

# Goldletter INTERNATIONAL

the international independent information and advice bulletin for gold and related investments

## Special Situation - March 2006



## Moneta Porcupine Mines (Cdn\$ 0.16)

TSX Symbol *	: ME
H+L prices (12 months)	: Cdn\$ 0.17– 0.07
Issued Capital	: 74.1 million shares
Fully diluted	: 84.0 million shares
Market capitalisation	: Cdn\$ 12.2 million

\* also listed on the Xetra and Frankfurt Stock Exchange

**Price target: Cdn\$ 0.25**

## Company Overview

Moneta Porcupine Mines ("Moneta") has a high quality exploration portfolio in the prolific Porcupine and Golden Highway Gold Camps of Northeastern Ontario. The two camps have produced over 70 million ounces of gold to date from at least 26 individual mines each with more than 100,000 ounces of production. The Company's strategy includes sole-risk exploration, joint venture (JV) of exploration properties to other companies, and earning into strategically located properties held by third parties in the region.

Moneta controls 10 gold properties along the Destor Porcupine Fault Zone (DPFZ), of which eight are wholly owned. Of these properties, three are within easy trucking distance of the Dome Mill and six are within easy trucking distance of either the Newmont (Holt-McDermott) or the St Andrew Goldfields (Stock) mills. The DPFZ hosts active mines operated by Newmont Mining (Holloway Mine) and the Porcupine Joint Venture (Barrick/Goldcorp (formerly Placer Dome) 51% - Kinross Gold 49%).

Moneta's primary focus is the Golden Highway Project (GHP). The objective of the GHP development is to increase the existing resource to a commercial deposit on the scale of the nearby Holloway and Holt-McDermott ore bodies, i.e. 1.5 million ounces gold @ 6 g/t plus and to develop the deposit as truckable mill feed to one of the three mills in the region with available capacity.

Moneta is developing the GHP, in part, through joint ventures totalling 311 claim units. These JV's include:

- Acrex (AKV - TSX.V) which completed expenditures of Cdn\$ 1 million in 2004 to earn a 50% interest in 65 Michaud claim units and a JV has been formed to continue the program.
- St Andrew Goldfields (SAS - TSX) is actively exploring 80 claim units in Garrison Township to earn a 50% interest for the expenditure of Cdn\$ 350,000 and cash payments to Moneta of Cdn\$ 50,000. St Andrew is also active on 140 Moneta claim units in Michaud and Barnet Townships, where it can earn a 50% interest for expenditures of Cdn\$ 200,000 and cash payments of Cdn\$ 20,000. St Andrew may also earn a 75% interest in 26 claim units in Guibord and Hislop Townships for the expenditure of Cdn\$ 150,000.

## Overview of Projects

### ➤ Golden Highway Project

Moneta's Golden Highway Project is located east of Matheson, Ontario, and has been built up from 251 claim units in 1997, surrounding Moneta's 624,500 oz (3.2 million tonnes @ 5.98 g/t) Southwest Zone resource, to a total of 613 claim units (mostly contiguous) in Guibord, Michaud, Garrison and Barnet Townships. The Southwest Zone has an inferred (Barrick Gold) historical resource of 3.2 million tons grading 5.98 g/t gold or 624,500 ounces (non-NI 43-101 compliant). The GHP claim package comprises one of the largest advanced exploration projects on the prolific DPFZ and its splays in Ontario.

The GHP contains several different geological settings for gold mineralization which have hosted other mines along the DPFZ. A southern setting characterised by basalts, has similarities to the former Holt-McDermott Mine (now Newmont), while the northern setting is within sheared and altered mafic to ultramafic volcanics similar to the Holloway Mine (Newmont Gold) and the Glimmer (Black Fox) Mine (Apollo Gold).

Target areas in several geological settings are typically located close to one or both of the two major fault structures crossing the GHP; the DPFZ to the south and the more northerly Pipestone/Arrow Fault Zones. The DPFZ is the more pronounced fault zone covering a broad belt of mafic to ultramafic volcanics and younger, altered Timiskaming sediments with banded hematitic iron formations.

Identified gold mineralization within these Timiskaming sediments includes the Southwest Zone (100% owned), and the 55 and Western Zones (Acrex JV) along strike. The northern branch of the DPFZ hosts the North Zone (Twin Creek, Miller and Landing Zones) within highly altered and sheared mafic to ultramafic volcanics similar to those hosting the Holloway Mine (Newmont) and the Black Fox Project (Apollo Gold). Holloway-type quartz-albite-pyrite gold mineralization is the preferred target in the volcanics of the GHP. On structure is the Last Chance Zone, where gold mineralization is hosted in an altered syenite intrusive, a setting similar to that of the Last Chance Extension area to the east, with untested strike potential into the area immediately, northwest of the Southwest Zone.

Moneta's objective is to upgrade several of its gold zones and develop additional gold targets in the GHP, to build the existing 624,500 oz gold resource of the Southwest Zone, into a viable 1.5 million ounce plus resource as potential mill feed for any one of three nearby mills with under-utilised capacity.

In May 2004, Moneta significantly expanded the GHP by staking 68 contiguous claims (Perry Lake Project). The new ground includes gold mineralization settings identified by previous exploration similar to that of Newmont's Holloway Mine, 20 km east along the DPFZ and the St Andrew Goldfield's Ludgate Deposit less than 2 km south (and 1 km north of Moneta's Last Chance Zone).

The Perry Lake Property, previously worked by Battle Mountain Canada, covers sections of both the Pipestone and Arrow Fault Zones in volcanics and syenite. Untested potential exists immediately south of, and along the Pipestone Fault Zone on strike from previous exploration, particularly in the volcanics, which Moneta intends to test by geophysics and drilling. The size of the property gives the opportunity to structure future exploration as a JV if appropriate.

### ➤ Acrex Joint Venture

In 2003, Acrex Ventures negotiated an agreement to earn up to 70% of 77 claim units in the Central Michaud area of Moneta's GHP by spending Cdn\$ 2.75 million. Provided Acrex made this commitment by end 2004, Acrex could earn up to 60% of Moneta's 624,500 oz. Southwest Zone resource by financing a bankable feasibility study which attracted project finance.

By late 2004, Acrex had spent the Cdn\$ 1 million necessary to earn 50% of the exploration ground, but elected not to earn into the Southwest Zone, having formed the opinion that it could not be developed to meet project finance requirements without a multi million dollar underground drill program.

Moneta consequently regained 100% of the Southwest Zone resource and the Acrex JV (managed by Moneta) is now focused on the approximately 1,050 hectare exploration ground in Central Michaud, which has already and successfully enhanced or identified two interesting zones of mineralization, the 55 Zone and the Western Zone.

In May 2005, the Moneta/Acrex JV completed a 6-hole (2,142 m) diamond drill program on the joint venture property to test the lateral and vertical continuity of the 55 Zone gold mineralization as a step to establishing a gold resource. To-date, 18 drill holes have been completed in the 55 Zone (Barrick 5, Acrex 7 and the JV program 6) and some have reported intersections with significant gold mineralization.

The historical highlight was MA-04-25 (reported September 2004) which assayed 12.76 g/t over 4.3 metres within an 11.50 metre wider interval averaging 5.86 g/t gold. The 55 Zone is located 2.5 km along strike west-southwest of Moneta's Southwest Zone within the same sedimentary setting.

## **Other Exploration Projects**

### **➤ Potter Stock**

In 2004, Moneta and Geodex Minerals completed a second phase of exploration on the Potter Stock gold project north of Timmins. The 50:50 joint venture covers several claim blocks totalling 135 units (~2,160 ha) in Pyne, Aurora, Newmarket, Hanna, and Mann Townships at the northern margin of the Abitibi Greenstone Belt. A grid based MMI soil geochem survey has been completed and future plans are being evaluated.

### **➤ Moneta Sole Risk**

Moneta's sole risk exploration activity is at a level not seen since 1997 and involves drill target generation and zone testing, including those defined by previous drilling, and geochem and geophysical surveys in the GHP. The focus is primarily on the under-explored mafic to ultramafic volcanics within the greater DPFZ, including along the northern Destor Porcupine Fault (Moneta North Zones).

These areas lie between the major syenite complex to the north hosting the Ludgate Deposit (St Andrew Goldfields) and the Timiskaming sediments of the Acrex JV to the south, now known to host several gold zones over a strike length of more than 5 km. Some areas in the volcanics have gained new significance from such gold zones and structures, namely the recent Western Zone discovery (Acrex JV) and work by others, such as St. Andrew Goldfields, in the area. Two newly acquired properties are now included in this program; the Turner Lake Property where Moneta has earned a 100% interest (subject to an NSR,) and the recently staked 68 units (Perry Lake Project).

Moneta has re-activated exploration on the wholly owned North Tisdale Property in the heart of the Timmins Porcupine Camp, with exploration work consisting of linecutting, IP geophysics, and follow-up diamond drilling. Additional work on geochemical vectoring within graphitic sedimentary horizons that are often associated with favourable geological settings for gold mineralization has also been proposed as a spin-off from Discover Abitibi Porcupine Camp modelling. Discover Abitibi has conducted seismic profiles across the North Tisdale Property, for which detailed modelling is to be completed.

## **Corporate Finance**

On December 15, 2005 Moneta announced that Kevin Snook had been appointed President and CEO with John Larche stepping down but remaining an active Director on the Board. The Company simultaneously announced an intention to significantly increase its level of exploration in the Golden Highway Camp.

In December 2005, Moneta completed a non-brokered private placement for total proceeds of Cdn\$ 660,000 from the issue of equity "Units" and flow-through common shares.

The private placement consisted of 5.0 million units at Cdn\$ 0.10 per unit. Each unit consists of one common share and one-half common share purchase warrant. Each full common share purchase warrant allows the holder to acquire one common share at a price of Cdn\$ 0.13 for 18 months. The private placement was made to accredited investors in Europe.

In addition, a placement of 1.6 million flow-through shares at Cdn\$ 0.10 per common share, with no warrants, was made to Canadian accredited investors.

**Investment Recommendation:**

Moneta's low risk strategy of entering JV's (which use other companies' money), has enabled the Company to build one of the biggest strategic exploration portfolios within the Golden Highway and the Porcupine Camps, one of Canada's premier gold producing regions. The recent management changes with a younger generation taking control heralds a period of sole risk exploration by Moneta which with JV's should see four active exploration projects on Moneta properties. At the same time, major programs from the Porcupine Joint Venture, St Andrew Goldfields and Apollo Gold, will be under way nearby.

St Andrew has two active joint ventures with Moneta and Acrex and Geodex one each. These, together with Moneta's resumption of sole risk exploration drilling, give a lot of shots for success. Since the Southwest Zone with a 624,500 oz is midway between Newmont's Holt McDermott Mill and St Andrew's Stock Mill, and should that or other zones be developed in its expanded drill programs any resource above 1 million ounces would have very significant value as mill feed given the economic advantages to any nearby mill with additional mill feed operating near to capacity.

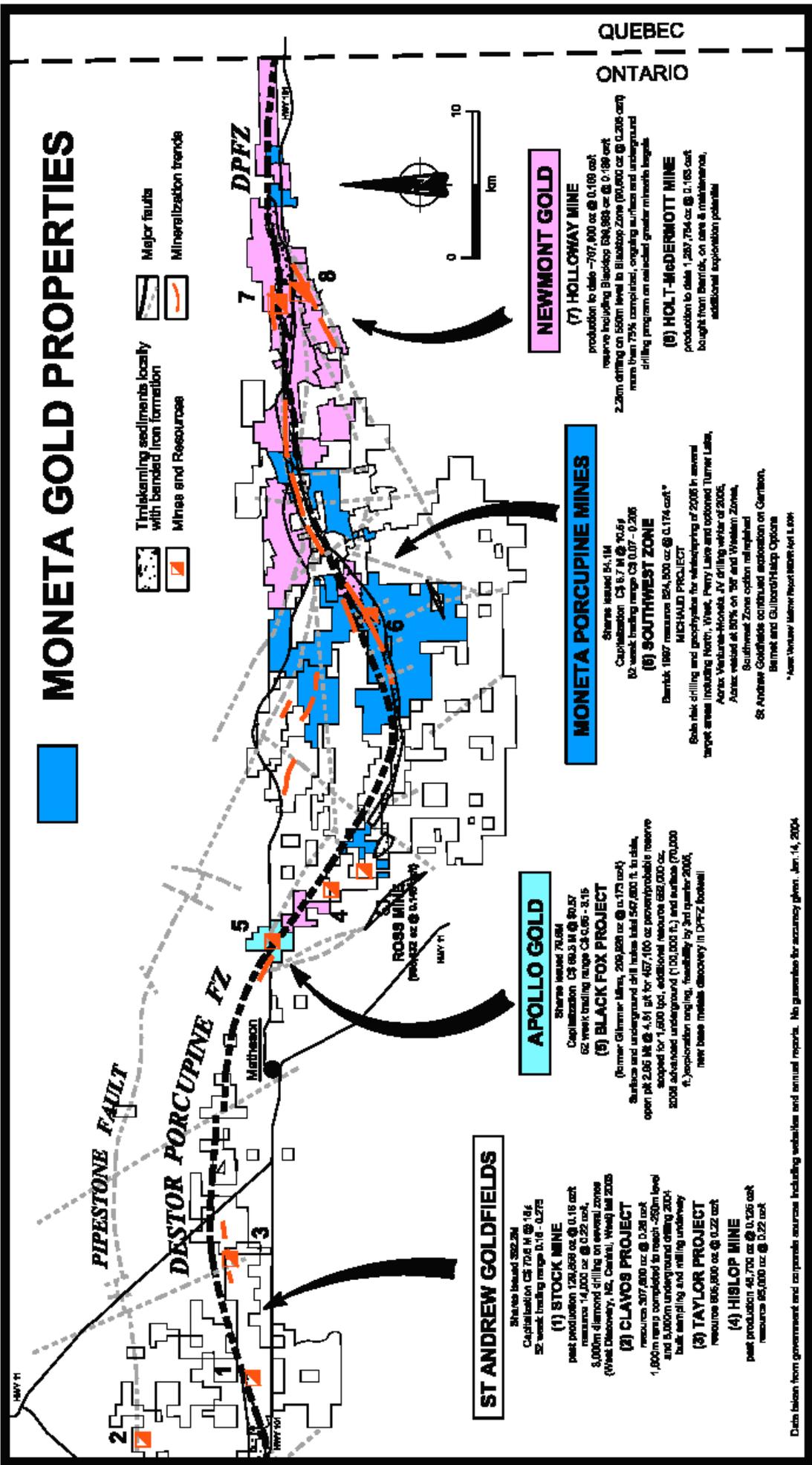
Since there are the first signs of a resurgence of exploration activities within the Golden Highway and Porcupine Camps, Moneta's strategy should pay off big time.

At a current market capitalization of just Cdn\$ 11.2 million, we strongly believe that investment in Moneta offers a strong upside potential.



# MONETA PORCUPINE MINES GOLDEN HIGHWAY PROJECT

## MONETA GOLD PROPERTIES



### ST ANDREW GOLDFIELDS

Share issued 322,264  
 Capitalization C\$ 716 M @ 1.6¢  
 52 week trading range 0.18 - 0.27

(1) STOCK MINE  
 peak production 126,000 oz @ 0.18 oz/t  
 resources 14,000 oz @ 0.25 oz/t  
 3,000m diamond drilling on several zones  
 (West Discovery, NE, Central, West Mt 2005)

(2) CLAVOS PROJECT  
 resources 307,000 oz @ 0.28 oz/t  
 1,600m ramp completed to near -550m level  
 and 5,000m underground drilling 2004  
 bulk handling and milling underway

(3) TAYLOR PROJECT  
 resources 616,000 oz @ 0.22 oz/t

(4) HISLOP MINE  
 peak production 46,700 oz @ 0.06 oz/t  
 resources 95,000 oz @ 0.22 oz/t

### APOLLO GOLD

Share issued 76,064  
 Capitalization C\$ 96.3 M @ \$0.27  
 52 week trading range C\$ 0.06 - 0.15

(5) BLACK FOX PROJECT  
 (former Glimmer Mines, 200,000 oz @ 0.173 oz/t)  
 surface and underground drill holes total 567,000 ft. to date,  
 open pit 2.06 M @ 4.61 g/t for 467,100 oz probable reserve  
 scooped for 1,600 tpd, additional resource 622,000 oz.  
 2008 advanced underground (100,000 ft.) and surface (70,000  
 ft.) exploration testing, feasibility by 2nd quarter 2008,  
 near base metals discovery in DPFFZ footwall

### MONETA PORCUPINE MINES

Share issued 84,181  
 Capitalization C\$ 8.7 M @ 10.5¢  
 52 week trading range C\$ 0.07 - 0.205

(6) SOUTHWEST ZONE  
 Barabek 1987 resources 254,500 oz @ 0.174 oz/t\*  
 MICHAEL PROJECT  
 Scale risk drilling and geophysical for re-interpretation of 2001 in several  
 target areas including North, West, Perry Lane and optional Turner Lane,  
 Acres, Venture-Moneta JV drilling winter of 2005,  
 South West Zone open re-interpret  
 St Andrew Goldfields continued exploration on Gernon,  
 Birnie and Gullbrough/Hilop Options

\*New Venture Mine Report March-April 2004

### NEWMONT GOLD

(7) HOLLOWAY MINE  
 production to date -767,000 oz @ 0.180 oz/t  
 reserve including Blockade 204,900 oz @ 0.180 oz/t  
 2.2km drilling on 500m level in Blockade zone (60,000 oz @ 0.205-oz/t)  
 more than 75% completed, ongoing surface and underground  
 drilling program on selected greater intervals lengths

(8) HOLT-McDERMOTT MINE  
 production to date 1,287,764 oz @ 0.163 oz/t  
 bought from Barrick, on care & maintenance,  
 additional exploration potential

Data taken from government and corporate sources including websites and annual reports. No guarantee for accuracy given. Jan. 14, 2004