prove up those potential ounces. But success feeds on itself in this business. I suspect the company will be successful in classifying something close to Barrick's 624,000 ounces as NI 43-101 compliant. From there, drilling along that 4-kilometer trend should begin to build ounces. As that happens, we think these shares will rise dramatically in percentage terms from their current price of C\$0.22, such that raising capital will become much more efficient in the future.

Nothing is guaranteed in life, and exploration is about as risky as any business you can get into. But what I like about this play in addition to the fact that it is cheap for a company with a 624,000-oz. deposit, is that I believe chances are very good that a better than average—and perhaps a very large—gold deposit could come into view over the next couple of years on the Golden Highway and contiguous properties held by Moneta Porcupine. If so, we think subscribers who buy these shares in the \$0.20 to \$0.25 range may well enjoy Pelangio-like returns on investment in the months and years to come.

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