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PRINTED: 04/17/2002

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES AZMILS DATA

PRIMARY NAME: NEWSBOY

ALTERNATE NAMES:

GRANDE GROUP  
CHAS. BLACK CLAIMS  
GNOME DEVELOPMENT

MARICOPA COUNTY MILS NUMBER: 226A

LOCATION: TOWNSHIP 6 N RANGE 4 W SECTION 22 QUARTER NW  
LATITUDE: N 33DEG 50MIN 51SEC LONGITUDE: W 112DEG 40MIN 00SEC  
TOPO MAP NAME: WICKENBURG SW - 7.5 MIN

CURRENT STATUS: PAST PRODUCER

COMMODITY:

SILVER  
GOLD LODE  
SILICON  
MANGANESE OXIDE

BIBLIOGRAPHY:

ADMMR NEWSBOY FILE  
USBM RI 4097, 1947 & RI 4077, 1947  
ADMMR "U" FILE, MARICOPA AU5  
AZBM BULL. 180, P. 260  
ADMMR MINE MAPS UPSTAIRS ROLLED BOXES  
AGS 1990 FALL FIELD TRIP GUIDE  
BLM DRAFT EA NO. AZ-026-92-39, JULY, 1992  
BLM MINING PLAN OPERATIONS, 11/1992, VOL. 1&2

NEWBOUT (A) MARICOPA ON  
K

# MONETA PORCUPINE MINES INC.

OPTION TO ACQUIRE LMS SECUR 1994



**1993**

Annual Report



## Corporate Information

### Head Office

P.O. Box 1756,  
273-2nd Avenue,  
Timmins, Ontario.  
P4N 7W9

Telephone: (705) 264-2296  
Telefax: (705) 267-7490

### Banker

Royal Bank of Canada

### Registrar and Transfer Agent

Montreal Trust Company of  
Canada

### Auditors

FRANCIS P. YUNGWIRTH, P. Eng.  
BARRISTER & SOLICITOR  
Vice-President

MONETA PORCUPINE MINES INC.

273 2nd Avenue  
P.O. Box 1756  
Timmins, Ontario  
P4N 7W9

Telephone Bus. (705) 264-2296  
Telecopier: (705) 267-7490

### Officers

Charles Gryba, P.Eng.  
President

F.P. Yungwirth, P.Eng., LLB.  
Vice President and  
Secretary-Treasurer

### Directors

Charles Gryba  
President, Timmins

Francis Yungwirth  
Vice President, Timmins

John Larche  
Chairman, Timmins

Dolores Larche, Timmins

### Capitalization

Common Shares  
Authorized Unlimited

Common Shares  
Issued 15,681,735

### Major Shareholders

J. Larche 6,228,895

Convertible  
Debenture (1) 1,289,411

Waverley Asset  
Management 926,935

(1) Reserved for issue

### Annual Meeting

June 22, 1994  
10:00 a.m.  
273-2nd Avenue,  
Timmins, Ontario.

## President's Report to the Shareholders

1993 was the beginning year of positive and exciting change for Moneta which, we believe will continue in future years.

Over the past 7 years Moneta has spent \$10,000,000 on preliminary exploration of 30 of the 68 square miles of perspective exploration ground that has been assembled in the Timmins Camp. Moneta is now focusing on the next phase of exploration, which is diamond drilling of the gold and base metal targets that have already been identified. In other areas, Moneta has expanded with the acquisition of 2 strong gold assets in the U.S.A.

In 1993, Moneta made a very significant discovery of zinc mineralization in Godfrey Township. A combination of diamond drilling plus state of the art down-the-hole (DTH) geophysics has identified a major target about 200 meters below the 3 meter intersection of 10% zinc. Moneta has a good possibility of hitting a significant massive sulphide deposit with the next drill program.

Further to the north, Westminer Canada Ltd. has completed a deep penetrating geophysical program over an 8 square mile area. An additional 16 square miles will be completed over the next two years. Westminer's program is designed to identify massive sulphide targets down to a depth of 700 meters. Drill targets will be identified and drilled within the next twelve months.

1993 Timmins Camp gold exploration was the most successful year in the past 50 years. Kinross has announced 2,100,000 tonnes grading 15 grams of gold per ton in the same geological belt as Moneta's North Tisdale property. Pangea's 1,000,000 plus ounce gold discovery is close to Moneta's Michaud property. These discoveries have created major interest and Moneta has already successfully concluded a Joint Venture with Lac Minerals on our Michaud property. Further Joint Ventures will be concluded in 1994.

1993 market interest was focused on diamond exploration and low capital cost mining projects off shore. The movement of exploration companies out of North America has created an opportunity for Moneta to acquire two properties with significant gold reserves in the U.S.A. The Arizona located Newsboy project has at least 230,000 ounces of drilled off reserves that can be open pitted. The Cloverleaf property hosts 300,000 ounces of potential gold reserves in an iron formation, 10 km from the famous Homestake Mine in South Dakota.

The Newsboy and Cloverleaf acquisitions will allow Moneta management to focus on a 2-3 year exploration - production horizon which is financable. In parallel, Moneta will continue to expand and to explore or joint venture its Timmins area properties which should lead to one or more discoveries in the next few years.

There has been no change in accounting policies from the previous year.

Respectfully submitted  
on behalf of the Board of Directors

Charles Gryba  
President

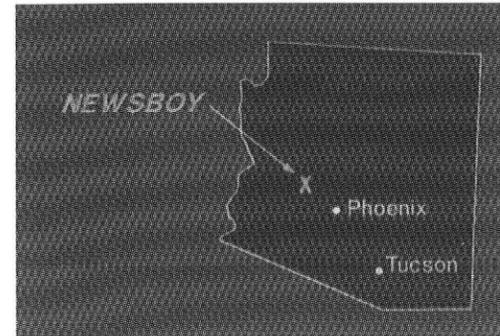
# NEWSBOY GOLD MINE

## SUMMARY

Moneta is acquiring the Newsboy Gold Mine, located near Wickenburg, Arizona, from Pima Mining N.L. of Australia.

The Newsboy property has an insitu resource of over 234,000 ounces of gold. A complete range of independent ore reserve audits, metallurgical work, background environmental and feasibility studies have been completed for a 600,000 tpy open pit - conventional milling operation.

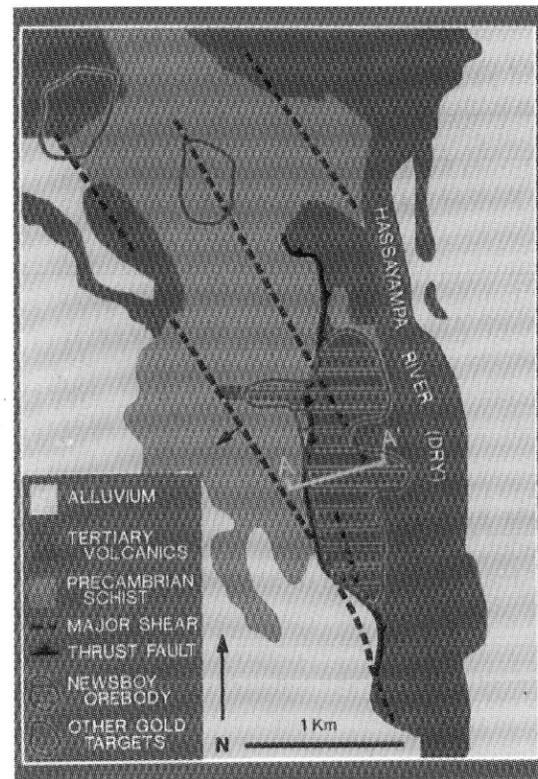
Moneta's plan is to expand mineable reserves then proceed with a two year production plan.



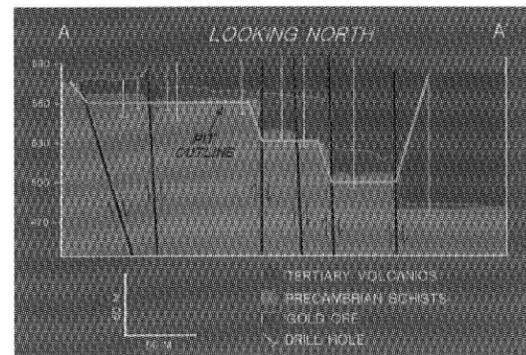
Location, Newsboy Gold Mine

## GEOLOGY

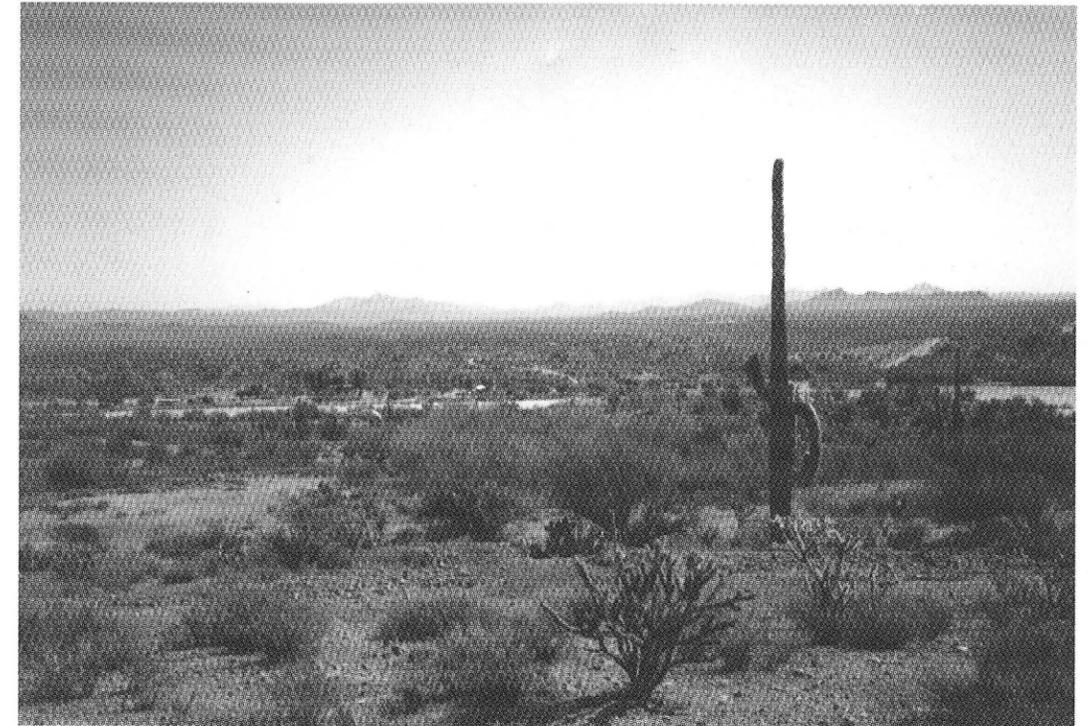
An epithermal gold and silver mineralized system is emplaced along a low angle fault that strikes north-south and dips to the east. This fault separates Precambrian schists from overlying Tertiary rhyolite that outcrops discontinuously over a distance of approximately 1,300 metres. A subhorizontal tabular gold-silver orebody with an average thickness of 15 metres has been defined. Depths from the surface to the top of the orebody range from 0 to 40 metres.



Geologic Map, Newsboy Gold Mine



Cross Section, Newsboy Gold Mine



## ORE RESERVES

An insitu gold resource of 4.9 million tonnes (mt), at a grade of 1.6 grams per tonne (g/t) gold and 27.6 g/t silver is present at Newsboy. An initial three year mine plan to allow mining at a rate of +/-27,000 ounces gold per annum has been developed. This initial production will come from a pit containing mineable reserves at a grade of 2 g/t at a 0.7 g/t cutoff along with 1.3 ounces/t of silver.

The opportunity for developing additional ore within the proposed pit is indicated by the fact that both the most northern and southern holes in the pit area are in ore.

## EXPLORATION

Excellent exploration potential exists within the extensive property holding that totals over 16 km<sup>2</sup> (6 sq. miles). Reconnaissance mapping and rock chip sampling have identified eight similar zones of mineralization within a radius of three kilometres on the north, west and south sides of the Newsboy orebody.

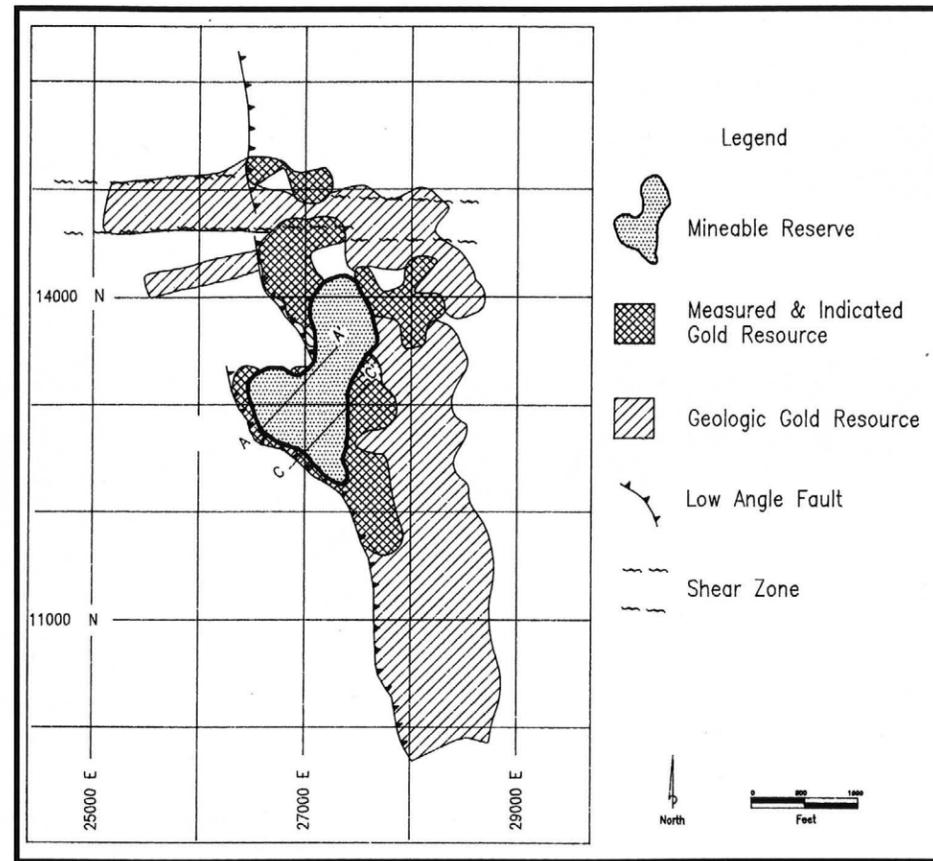
Rock chip sampling grades range from .3 g/t to 29.7 g/t thus indicating the potential for higher grade open pits on the property.

Moneta has sourced a state-of-the-art geophysical system that will allow rapid evaluation of alternate open pit sites. A one year exploration program is planned.

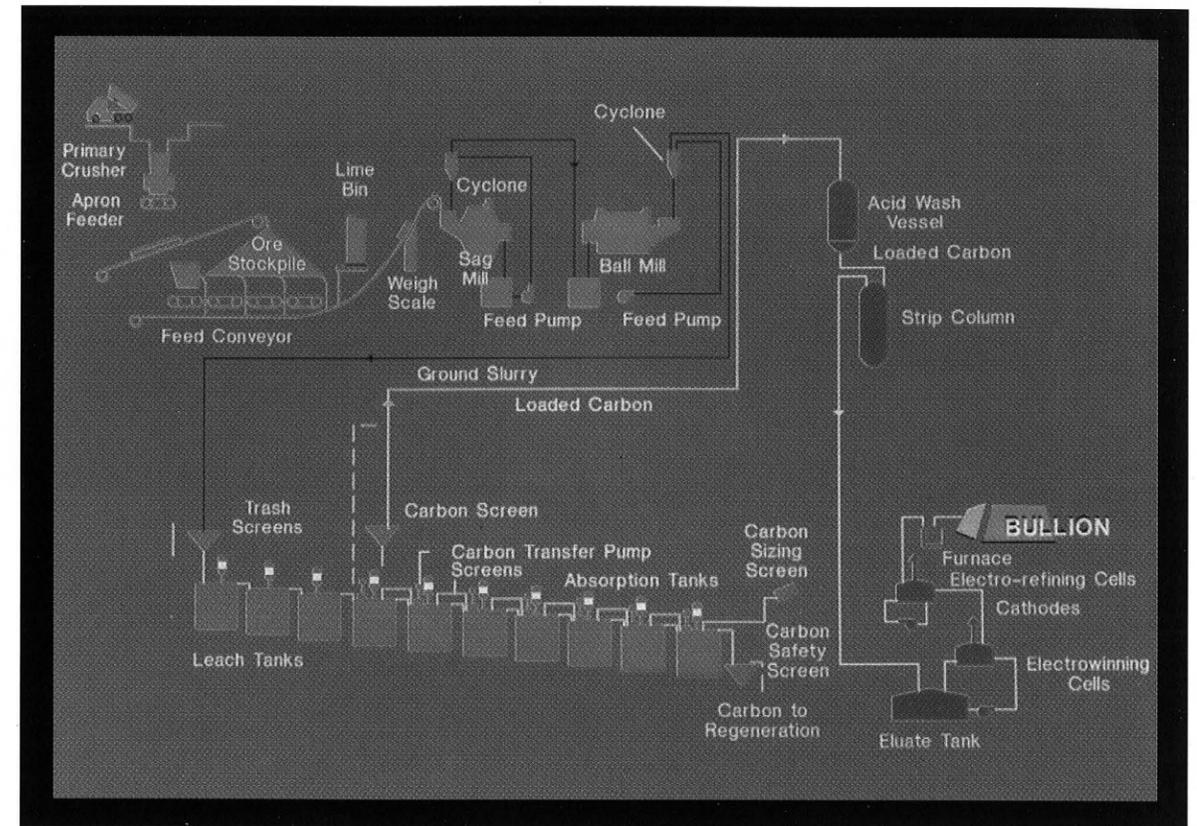
## MINE PLANNING

Previous operators planned a conventional open pit with about a 3:1 stripping ratio. Detailed drilling was completed for the initial three years of open pit mining. A total of 114 holes totalling 25,251 feet of drilling have been completed in the initial pit area.

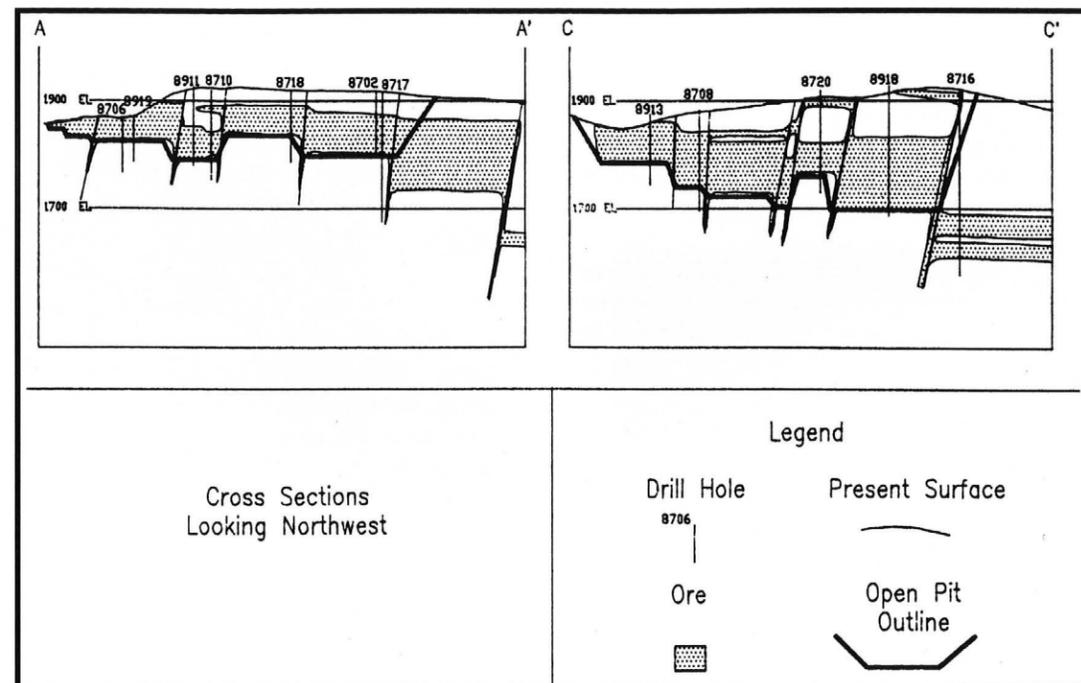
Mine ore reserve calculations were done by Computer Aided Geoscience Pty Ltd. of Sydney, Australia. Ore reserves and pit plans were audited by Pincock, Allen, Holt of Denver.



Newsboy Gold Mine: Reserve and Resource Map



Process Flow Sheet, Newsboy Gold Mine



Newsboy Gold Mine: Cross Sections

## PROCESSING

Metallurgical testwork by Kappes, Cassidy and Associates indicates at least a 90% gold recovery by grinding to 80% minus 200 mesh plus low reagent consumption. Plans call for gold-silver ore to be processed in a carbon-in-leach (C.I.L.) plant. Twelve diamond drill holes were drilled for metallurgical samples.

Water and power are both available near the site. Infrastructure and manpower are readily available locally in Wickenburg, some 16 kilometres to the north, and Phoenix, 70 kilometres to the southeast.

## ENVIRONMENTAL PERMITS

The Arizona required Mining Plan of Operations for a 600,000 tpy operation has been completed and filed. Background documentation such as Acquirer Protection Plans, tailings pond design, archaeology, biological and other similar studies have been completed.

Moneta's plans are to complete a reconnaissance exploration program prior to continuing with the Environmental Impact Study (EIS). Exploration could totally change the size of the mine-mill operation, location of the plant site and mining sequence of various pits.

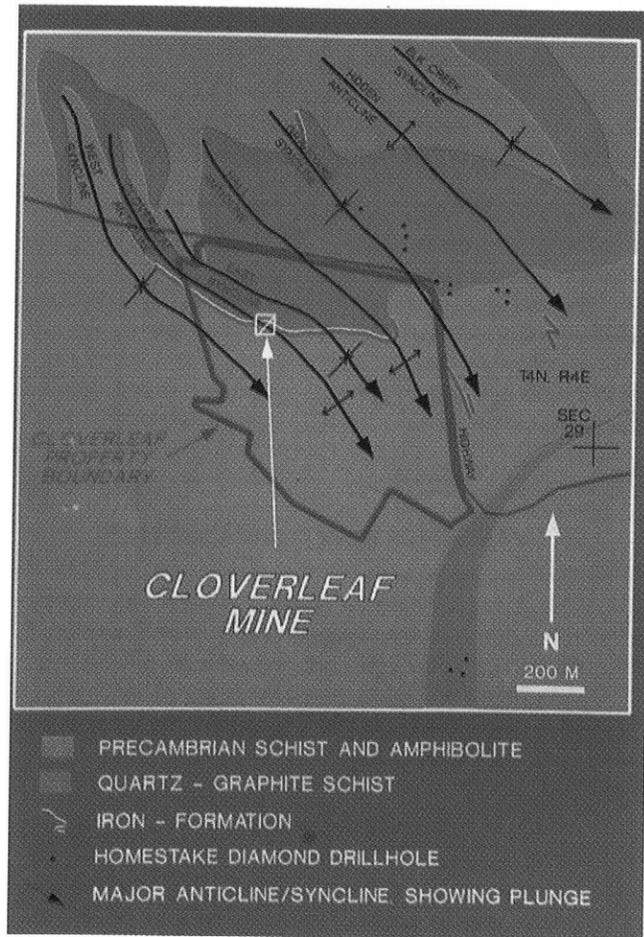
# CLOVERLEAF MINE

## SUMMARY

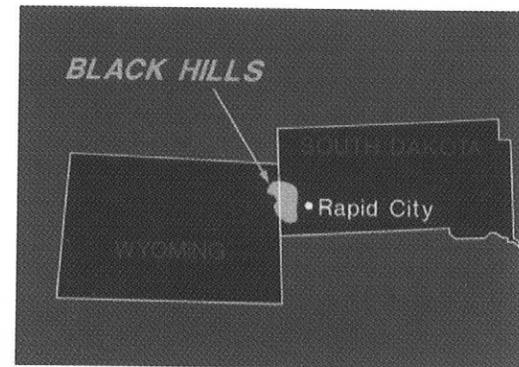
The second acquisition from Pima Mines N.L. is the Cloverleaf Mine situated in Lawrence County, South Dakota, U.S.A.

Cloverleaf is located 10km from the Homestake Mine, the largest gold mine in the U.S.A., having produced in excess of 36 million ounces.

In situ gold resources identified from past mining activity and more modern work, are reported by independent consultants at more than 350,000 ounces of contained gold. Reserves are projected for only the Cloverleaf anticline, there are six other anticlines and synclines on the property.



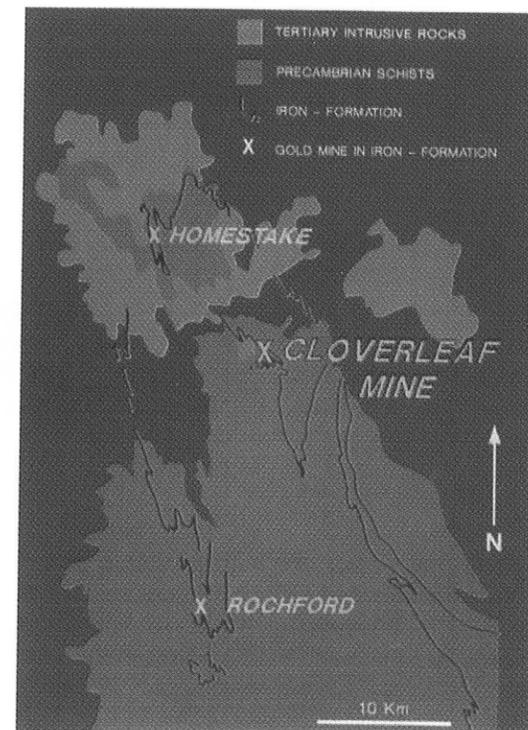
Geologic Map, Cloverleaf Project



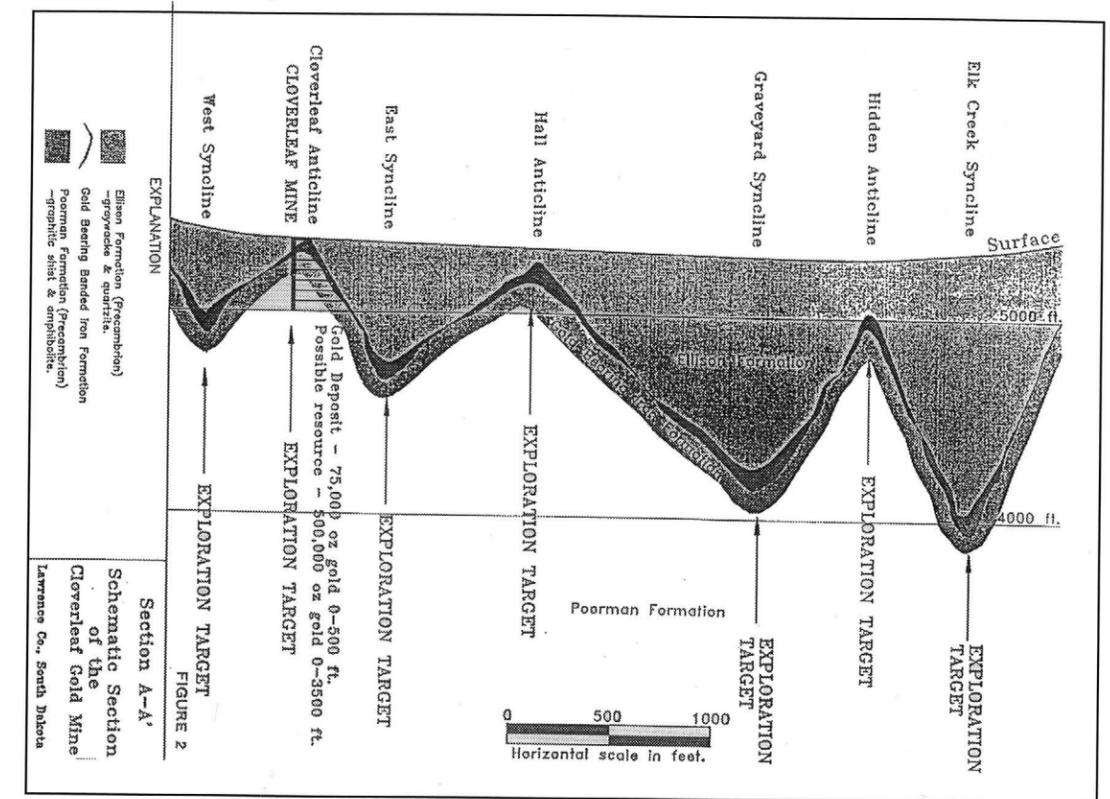
Location, Cloverleaf Gold Project

## GEOLOGY

Gold mineralization at the Homestake Mine is found in the Homestake Formation, a precambrian metamorphosed iron formation. The Cloverleaf Mine is set in a similar metamorphic sequence containing banded iron formation.



Gold in Iron-Formation, Black Hills



## PREVIOUS PRODUCTION

The Cloverleaf Mine is situated on 25 patented claims. Historical production to 1905 was 198,000 tonnes yielding 43,870 ounces to the 200m depth. Mine production averaged 1,000 tonnes per vertical meter at a head grade of 9 to 10 grams. Mill recoveries from production records and checked by tailing pond sampling are estimated at about 67%.

Analysis of historical work plus a 1935 underground exploration program indicates the stoped high grade quartz saddle reef is surrounded by an equally sized graphitic schist halo grading 3 grams per tonne.

Total Cloverleaf geological reserves from surface to the 200m level would have been about 2,000 tonnes per vertical meter grading an average of 6 grams per tonne. 1935 drilling indicates that the orebody continues below the 200m level.

## HOMESTAKE MINE MODEL

Assuming the down dip resource at Cloverleaf is comparable with Homestake Mine:

- gold in cross folds is consistent down plunge of the fold axis and at the Homestake Mine has been followed to a vertical depth exceeding 2500m, and,
- of the six major orebodies stoped at Homestake Mine, the shortest orebody was mined over vertical height of 400m.

A projection of the historical mineral inventory, to a 750m depth, by T. Willsted and Associates, yields an inferred gold resource of 1.1 million tonnes averaging 6 grams of gold per tonne. Furthermore, exploration drilling from the lowest level of the Cloverleaf Mine showed ore geometry of the fold to open. Diamond drilling of the Cloverleaf anticline and the parallel targets is required.

## GODFREY (BASE METALS)

Moneta acquired twelve leased claims in Godfrey Township from Hollinger. An additional four claims were staked and the package optioned to Falconbridge in 1991. Falconbridge completed line cutting and geophysics then drilled three holes. The initial hole hit 30 meters of graphite then passed through mafic volcanic rocks into a previously unknown rhyolite. A narrow vein in the mafic unit assayed 2 1/2 opt gold over a 5 ft width.

In 1993, Moneta re-negotiated the deal with Falconbridge Gold and Moneta's first drill hole hit 10% zinc over a 10 foot width. Moneta subsequently drilled seven more holes and completed three down the hole (DTH) surveys. A major off-hole response located 200 meters below and 50 meters to the south of the zinc intersection has been indicated in the last DTH survey. In addition to the DTH survey, rhyolite geochemistry plus sphalerite clasts in a rhyolite debris flow also support the presence of a massive sulphide deposit in the immediate area. Moneta will drill the DTH target in 1994.

The intersection of 2 1/2 opt gold over 5 feet in Godfrey Township instigated Moneta to do a major literature search on Godfrey, Jamieson and Loveland Townships. This search revealed two other significant targets, one in Jamieson Township and the second in Loveland Township. Moneta then spent two years staking and optioning 35 square miles of property.

The Jamieson target was indicated by three Cominco RCD holes drilled in 1972 that intersected .007 to .01 opt gold values in a sericite-schistose bedrock. The Timmins airborne survey also indicated a 12 channel anomaly in the same area. Moneta's initial ground survey and diamond drill hole failed to locate the airborne anomaly in 1993 and the area will be re-surveyed and drilled in 1994. The Jamieson property could host either a gold deposit or a massive sulphide deposit with major gold credits.

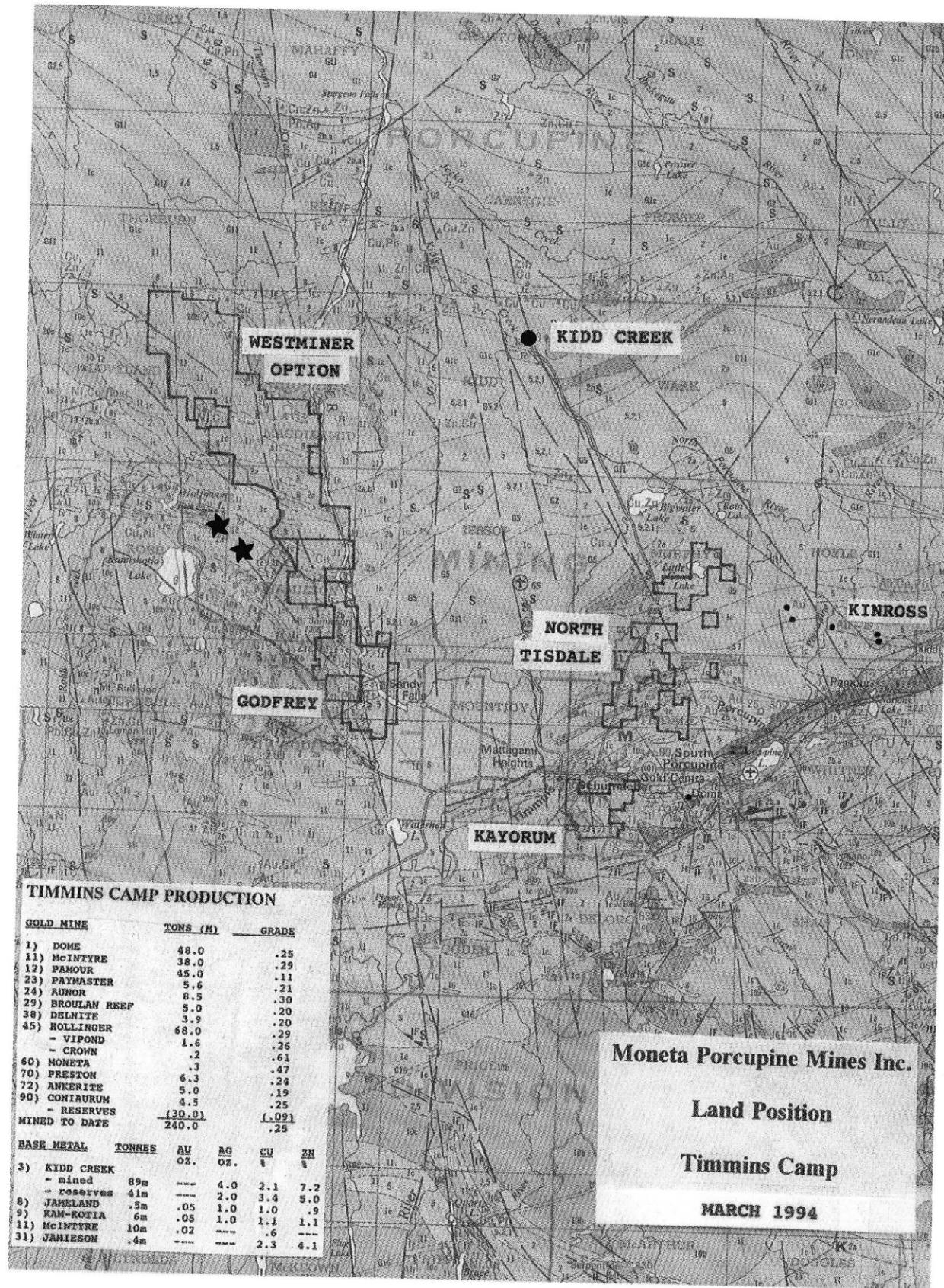
## WESTMINER OPTION

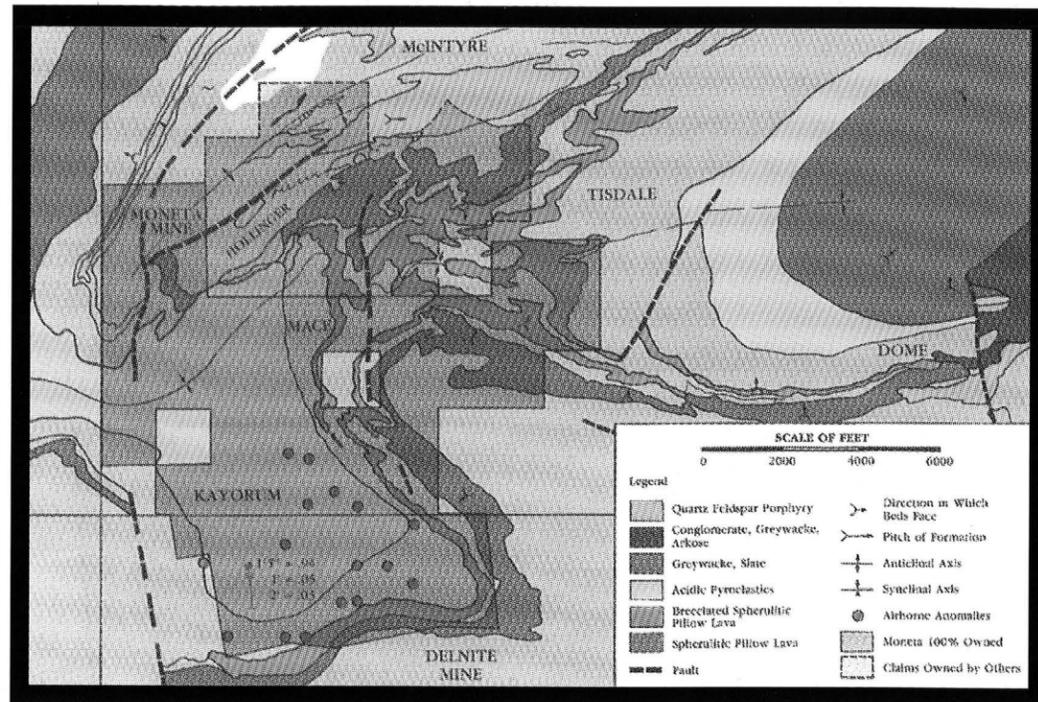
Moneta's research of Loveland Township discovered that in 1962 Hollinger had intersected 200 feet of .08 to .4% copper equally distributed about a narrow rhyolite horizon. In 1993, Moneta optioned 22 claims from Falconbridge Ltd. which were immediately adjacent to the copper intersection. The copper values plus a major land position allowed Moneta to negotiate a favourable joint venture agreement with Westminer.

Westminer subsequently completed 80km of line cutting and 80 km of deep penetrating geophysics. The geophysical program is designed to locate 5 million tonnes massive sulphide deposits down to a depth of 700 meters. An additional 80km of geophysics will be completed in 1994 followed by diamond drilling of favourable anomalies.

The Westminer option gives Moneta access to state of the art, deep penetrating geophysical technology. Traditional geophysics in the Timmins Area located anomalies to a maximum depth of 150-200 meters. Westminer's program will locate mine-sized targets to three times that depth effectively tripling the search volume and hopefully the chances of success as well.

Moneta has concentrated its base metal exploration programs between Kidd Creek and the Kam Kotia complex. Kidd Creek is one of largest base metal deposits (V.M.S.) in the world. Custom milling and smelting capacity is available in the Timmins area.





## KAYORUM PROPERTY (GOLD)

The Company owns a 100% interest in 50 claims covering 3 1/2 square miles. This amalgamated property now includes patented ground previously owned by the Moneta, Mace-Vipond and August Porcupine Mines plus the Hollinger controlled Kayorum.

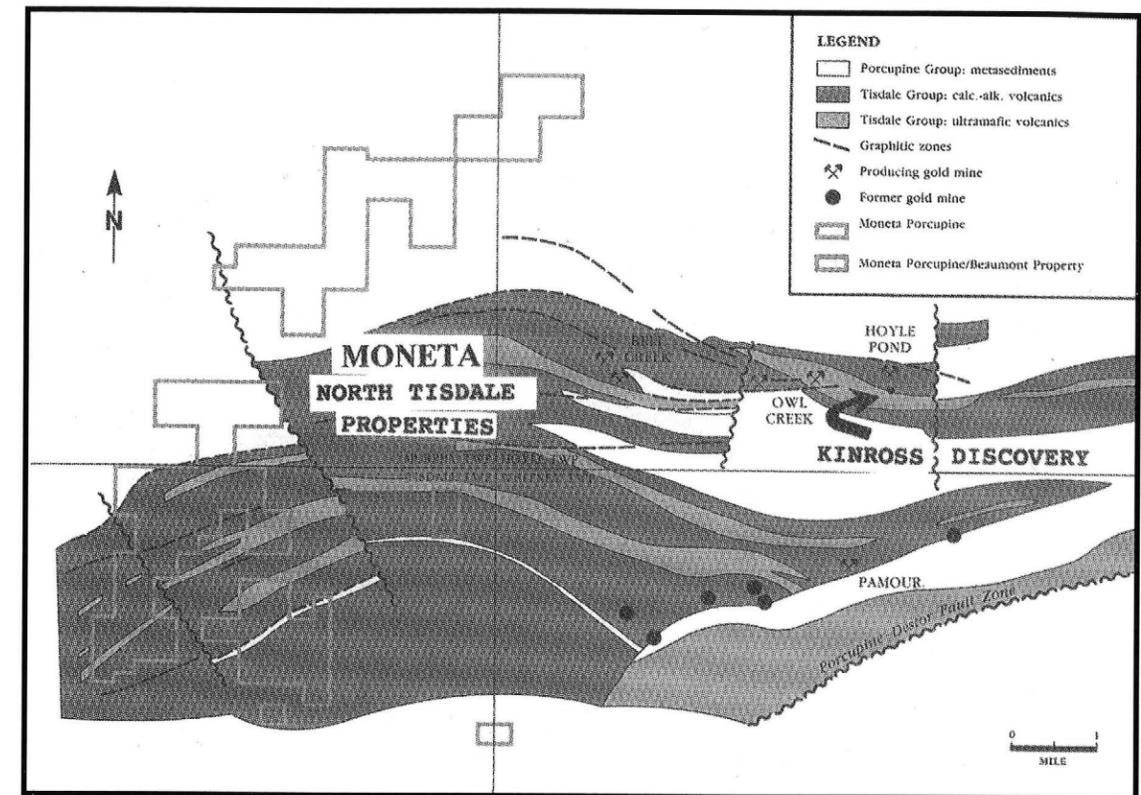
Until Moneta's option agreement with Cogema Canada Limited, most of the Kayorum Property had not been explored for fifty years.

This property lies between and borders the Hollinger-McIntyre and the Dome-Aunor-Delnite gold systems. The major mines on those two gold systems have historically produced an aggregate of 47 million ounces of gold over the past 80 years. Current reserves are at least 5 million ounces thus mining will continue for at least the next ten to fifteen years. Dome's recent discovery of 2,400,000 ounces of gold which can be mined by open pit methods indicates the exploration potential around and between the old minesites in the Timmins Camp.

Under an agreement with Moneta, Cogema conducted exploration on the property between 1991 and 1992 at a cost of \$1 million. Extensive geological and geophysical surveys were completed over the entire property plus Cogema completed one drill program involving 4,369 meters of diamond drilling on one target. Cogema's best intersection was 6.17 grams over 3 meters which represents a new gold discovery.

Moneta believes that the Kayorum Property has the geological potential to host one or more orebodies. A typical smaller Timmins Camp gold orebody averages 5 million tonnes grading 6-10 grams of gold per tonne. There is also the potential to discover a major blind gold orebody, hosting 10 to 20 million ounces, as three orebodies of that size have been found and mined to date within 1-3 kilometres of the Kayorum Property.

Moneta has identified at least 25 drill targets on the Kayorum Property.



## NORTH TISDALE

Moneta acquired key patented claims in North Tisdale from Hollinger in 1986 and further claims were staked and optioned in 1987. Moneta completed an extensive exploration program in 1987 and 1988 comprised of 148 km of ground geophysics, 363 RCD holes and 36 diamond drill holes.

RCD till samples indicated several areas anomalous in gold. Subsequently the property was optioned to Independence Mining who conducted additional diamond drilling and ground geophysics. Independence was removed from Canadian exploration prior to drill testing identified targets.

The recent Kinross discovery is in the same geological belt as North Tisdale. Viewing Kinross display core has indicated exactly the same rock types in North Tisdale as hosting the Kinross discovery. Moneta will option the North Tisdale property or continue diamond drilling as funds are available.

Moneta has also staked the Beaumont shaft claim in the northeast part of Tisdale Township. A drill hole below the Beaumont shaft intersected five veins each grading 0.30 opt gold over one meter width. Exploration of the Beaumont claim will proceed once claim ownership is resolved.

**MONETA'S PROPERTIES**

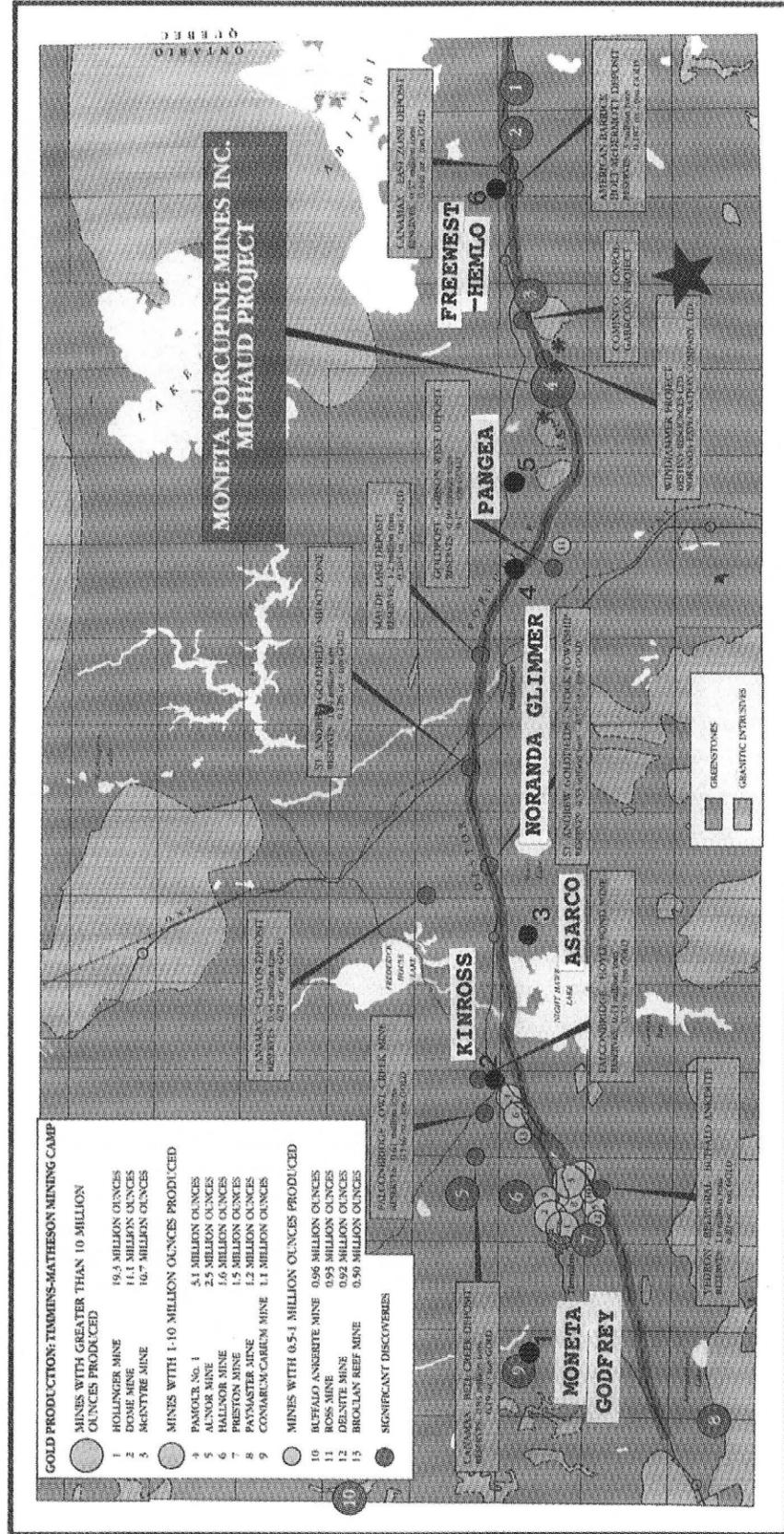
- 1 MARRIOTT
- 2 HOLLOWAY
- 3 GARRISON
- 4 MICHAUD/NAHANNI OPTION
- 5 MURPHY
- 6 TISDALE
- 7 MONETA MACE KAYORUM
- 8 DENTON
- 9 GODFREY
- 10 LOVELAND NICKEL

**DIAMOND PIPE**



**\* KIMBERLITE DIKES**

**● RECENT DISCOVERIES**



● KIRKLAND LAKE

**MICHAUD**

Moneta has held patented claims in Michaud Township, 100 km east of Timmins for the past fifty years. The property was expanded in 1987 by optioning 86 claims from Nahanni Mines. Between 1986 and the present time, \$6,000,000 has been spent on the property and to date five separate gold zones have been discovered.

The Michaud property covers five miles of the Porcupine Destor Fault and two major splay faults have been identified.

Early in 1994, Moneta optioned the property to Lac Minerals. Lac can earn 60% interest for making cash payments of \$400,000 and spending \$5,500,000 on exploration.

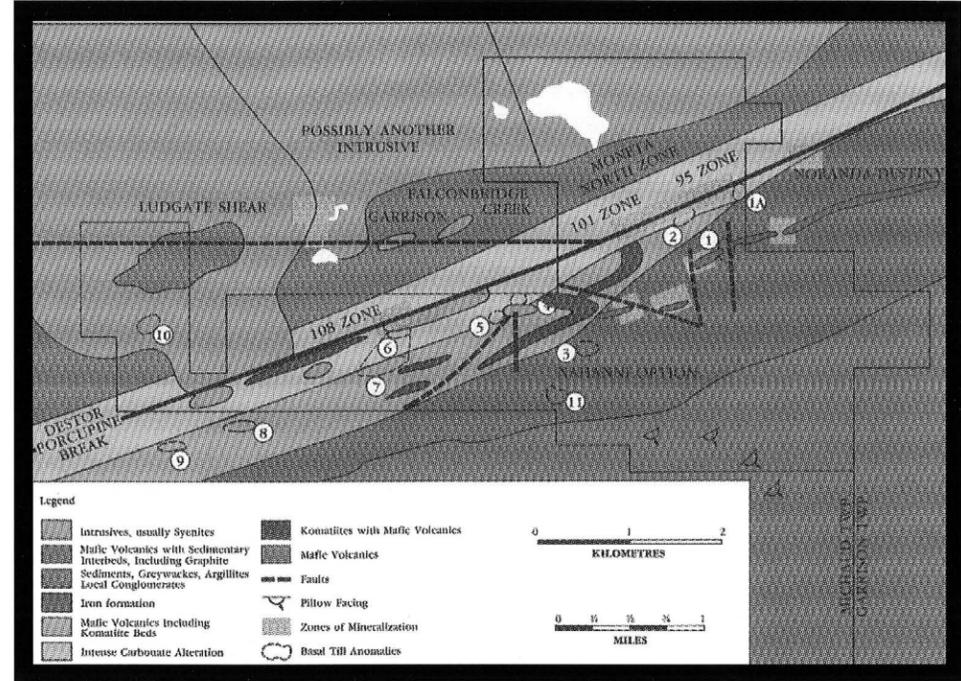
**HARKER - HOLLOWAY CAMP**

Moneta continues to hold 20% equity interest in 42 patented claims in Garrison, Holloway and Marriott Townships.

**NICKEL-COPPER PROPERTIES**

Moneta owns 100% interest in two nickel properties. Loveland Nickel, 20km northwest of Timmins, has a mineral inventory of 442,000 tonnes grading 0.71% nickel and 0.42% copper.

The second deposit is at Belleterre, Quebec, with reserves of 1.4 million tonnes of 0.7% nickel and 0.7% copper. Both zones are open to depth. No work will be done on these properties until the price of nickel increases.



MONETA-UNOCAL JOINT VENTURE MINERALIZED ZONES - MICHAUD TOWNSHIP

## Balance Sheets

As at December 31, 1993 and 1992

	1993	1992
<b>Assets</b>		
<b>Current Assets</b>		
Cash and term deposits	\$ 8,551	\$ 6,441
Accounts receivable	2,391	1,650
Due from related parties (note 8)	<u>36,700</u>	<u>48,250</u>
	47,642	56,341
<b>Property, Equipment and Deferred Costs (notes 3 and 4)</b>	<u>4,847,865</u>	<u>4,786,042</u>
	<u>\$ 4,895,507</u>	<u>\$ 4,842,383</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and other accruals	\$ 146,743	\$ 79,388
Due to related parties (note 8)	161,818	-----
Convertible debentures - current portion (note 6)	219,100	-----
Bank Loan (note 5)	<u>50,000</u>	<u>35,000</u>
	577,661	114,388
<b>Convertible Debentures (note 6)</b>	<u>-----</u>	<u>219,100</u>
	<u>577,661</u>	<u>333,488</u>
<b>Shareholders' Equity</b>		
Contributed Surplus (note 7)	267,418	267,418
Capital Stock (note 7)	7,936,060	7,650,685
Deficit	<u>(3,885,632)</u>	<u>(3,409,208)</u>
	4,317,846	4,508,895
Contingency (note 1)	\$ <u>4,895,507</u>	\$ <u>4,842,383</u>

SIGNED ON BEHALF OF THE BOARD

*Charles Gyles* Director  
*Francis Ungarish* Director

## Statements of Operations and Deficit

For the years ended December 31, 1993 and 1992

	1993	1992
<b>Expenses</b>		
Write down of properties	\$ 182,826	\$ 611,061
Deferred costs relating to abandoned project	112,773	133,146
Administrative expenses not allocable to projects	<u>180,825</u>	<u>173,584</u>
	476,424	917,791
<b>Deficit - Beginning of Year</b>	<u>3,409,208</u>	<u>2,491,417</u>
<b>Deficit - End of Year</b>	\$ <u>3,885,632</u>	\$ <u>3,409,208</u>

### AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the balance sheets of Moneta Porcupine Mines Inc. as at December 31, 1993 and 1992 and the statements of contributed surplus, operations and deficit, deferred costs and changes in financial position for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether these financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 1993 and 1992 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

*Coopers & Lybrand*  
 Chartered Accountants

Toronto, Ontario  
 April 20, 1994

**Statements of Deferred Costs**

For the years ended December 31, 1993 and 1992

	1993	1992
<b>Expenses</b>		
Salaries and employee benefits	\$ 251,743	\$ 114,924
Rent and other office expense	44,196	79,272
Interest (net)	34,343	50,661
Travel and promotion	23,653	12,790
Depreciation	-----	20,804
Legal and audit	9,250	10,048
Transfer agent & shareholder information	10,326	9,472
Other	4,212	(293)
Stock exchange fees	<u>11,476</u>	<u>9,227</u>
	<b>389,199</b>	<b>306,905</b>
<b>Less: Management Fees</b>	<b>(90)</b>	<b>(2,268)</b>
	<b>389,109</b>	<b>304,637</b>
<b>Less: Expenses not Allocable to Projects</b>	<b>(180,825)</b>	<b>(173,584)</b>
	<b>208,284</b>	<b>131,053</b>
<b>Balance - Beginning of Year</b>	<b>1,479,813</b>	<b>1,481,906</b>
<b>Less: Amounts Written Off in the Year</b>	<b>(112,773)</b>	<b>(133,146)</b>
<b>Balance - End of Year</b>	<b>\$ <u>1,575,324</u></b>	<b>\$ <u>1,479,813</u></b>

**Statements of Contributed Surplus**

For the years ended December 31, 1993 and 1992

	1993	1992
Balance - Beginning of Year	\$ 267,418	\$ -----
Add: Forgiveness of debt (note 7)	-----	<u>267,418</u>
<b>Balance - End of Year</b>	<b><u>267,418</u></b>	<b><u>267,418</u></b>

**Statements of Changes In Financial Position**

For the years ended December 31, 1993 and 1992

	1993	1992
<b>Operating Activities</b>		
Administrative expenses not allocable to projects	\$ <u>(180,825)</u>	\$ <u>(173,584)</u>
<b>Financing Activities</b>		
Bank Loan	15,000	35,000
Issue of capital stock for cash	195,000	-----
Forgiveness of debt	-----	267,418
Contributed surplus	-----	(267,418)
Issue of capital stock for conversion of debenture	-----	290,804
Issue of capital stock for settlement of accounts payable	36,000	263,883
Issue of capital stock in consideration of exercise of stock options	18,375	26,250
Issue of capital stock in consideration for property acquisitions	36,000	9,000
Convertible debentures	-----	(121,704)
Changes in non-cash working capital	<u>239,982</u>	<u>(235,092)</u>
	<b>540,357</b>	<b>268,141</b>
<b>Investing Activities</b>		
Acquisition of property, equipment & deferred costs	(362,422)	(131,912)
Option & other property related payments	<u>5,000</u>	<u>9,000</u>
	<b>(357,422)</b>	<b>(122,912)</b>
<b>Increase (Decrease) in Cash and Term Deposits</b>	<b>2,110</b>	<b>(28,355)</b>
<b>Cash - Beginning of Year</b>	<b>6,441</b>	<b>34,796</b>
<b>Cash - End of Year</b>	<b>\$ <u>8,551</u></b>	<b>\$ <u>6,441</u></b>

## Notes to Financial Statements

For the years ended December 31, 1993 and 1992

### 1. Nature of Operations and Contingency

The Company is in the process of exploring and developing its mineral properties which are principally located in Canada and has not yet determined whether these properties contain ore reserves that are economically recoverable. The Company has negative working capital and its activities do not generate a positive cash flow. The Company is seeking additional financing through optioning its various property interests, and by negotiating an agreement for the milling of the gold tailings on one of its properties to meet its current obligations and finance its activities during 1994. The recoverability of the amounts shown for mineral properties and related deferred costs is dependent upon the existence of economically recoverable reserves, the continuing support of its major shareholder, the ability of the Company to obtain the necessary financing to complete their development and upon future profitable production.

### 2. Accounting Policies

#### (a) Mineral properties and deferred exploration expenses

The Company is a mining exploration company. While the Company's properties are in the exploratory stage, acquisition and exploration costs, less miscellaneous income and management fees earned on the properties, are deferred in the accounts. When a property becomes productive, the related costs will be amortized over the estimated productive life of the property based upon estimated proven recoverable reserves. Mineral property costs on abandoned properties are charged to deficit in the year of abandonment. Gains and losses on dispositions of properties are recognized when realized.

The amounts shown for mineral properties represent costs to date, less amounts written off and do not necessarily reflect present or future values.

#### (b) Administrative expenses

Administrative expenses not relating to exploration activities are charged to operations. Those administrative expenses which are incurred by the Company on exploration activities are allocated to the mineral properties on the basis of deferred exploration expenses incurred in the year.

#### (c) Joint ventures

Certain of the Company's exploration activities are conducted jointly with others. These financial statements reflect only the Company's proportionate interest in such activities.

#### (d) Earnings per share

Earnings per share data has not been provided as it is not considered relevant at this stage of the Company's activity.

### 3. Property, Equipment and Deferred Costs

		1993		1992
Mineral properties	\$	3,272,541	\$	3,306,229
Deferred costs		<u>1,575,324</u>		<u>1,479,813</u>
	\$	<u>4,847,865</u>	\$	<u>4,786,042</u>

### 4. Property Agreements

- (a) On May 3, 1991 the Company entered into an agreement with Falconbridge Limited ("Falconbridge") which allowed Falconbridge to earn a 50% interest in three of the Company's mining properties. The Company received \$6,000 and Falconbridge had the option to pay the Company a further \$39,000 over the following four years. As well, Falconbridge had the option to incur an aggregate of \$50,000 of expenditures on the properties by May 3, 1992 and an aggregate of \$500,000 by May 3, 1996, providing that a minimum of \$50,000 is incurred on each of the three properties by May 3, 1994. Falconbridge could have elected to earn a further 15% interest in any of the three properties subject to expending a further \$350,000 on that property.

Effective April 12, 1993, Falconbridge opted out of the above agreement. As a result, Falconbridge forfeits all rights to earn interest in the property.

- (b) On August 5, 1993, the Company entered into an agreement with Westminer Canada Limited ("Westminer") under the terms of which allows Westminer to earn a 100% interest in 431 claims located in the Loveland area, by paying the Company \$80,000 and incurring cumulative exploration expenditures of \$600,000 by July 30, 1998. The Company has already received \$5,000 from Westminer. In the event that Westminer develops a mine on the property and brings it into commercial production, the Company is entitled to 3% Net Smelter Returns under this agreement.

- (c) Effective August 11, 1993, the Company entered into an agreement with Falconbridge whereby the Company has the option to earn a 100% interest (reserving 1 1/2% net smelter returns) in 22 claims in the Loveland area by incurring cumulative exploration expenditures of \$300,000 by August 11, 1997.

In the event the Company earns a 100% interest in the property, Falconbridge can elect within 120 days to earn back a 50% interest in the above claims, as well as a 20% interest in 77 surrounding claims by incurring cumulative exploration expenditures of \$600,000 over a three year period commencing from the date of election. In the event the Company fails to incur expenditures totalling \$300,000, Falconbridge has the right to earn a 50% interest of the Company's interest in the adjoining property or part thereof by making expenditures equal to those incurred by the Company.

On December 22, 1993, Moneta assigned their interest in this agreement, to Westminer. Under the terms of the agreement, Westminer will honour all commitments to Falconbridge and will grant cumulative 3% Net Smelter Returns, over the life of the agreement.

## 5. Bank Loan

The bank loan is payable on demand and incurs interest charges of prime + 2%. The bank loan has been secured with a general security agreement covering all assets, and a guarantee and postponement of claim by two directors.

## 6. Convertible Debentures

(a) During 1992, \$290,804 of debentures were converted into 709,279 common shares at \$0.41 per share. Interest payments due and accrued were forgiven (Note 7).

(b) The following debentures are outstanding:

	1993		1992
i) Maturing January 1, 1994, interest is at 8% per annum payable quarterly commencing December 1, 1992, and is convertible to common shares at a rate of \$0.19 (note 13(i))	\$ 80,000	\$	80,000
ii) Maturing April 15, 1994, interest is at 10% per annum payable quarterly, and is convertible to common shares at a rate of \$.30 (note 13(iv))	\$ 50,000	\$	50,000
iii) Maturing December 31, 1994, interest is at 7% per annum payable quarterly commencing March 31, 1993 and is convertible to common shares at a rate of \$0.25	\$ 89,100	\$	89,100
	<u>\$ 219,100</u>	<u>\$</u>	<u>219,000</u>

## 7. Capital Stock

### (a) Authorized

Unlimited common shares  
 Unlimited non-voting shares  
 Unlimited Class A preferred shares  
 Unlimited Class B preferred shares

## 7. Capital Stock (cont'd)

### Class A Preferred shares

The Class A Preferred shares are entitled to preference, as to the payment of dividends and distribution of the remaining property of the Company on dissolution, over the Class B Preferred shares, the common shares and the non-voting shares.

### Class B Preferred shares

The Class B Preferred shares are entitled to preference, as to the payment of dividends and distribution of the remaining property of the Company on dissolution over the common shares and the non-voting shares.

### Non-voting shares

The non-voting shares shall rank equally with the common shares in all respects except that the holders are not entitled to vote at shareholder meetings.

### (b) Common shares issued

	#	\$
Issued - December 31, 1991	11,743,936	7,060,748
Issued in consideration for property acquisitions	45,000	9,000
Issued in consideration for settlement of accounts payable	1,283,300	263,883
Issued in consideration for conversion of debenture	709,279	290,804
Issued in consideration for stock options	<u>125,000</u>	<u>26,250</u>
Issued - December 31, 1992	<u>13,906,515</u>	<u>7,650,685</u>
Issued for cash by private placement	650,000	195,000
Issued in consideration for stock options	87,500	18,375
Issued in consideration for property acquisitions	100,000	36,000
Issued in consideration for settlement of accounts payable	<u>120,000</u>	<u>36,000</u>
Issued - December 31, 1993	<u>14,864,105</u>	<u>7,936,060</u>

During 1993, the Company completed negotiations for the repayment of \$36,000 (1992: \$263,883) of accounts payable through the issuance of 120,000 (1992: 1,283,300) common shares at the prevailing market share prices at the time of the settlement.

**7. Capital Stock (cont'd)**

**(c) Stock Options**

As at December 31, 1993 officers, directors and employees held options to purchase common shares of the Company as follows:

Number of shares	Price	Expiry Date
622,500	\$0.21	Sept. 12, 1996
600,000	\$0.35	April 25, 1998

In 1992, 125,000 options at \$0.21 per common share were exercised by a director.

During 1992, 330,000 options at \$0.21 per common share expired with the resignation of three directors.

During 1993, 87,500 options at \$0.21 per common share were exercised by three employees. Included in these options were 70,000 shares which were issued to a director in settlement for services rendered rather than the exercise price being tendered in cash.

During 1993, 600,000 new options were issued at \$0.35 to be shared equally among the four directors pursuant to an incentive stock option plan.

**(d) Forgiveness of debt**

During 1992, total debt due to a shareholder of \$267,418, which included interest in arrears, was forgiven.

**8. Related Party Transactions**

During 1993, the Company incurred \$Nil (1992 - \$34,263) in additional debt to Trans-Dominion Energy Corporation, for interest, calculated at prime plus 2% on advances and loans outstanding during the year, and other expenses incurred by Trans-Dominion on behalf of the Company.

At December 31, 1993 the Company has loans of \$36,700 (1992 - \$48,250) outstanding to officers and directors of the Company. These loans consist of promissory notes, payable on demand.

During 1993, the Company paid a party related to the president \$10,219 (1992 - \$13,279) for various contracted services.

At December 31, 1993, the Company owed \$161,818 (1992 - \$Nil), to officers and directors of the Company (note 13(iii)).

At December 31, 1993, the Company has debentures of \$219,100 outstanding to a director (note 6).

The Company has resource deductions including undepreciated capital costs of approximately \$3,980,000 which may be carried forward indefinitely in the prescribed manner to reduce taxable income in future years. In addition, the Company has other deductible amounts of approximately \$220,000 which expire between 1993 and 1998.

**10. Future Commitments**

The Company has lease commitments for office space for the year ending December 31, 1994 of \$28,039.

**11. Floating Charge Debenture**

In 1991, the Company pledged as security a floating charge debenture on its assets in favour of Trans-Dominion Energy Corporation for loans and advances to the Company.

During 1992, all loans and advances due to Trans-Dominion Energy Corporation were paid. The floating charge debenture has been cancelled.

**12. Segmented Information**

The Company operates in one industry - the exploration and development of mining properties which are located in Canada.

Identifiable assets	December 31 1993	December 31 1992
Mineral Properties	\$ 4,847,865	\$ 4,786,042
Corporate and other assets	47,642	56,341
	\$ 4,895,507	\$ 4,842,383

**13. Subsequent Events**

The following significant events occurred, between December 31, 1993 and the financial statement completion date:

- i) On January 1, 1994, a debenture of \$80,000, held by a related party, matured, and was converted to common shares at a rate of \$0.19, resulting in the issuance of 421,053 common shares.
- ii) On January 31, 1994, 230,000 options were issued at \$0.21 per share, to two related parties in settlement for services rendered. Under the terms of the agreement, the two parties agreed to exercise these options, and Moneta agrees to accept such exercise without the related parties tendering the exercise price in cash to Moneta.
- iii) Effective March 1, 1994, new debenture of \$223,923 was issued to a related party maturing March 1, 1995, interest is at 6.5% per annum, payable quarterly and is convertible to common shares at a rate of \$0.24. This was in settlement of balances due to the related party at March 1, 1994.

**13. Subsequent Events (cont'd)**

- iv) Effective April 15, 1994, a debenture of \$50,000 held by a related party, matured, and was converted to common shares at a rate of \$0.30 resulting in the issuance of 166,667 common shares.
- v) Effective April 20, 1994, the Company entered into an agreement with Lac North American Limited ("Lac") whereby Lac has the option to spend the following to earn an undivided 51% interest in certain mining claims in the Michaud township:

	Option payments to the Company	Work Commitments
On signing	\$ 50,000	\$ -----
Before May 1, 1995	\$ 50,000	\$ 250,000
Before May 1, 1996	\$ 50,000	\$ 750,000
Before May 1, 1997	\$ 100,000	\$ 1,000,000
Before May 1, 1998	\$ 150,000	\$ 1,500,000
	<u>\$ 400,000</u>	<u>\$ 3,500,000</u>

Once Lac has spent the overall sum of \$3,500,000, Lac shall have an additional option of carrying a further 9% or such proportionate sum thereof by expending the additional sum of \$2,000,000 on or before May 1, 2000. All expenditures other than the initial option of \$50,000 and exploration expenditure of \$250,000 shall be at Lac's sole discretion.

**LIST OF MATERIAL ASSETS**

1. Agreement to acquire 100% of Pima's Wounded Bull Resources properties in the U.S.A. These include the Newsboy Mine in Arizona, (230,000 ounces of gold) and the Cloverleaf Mine in South Dakota (300,000 ounces of gold).
2. Moneta Mine Tailings sampled at 363 locations on 25 foot centres: 50,000 tons assaying 0.212 opt gold.
3. Farm-in Option Agreements in place which, if continued, will provide Moneta with \$6,400,000 of exploration funds and \$480,000 of equity in the next four years.
4. Subject to agreements, a 100% equity interest in the following mining claims:

**MINERAL CLAIM STATUS AT DECEMBER 31, 1993**

Claim Group	Number of Claims / Units
* Loveland Copper-Westminer Agreement	453
** Godfrey Gold/Zinc	179
*** Michaud-Lac Agreement	138
Burrows Benedict	137
Kayorum	50
Timmins Base Metals	47
**** Canamax/Noranda Agreement	42
Loveland Nickel	20
Kelly Lake	13
Vermilion	7
Regcourt	6
Miscellaneous	<u>1</u>
	1093

- \* 22 Claims subject to agreement with Falconbridge Limited
- \*\* 20 Claims subject to agreement with Kinross Gold Corp.
- \*\*\* 51% Interest in 86 claims from Nufort Resources (Nahanni Mines)
- \*\*\*\* 20% Interest

Newsboy Mine file <sup>mk</sup>  
Maricopa County

**LOCAL NEWSPAPER ARTICLES:**

**NEWSBOY GOLD MINING COMPANY**

WICKENBURG Phone # 388-2441

NEWSBOY (F)

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# United States Department of the Interior



BUREAU OF LAND MANAGEMENT  
PHOENIX DISTRICT OFFICE  
2015 WEST DEER VALLEY ROAD  
PHOENIX, ARIZONA 85027

IN REPLY REFER TO:  
3809/1791  
(026)

June 12, 1992

Dear Public Land User:

Enclosed is the Draft Environmental Assessment (DEA) for the Newsboy Gold Mining Company's proposed Newsboy Gold Mine. This document describes their proposed plan of operations and reviews potential environmental and socioeconomic impacts of the proposal. The mine would encompass approximately 260 acres of public lands 10 miles south of Wickenburg, Arizona.

Publication of the Draft Environmental Assessment is the result of a review process which included one public meeting. For several years prior to the preparation of this Draft Environmental Assessment, extensive investigations were conducted by Newsboy Gold Mining Company to determine potential impacts on various environmental and socioeconomic factors.

The release of this Draft Environmental Assessment begins a 30-day public comment period. During this period, we encourage you to review the document and provide us with your comments about the proposal and the alternatives.

Written comments on the project will be accepted until July 13, 1992. Please send your comments to John R. Christensen, BLM Area Manager, Phoenix District Office, 2015 West Deer Valley Road, Phoenix, Arizona 85027.

Sincerely,

John R. Christensen  
Area Manager  
Lower Gila Resource Area

Enclosure