

# Goldletter INTERNATIONAL

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

**October 2006 Update**

website: [www.tradewindsventures.com](http://www.tradewindsventures.com)



## Trade Winds Ventures Inc. (Cdn\$ 0.42)

TSX.V	: TWD
Frankfurt Stock Exchange	: TVR
H+L prices (12 months)	: Cdn\$ 0.76 – 0.27
Net shares issued	: 59.9 million
Fully diluted	: 68.5 million
Market Capitalization	: Cdn\$ 25.1 million

**Next price target: Cdn\$ 0.80**

## Company Profile

Trade Winds' primary properties lie in Ontario, Canada in both the Detour Lake and Red Lake/Birch Lake mining districts, which host some of Canada's largest and most profitable gold mines.

The Company also owns a 100% interest in the Turner Lake Property in Nunavut, Canada and has acquired a 100% interest in the Treasure Mountain Copper-Silver Property in BC, Canada, as well as an 80% interest in the Tuole Gold Project in the Xinjiang Uygur Autonomous Region in China.

Since 2003, Trade Winds raised over Cdn\$ 15.0 million. The Company has a strong management team and its senior project manager Lorne Warner, spent five years exploring and drilling the Detour Camp as Senior Geologist for Placer Dome. Mr. Warner was responsible for the discovery of several mineralised structures and has been designing Trade Wind's ongoing aggressive drill program for Detour Lake as the Company's qualified person.

## Overview of projects

### DETOUR LAKE PROPERTIES (Block A, Aurora and GoWest)

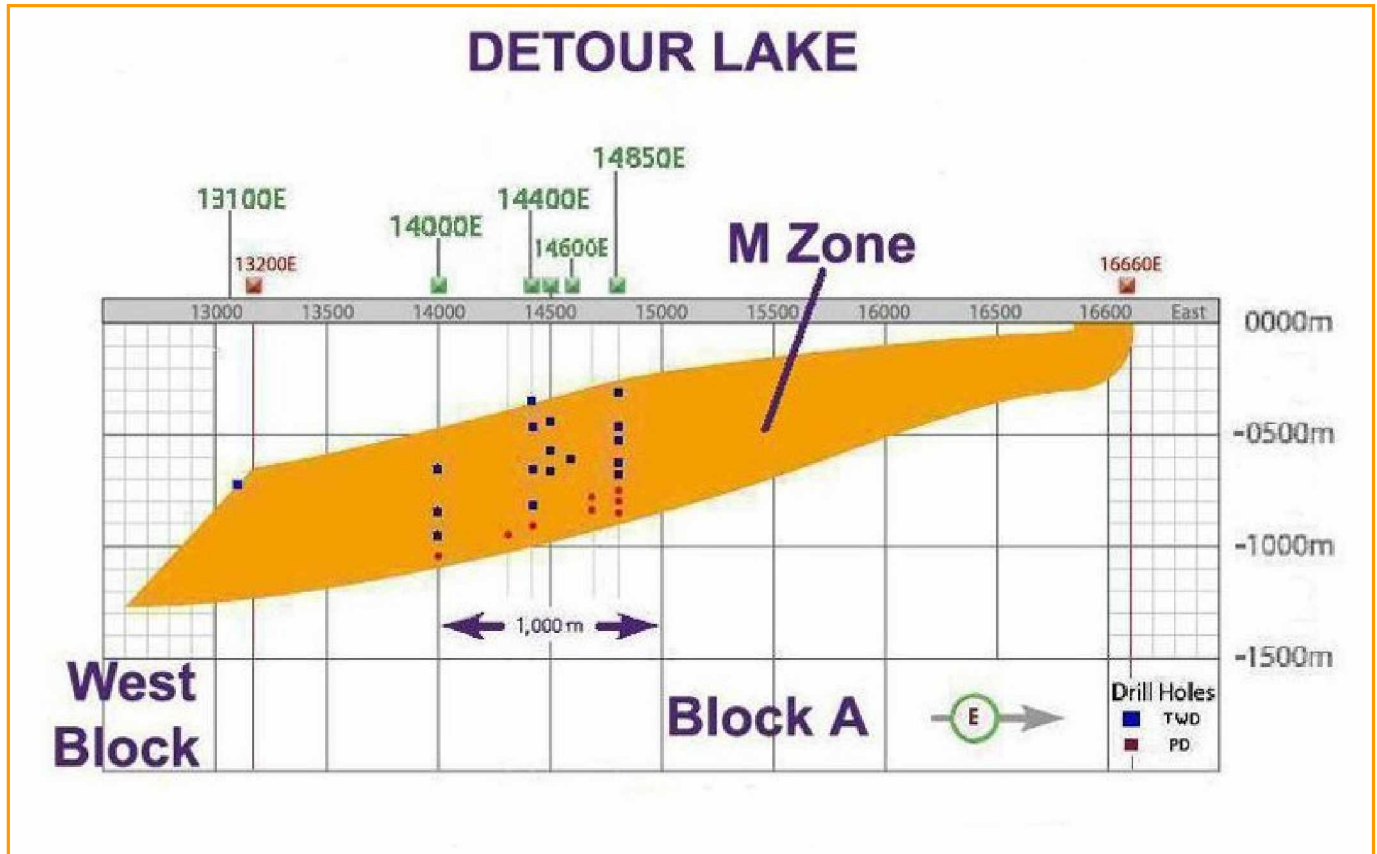
Trade Wind's three Detour Lake properties are located in the prolific Abitibi Greenstone Belt located 160 kilometres northeast of Timmins, Ontario. The properties are adjacent to Placer Dome's (now Barrick Gold) historic Detour Lake Mine. Trade Winds completed sufficient exploration expenditures to earn its 50% interest in Block A from **Pelangio Mines Inc.** (PLG – TSX.V), one of its three optioned Detour Lake Properties. In addition, Trade Winds has spent Cdn\$ 1.91 million on exploration to earn a 60% interest in the GoWest Block, which is directly west of Block A and has acquired the remaining 40% by issuing 8.04 million shares to GoWest.

During 17 years of production, the Detour Lake Mine produced 1.76 million ounces of gold, milling just over 14 million tonnes with approximately 93% recovery, at an average grade of 4.17 g/t.

Ø **Detour Lake, Block A Project, Ontario – 50% interest earned from Pelangio Mines**

Trade Winds has selected the M Zone on Block A as its initial priority exploration target, which is situated approximately 3.2 kilometres west of the Detour Lake Mine.

Open-pit potential on the eastern portion of the M Zone from surface to 300 metres is currently 5.5 million tonnes grading 1.86 g/t gold (301,448 ounces), as calculated by Placer Dome (preceded NI 43-101 standards).



During the 2005 winter drilling program, approximately 50 diamond drill holes designed to intersect the gold bearing zones between the depths of 100 and 350 metres, totalling more than 13,000 metres on Block A were completed. Assay results provided such intersections as 20.88 g/t gold over 9.7 metres near surface.

Continued exploration success by Trade Winds along the M Zone Structural Corridor has demonstrated the structure's ability to contain potentially economic gold mineralization, which is extending from bedrock surface at the east end of the structure, to high-grade gold values at depth for more than 4 kilometres of strike length.

Trade Winds has reported the results of all 59 diamond drill holes completed during the winter 2006 M Zone program, extending from near-surface to 300 metres over a distance of 1.2 kilometres. The Company has consistently reported high-grade gold values with visible gold occurring in 85% of the holes reported along the M Zone Structural Corridor. Over 71% of the holes have returned at least 10 g/t gold over a minimum of 1.0 metre, including many over 100 g/t gold.

The TWDDH-180 hole showed a grade of 89.26 g/t gold (2.60 oz/t) over 4.0 metres. Over 200 specks of coarse visible gold were noted, most of which recovered along fractures and in quartz veins within the ultramafic unit.

In September 2006, Trade Winds reported that it had engaged Golder and Associates to complete a NI 43-101 compliant resource study on the M Zone Structural Corridor. To date, Golder has reviewed all pertinent information including 3D Vulcan models developed by Trade Winds from over 80,000 metres of diamond drill data. Site visits and additional sampling by Golder personnel have also been completed, including re-sampling six diamond drill holes completed in the mid-1990s by Placer Dome, as part of the study.

3D models of the M Zone have been developed by Trade Winds' team of geologists covering the known 4.0 kilometre strike length from section 12820 E to 16820 E. The eastern, near surface portion of the M Zone has received extensive diamond drilling, and will be the focus of the initial resource estimate.

The completed resource estimate for the eastern portion of the M Zone, representing approximately 25% of the overall structure discovered to date, is expected to receive shortly.

With Pelangio's NI 43-101 compliant resource estimate outlining an indicated resource of 2.47 million tonnes grading 2.0 g/t gold containing 159,797 ounces and an inferred resource of 2.34 million tonnes grading 2.29 g/t gold containing 1.73 million ounces and the forthcoming NI 43-101 resource estimate for the jointly owned near surface portion of the M Zone, Detour Lake is poised to be recognised as one of the largest near-development gold deposits in Canada, ready to be moved further towards potential production.

In August 2006, Pelangio reached an agreement with a newly-formed company to be part of the Hunter Dickinson group of resource companies, under which Pelangio's Detour Lake Property (all Detour assets including its 50% interest in Block A, currently under option to Trade Winds) will be transferred to the new company Detour Gold Corporation.

Pelangio will receive consideration of approximately \$ 65 million by way of a cash payment of Cdn\$ 5 million and approximately 20 million common shares of Detour Gold at an issue price of Cdn\$ 3.00. This is expected to represent an equity interest of approximately 50% in Detour Gold, which is anticipated to be fully financed to a minimum of Cdn\$ 25million.

The transaction is expected to close on or before January 2007.

#### GoWest Project, Detour Lake, Ontario – to earn a 100% interest from GoWest

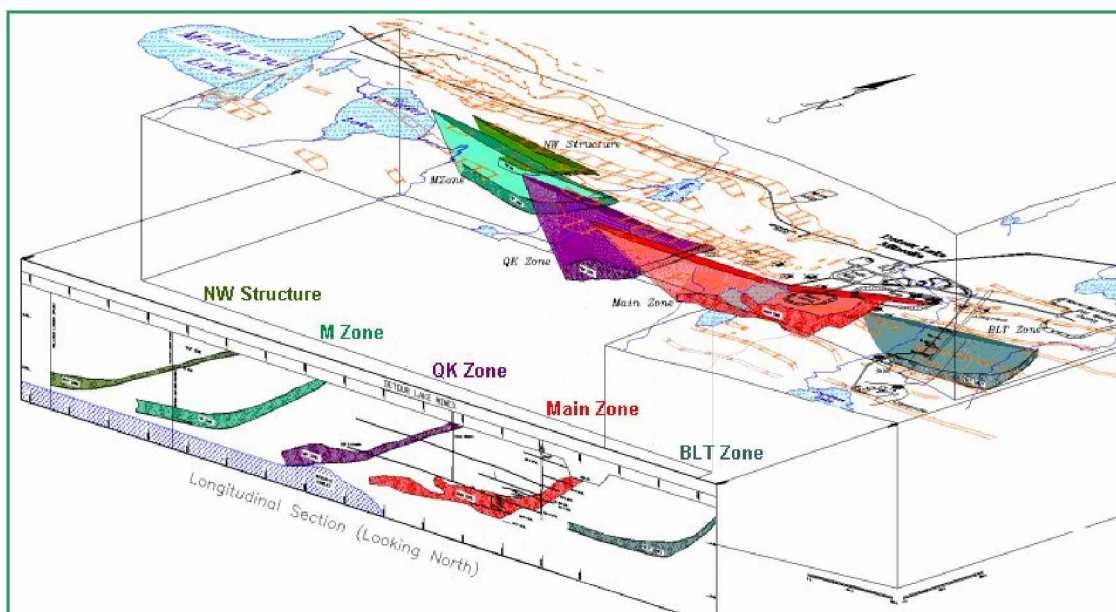
In January 2006, Trade Winds entered into a Purchase and Sale Agreement with **GoWest Amalgamated Resources** (GWA – TSX.V) to acquire a 100% interest in the GoWest Property at Detour Lake.

Pursuant to an earlier option from GoWest, Trade Winds has expended Cdn\$ 1.91 million to earn a 60% interest in the GoWest Property. Trade Winds has acquired the remaining 40% in the GoWest Property by issuing a total of 8.04 million shares of Trade Winds, equal to a 15.1% equity interest.

The GoWest Property consist of 3 leased mining claims totalling approximately 960 hectares, directly adjacent to the western border of Trade Winds' optioned Detour Lake Block A Property and approximately 5.0 km west of Placer Dome's Detour Lake Mine, which historically produced 1.7 million ounces of gold.

The GoWest Property contains the westward extension of the high-grade gold M Zone Structural Corridor, which has been systematically drilled by Trade Winds along a strike length of over 4 kilometres, and is open to the west of the GoWest Property.

Two significant mineralised zones occur along a komatite structure, the Upper and Lower M Zone gold zones.



In July 2005, Trade Winds reported that several high-grade gold zones have been intersected within the first diamond drill hole (TWDDH-033 F) completed during the 2005 spring and summer drilling program which intersected 73.89 g/t gold over 1.40 metres and 6.01 g/t gold over 23.0 metres.

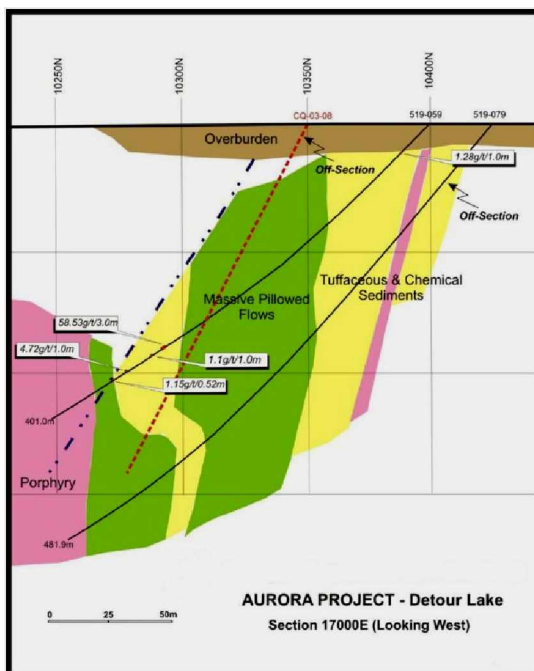
In January 2006 Trade Winds reported that it had intercepted multiple high-grade gold zone along the M Zone. Gold fire-assay results from diamond drill hole TWDDH-107 (including 6.78 g/t gold over 5.05 metres) and wedge hole TWDDH-107H (including 10.29 g/t gold over 4.00 metres), together with previously reported results from TWDDH-107E (5.77 g/t gold over 6.75 metres), high grade gold mineralization has now been intercepted on Section 12820 E in three holes over a 100 metre height along the M Zone, which remains open along strike to the west and to depth.

On October 11, 2006 Trade Winds reported that it had discovered Upper M Zone mineralization 1.18 km west of previous drilling. Three exploration diamond drill holes TWGW-002/0003/004 located on Section 12820 E tested for Upper M Zone mineralization over a 300 metre height. Assay results for hole TWGW-004 returned 3.89 g/t gold over 4.0 metres, including 14.25 g/t gold over 1 metre, with clots of visible gold observed within the greenstone. Visible gold was noted in a quartz zone in TWDDH-107, which returned 41.40 g/t gold over 5.0 metres and correlates with a quartz zone located 60 metres up-dip in TWDDH-107H, which contains a previously reported 22.50 g/t gold over 0.75 metre.

To date, on Section 12820E, the M Zone has been tested by 10 diamond drill holes totalling 10,702 metres, intersecting the M Zone over a 700 metre height (from approximately 650 metres to 1,350 metres depth from surface).

Both the Upper and Lower M Zone gold zones have been located on this section, representing over 4.0 kilometres of known gold mineralization occurring along the M Zone Structural Corridor.

The near surface and other portions of the M Zone Structural Corridor drilled to date are the subject of a forthcoming NI 43-101 compliant resource estimate.



**Ø Aurora Gold Property, Detour Lake, Ontario – to earn a 60% interest from Conquest**

Trade Winds has acquired a 60% interest on the Aurora Gold Property located in the Detour Lake Camp from **Conquest** (CQR – TSX.V). This Property comprises a group of 12 leases totalling some 6,770 hectares situated in the South Detour Lake Area, Porcupine Mining Division in the District of Cochrane.

The right to earn its 60% interest is subject to staged payments of cash and shares to Conquest totalling Cdn\$ 100,000 and 200,000 shares, and completion of an exploration commitment of Cdn\$ 4.4 million by April 30, 2008.

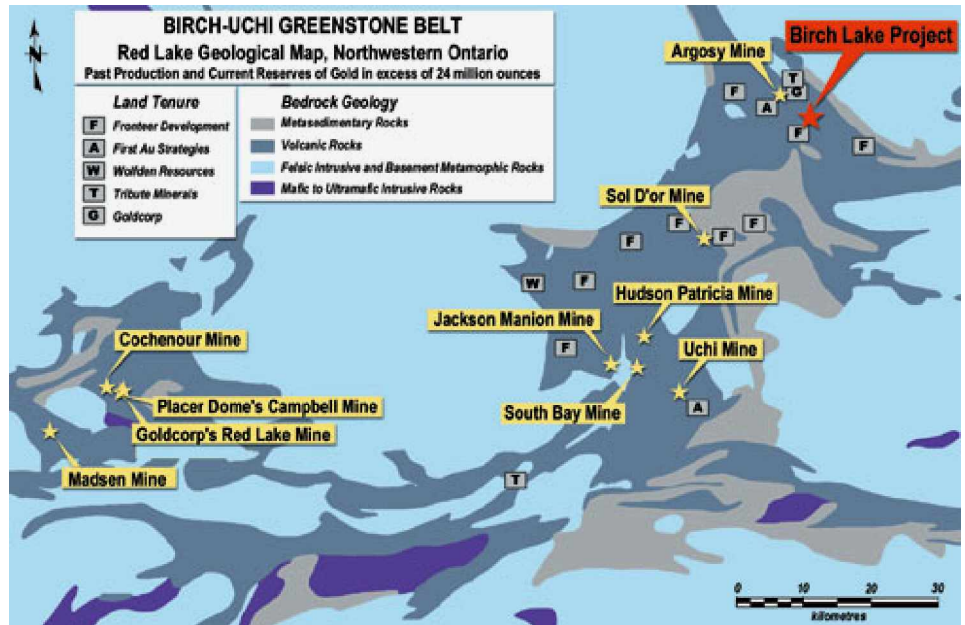
A minimum of Cdn\$ 800,000 exploration expenditure has to be completed on or before August 30, 2005.

**Ø Birch Lake Project, Red Lake, Ontario - to earn a 60% interest from Pelangio Mines**

The Birch Lake Property is located within the Birch-Uchi greenstone belt in the Red Lake Mining District in northeast Ontario. The Birch Lake Property contains a greenstone hosted vein type structure similar to geological features present at Goldcorp's Red Lake Mine.

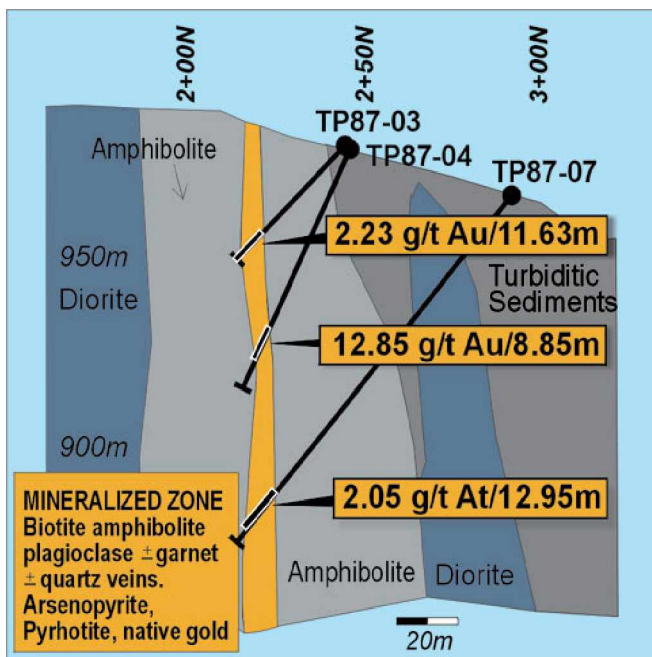
Significant developments by Placer Dome between 1986 and 1996 included drill holes totalling 19,918 metres, together with mapping, IP, trenching, geological and ground geophysical surveys.

The Birch Lake Highgrade Island Project consists of 28 contiguous, unpatented claims under option from Pelangio Mines (PLG – TSX.V) in which Trade Winds is earning a 60% interest as project operator. Drilling in the summer of 2004 resulted in producing very encouraging gold values, including assays of 229.0 g/t gold over 2.35 metres, 209 g/t gold over 1 metres, 115.0 g/t gold over 2.9 metres, 105.3 g/t over 2 metres, 109 g/t over 1 metre.



The 2005 winter program on the Highgrade Island Project entailed five diamond drill holes totalling 1,875 metres with holes TWBL-103 to 105 testing a portion of the Central Deformation Zone for a second high-grader gold shoot. Extensive arsenopyrite with quartz veining, silicification and felsic dyking is contained in all holes, which rested along the Central Deformation Zone. Grades of 1 to 4 grams of gold per tonne over core lengths of 1 to 3 metres occur in all holes.

#### Turner Lake Gold Property, Western Nunavut, Canada



The Turner Lake Property covers 1012.5 hectares located near the Lupin Mines and Bathurst Inlet in the Kitikmeot District of Western Nunavut. The mineral assemblage of the Turner Lake Property is virtually identical to that of the Lupin Mine (Kinross/Echo Bay) which is located 200-km southeast.

Previous work includes extensive mapping, airborne and ground geophysics, trenching and drilling, exposing at least three high-grade shoots of gold mineralization. In 1989, detailed channel sampling returned an average grade of 4.5 g/t gold over true width of 3.2 metres.

Trade Winds has commenced both regional and detailed geological mapping and sampling surveys in the beginning of August. The first objective is to evaluate the economic potential of the Archean aged Nickel Knob multi-phased ultramafic intrusive, and secondly to prepare the main gold zone for drill testing next year.

Significant gold concentrations occur at surface along the main gold zone over a 450-metre strike length. Limited drilling, last conducted by Chevron Minerals in the late 1980s returned values of 12.85 g/t gold over 8.85 metres (0.37 oz/t gold over 29.04 feet) and 28.00 g/t gold over 4.75 metres (0.82 oz/t gold over 15.58 feet), less than 100 metres of surface along a mafic/ultramafic contact with associated quartz veining, pyrrhotite, arsenopyrite and native gold.



## **Corporate / Finance**

In November 2005, Trade Winds completed a brokered private placement for gross proceeds of Cdn\$ 4.55 million, consisting of 7.54 million flow-through units at Cdn\$ 0.60 per unit and 2.05 million non flow-through units at Cdn\$ 0.50 per common share.

In August 2006, Trade Winds closed a private placement of 4.5 million flow-through shares at Cdn\$ 0.50 per FT share and 2.08 million units at Cdn\$ 0.40 per unit. Each unit consists of one non flow-through common share and one-half of one non flow-through common share purchase warrant, with each whole warrant entitling to acquire one common share for a period of two years from closing at an exercise price of Cdn\$ 0.55

The gross proceeds from the issue of FT shares will be used for exploration and development of the Company's Detour Lake and Birch Lake Properties in Ontario.

### **Investment recommendation:**

Trade Winds is primarily focusing on its three Detour Lake Properties. The Company's initial priority target is the M Zone on the Block A Property, with a current resource of 301,448 ounces of gold, adjacent to and surrounding Placer Dome's Detour Lake Mine, which historically produced 1.7 million ounces of gold. The 59 holes diamond drill program was completed in the winter 2006 M Zone program and high-grade gold values with visible gold are occurring in 85% of the holes drilled. Drill results were up to 2.60 oz/t gold over 4.0 metres. The drilling from over 80,000 metres to date is expected to expand the open-pit resource calculation. Golder and Associates have been engaged to complete a NI 43-101 compliant resource study on the M Zone.

Trade Winds increased its interest in the GoWest Project, situated approximately 5 kilometres west of the Detour Lake Mine, to 100% from 60%.

In the prospective Red Lake District, the Birch Lake Property contains the same geological structure as Goldcorp's Red Lake Mine, one of the richest gold mines in the world. The Turner Lake Gold property in western Nunavut has virtually identical mineral assemblage to the Kinross/Echo Bay's Lupin Mine.

Other properties include the Treasure Mountain Copper-Silver Property in BC and the Tuole Gold Property in China, which are adding to Trade Wind's well-diversified portfolio of projects.

Based on currently 59.8 million shares currently outstanding, Trade Winds has a market capitalization of just Cdn\$ 25.1 million. This includes Cdn\$ 3.0 million working capital, offering the Company the opportunity to pursue aggressive exploration on its projects. Apart from the expected added value of the NI 43-101 compliant resource study on the M Zone, ongoing exploration results could enhance Trade Wind's market capitalization significantly.

We give a purchase recommendation for the shares with a next price objective of Cdn\$ 0.80.