

# Goldletter INTERNATIONAL

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

---

## **Porcupine Camp, one of the world's great gold producing regions**

Gold mineralization in the prolific Porcupine and Golden Highway Gold Camps is present along a 120 km stretch of the Destor Porcupine Fault Zone (DPFZ) from Timmins to the Quebec border. This forms part of the Western Abitibi greenstone belt, which has been one of the world's great producing regions for a century, having produced over 70 million ounces of gold to date and historically supported 26 separate mines, each with a production in excess of 100,000 ounces.

Currently, the DPFZ hosts world class mines operated by **Newmont Mining** (Holloway Mine) and the **Porcupine Joint Venture** (Placer Dome/Kinross), as well as the advanced development / exploration programs of **Apollo Gold** (Black Fox), **St Andrew Goldfields** (Clavos / Stock / Taylor), **Kinross** (Aquarius) and **Lakeshore Gold** (Holmer).

Mineralization along the DPFZ and its associated splays and faults tends to be steeply dipping to great depth with complex geology, but there have been dramatic advances in geochemistry, geophysics and in the application of sophisticated software to improve the probability of exploration drilling success.

The **Porcupine Joint Venture** (51% Placer Dome, operator and 49% Kinross Gold) has produced approximately 374,000 ounces of gold in 2005 at a cash cost of US\$ 284 per ounce from its Hoyle Pond Mine. Proven and probable reserves are estimated at 69.6 million tonnes grading 1.5 g/t gold containing approximately 3.6 million ounces of gold.

Capital expenditures for 2004 were approximately Cdn\$ 59 million for the Hoyle Pond development and Pamour Project. The open-pit feasibility study for the Pamour Mine was finalised in late 2003 and permitting work was initiated. Saleable production was expected to commence in 2005.

Upon successful completion of the take over of Placer Dome by Barrick Gold, Goldcorp will acquire Placer Dome's 51% interest in the Porcupine Joint Venture.

Newmont's Holloway Mine was budgeted to produce approximately 90,000 ounces of gold at sales costs of \$ 405 per ounce in 2005. Holloway Mine has an exploration budget of Cdn\$ 6.8 million and it will be exploring areas of the Holt-McDermott Mine where there is remnant ore, as well as looking for new zones. Newmont will also conduct exploration in the area of its Blacktop Zone, as well as another zone at the Holloway Mine.

## ***Process of consolidation and rationalisation in Porcupine Camp***

Over the past eight years Newmont Mining, Kinross and Barrick Gold have bought out all other senior producers except Placer Dome. As part of the agreement to acquire certain mining assets from Barrick Gold upon successful completion of the take-over of Placer Dome by Barrick Gold, Goldcorp will acquire Placer Dome's 51% interest in the Porcupine Joint Venture

In October 2004, Newmont acquired Barrick Gold's adjacent Holt-McDermott Mine, including the mill related facilities and all rights and obligations to underground mining infrastructure, as well as Barrick's landholdings located in the Golden Highway area. The deal was valued at Cdn\$ 4 million. It is Newmont's intention to continue to mill ore from its nearby Holloway Mine at the Holt-McDermott mill and to put the underground infrastructure on care and maintenance while exploration options for the area are evaluated.

As the mines in the Porcupine Camp in general are too small for big scale production, this is providing a catalyst for change as new more flexible operators enter the region. In the past eight years the number of juniors active in the region has been reduced from 23 to 12 and some commentators predict that there will be further consolidation.

## Timmins West Gold deposit

The Timmins West Gold Deposit is located in Bristol Township, 18 kilometres west of the city of Timmins, Ontario, within the westend of the Timmins Gold Camp and north of the Destor-Porcupine Fault Zone. Since the discovery of gold on the Property in 1911, several companies have carried out drill programs limited to testing the deposit above 250 metres vertical depth.

In 2003, **Lake Shore Gold Corp.** (LSG - TSX) signed a joint venture agreement with Holmer Gold Mines and immediately embarked on a drill program targeting deeper opportunities, following the mineralization drawn plunge to the west.

In September 2004, Lake Shore met its requirements with Holmer to acquire a 50% interest in the Timmins West Gold Deposit. The results of an updated NI 43-101 compliant resource calculation audit by Watts, Griffis and McQuat reported an indicated resource of 1.37 million tonnes at an uncut grade of 16.45grams per tonne gold or 724,000 ounces gold, and an additional 1.2 tonnes at an uncut grade of 5.24 g/t (inferred).

In December 2004, Lake Shore acquired all of the issued shares of Holmer Gold Mines, thus it now owns an indirectly 100% of the Timmins West Gold Deposit.

Gold mineralization on the Timmins West Gold Deposit is typical of deposits in the Timmins Camp where high-grade mineralised quartz veins and disseminated sulphide zones occur as steeply dipping pre shoots. The six known shoots on the Property occur within a 150 to 200 metre wide highly altered and deformed zone that plunges 65° to the northwest from surface and remains open beyond the deepest intercept, 1,300 metres below surface.

The discovery and development of the Ultramafic Zone hosted by multiphase alkaline pyroxenite, representing an unique and new host to gold mineralization in the Timmins Camp, is responsible for the threefold increase in the indicated resource after only one and a half years of drilling.

In February 2005, an independent pre-feasibility study was initiated and is expected to be completed early in 2006, simultaneously with an updated resource audit.

### Overview of gold exploration companies active in Porcupine Camp

Company	Trade Symbol		Share price in Cdn\$	12 months prices		Net shares issued in million	Market cap. in Cdn\$ million
				H	L		
<i>September 30, 2006</i>							
Lake Shore Gold	LSG	TSE	1.59	2.65	1.21	95.3	151.5
St. Andrew Goldfields	SAS	TSE	1.33	3.50	1.23	41.5	55.2
Apollo Gold	APG	TSE	0.44	0.98	0.18	122.7	54.0
Vedron Gold	VG	TSX.V	0.42	0.92	0.25	70.2	29.5
West Timmins Mining	WTM	TSE	0.34	0.41	0.33	84.8	28.8
Temex Resources	TME	TSX.V	0.27	0.80	0.16	54.8	14.8
Acrex Ventures	AKV	TSX.V	0.38	0.46	0.08	25.5	9.7
Geodex Minerals	GXM	TSX.V	0.23	0.50	0.08	35.8	8.2
<b>Moneta Porcupine Mines **</b>	ME	TSE	0.11	0.23	0.07	74.8	8.2
Tom Exploration	TUM	TSX.V	0.08	0.50	0.07	50.4	4.0
Laurion Gold	LAG	TSX.V	0.10	0.19	0.08	32.2	3.2

\*\* individually featured as GoldStock of the Month or Special Situation