

Moneta Porcupine de-risks Golden Highway

BY TRISH SAYWELL

Moneta Porcupine Mines (ME-T, MPUCF-O) and its Golden Highway gold project in northern Ontario could start generating some attention from gold producers interested acquiring a bulk-tonnage deposit in Canada, the junior's management says.

"Golden Highway is one of a handful of open-pit, bulk-tonnage deposits of scale in Ontario, and it's in a great location," CEO Ian Peres says of the project, which spans over 12 km of a volcanic-sedimentary belt along the Destor-Porcupine fault zone, 20 km east of Matheson and 75 km west of Rouyn-Noranda.

In October, **Argonaut Gold** (AR-T) announced a friendly takeover of **Prodigy Gold** (PDG-V) and its Magino project, and in March **Iamgold** (IMG-T, IAG-N) acquired Trelawney Mining and Exploration and its Côte Lake gold project. Both acquisitions involved projects in northern Ontario, and Peres says they could be harbingers of more to come.

Peres adds that a Nov. 1 preliminary economic assessment (PEA) of the Golden Highway project has de-



An aerial view looking east at the Windjammer gold zones at Moneta Porcupine's Golden Highway gold project in northern Ontario.

MONETA PORCUPINE

risked the project. The PEA demonstrated a post-tax net present value (NPV) of \$568 million, a post-tax internal rate of return (IRR) of 18.6% and payback in 4.1 years using a base-case gold price of US\$1,350 per oz. gold.

When these numbers are recalculated at a gold price of US\$1,500 per oz., the post-tax NPV rises to \$821

million, the IRR to 23.8% and the payback drops to 3.3 years.

The PEA was based on an updated resource the company released in October that puts indicated resources at 31.1 million tonnes grading 1.09 gram gold per tonne, and inferred resources at 83.3 million tonnes averaging 1.20 grams gold.

Other numbers in the PEA include metal production of 3.8 million oz. gold over a 12-year mine life, pre-production capital costs of \$607 million and life-of-mine average cash costs of US\$794 per oz.

The PEA was based on a processing scenario of 25,000 tonnes per day of blended feed from open-pit and underground operations. The

open pit would be designed as a conventional surface-mining operation producing an average 22,500 tonnes per day, with bulk-tonnage, underground mining producing an average 2,500 tonnes per day.

The open-pit scenario would include development of a large Southwest zone, Gap and Windjammer (south, central and north) pit, and a smaller 55 zone pit. (The open pit has defined over 4 km of strike, up to 1 km in height and a vertical depth of 350 metres.)

The underground portion would ramp up to full production in the second year of operations, accessing over 1.3 million oz. underground bulk resources. The shaft would be developed in the second year and be paid for with operating cash flow.

The project offers many areas of upside potential, Peres adds, such as four gold zones on the property that are not part of the current resource estimate, and undrilled areas within the conceptual pits and below the current constrained pits, particularly in the Southwest zone.

"The Southwest zone is the only portion of the pit that has been drilled to depth, so there is untested potential that may lie at depth below the pit," he says. "When you look at the footprint of the pit, everything to the east, west and south of it is the same geology, but hasn't been drilled, so we believe there is an opportunity to increase the already large footprint. We've got strong mineralization continuity, based on geo-statistics."

Other advantages of the project, Peres says, include its excellent infrastructure. "We have a paved highway within five kilometres of our property limits, we have a labour force that can drive to work from home and we have a power station less than 10 km away," he says. "There are no significant water issues. There are no royalties affecting the resource, and there's room for substantial resource expansion."

Moneta Porcupine plans to drill 20,000 metres at Golden Highway in 2013.

The company holds \$2 million in cash and has no debt, but Peres isn't worried about financing.

"Good projects will get financed, and we are confident that we will have success in future equity financings," he says. "We are now receiving unsolicited project valuations based on ounces, rather than our current stock market capitalization."

At press time, Moneta Porcupine was trading at 24.5¢ within a 52-week range of 12.5¢ to 39¢ per share. The company has 168 million shares outstanding.

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