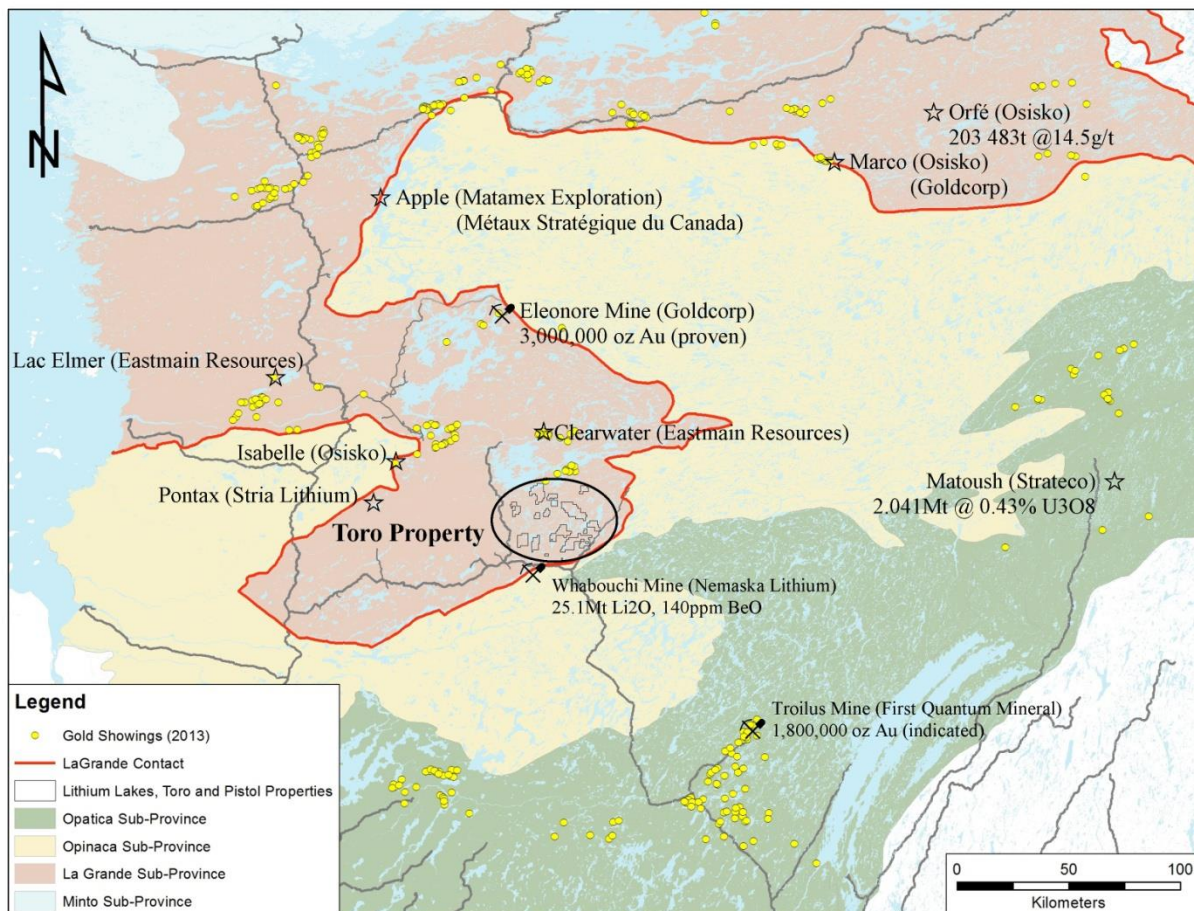


Gold near James Bay: A New Abitibi?

When you look at a geological map of the Province of Quebec you can see the geological provinces and sub-provinces stack up. In one small section, at the Ontario border, is the fabulously productive Abitibi sub-province with its belts of greenstone and its dozens of producing and past producing mines. But, if you look up towards James Bay, there is another sub-province, La Grande and just beneath it, the Opinica.

Government geological surveys suggest that the rock in these sub-provinces strongly resembles the very rich rock of the Abitibi. A fact not lost on junior and senior mining and exploration companies. But the big difference between the La Grande/Opinica sub-provinces and the Abitibi was captured by Eastmain Resources CEO Donald Robinson during the Precious Metals Summit in Colorado, September 18 to 20, 2017. "We moved up to this district for the principal reason: this is exactly the same geology as the Abitibi belt," Robinson said, "The only difference was the claim acquisitions were in the hundreds of square kilometres instead of the square kilometres. It was brand new, very little was known about it, but it is clear it is underlain by the same geology."



Eastmain has done remarkably well. It enjoys a market cap of over 60 million dollars and trades an average of 800,000 shares a day. Why the excitement? Because Eastmain is on the same geological trend as Goldcorp's Éléonore mine which is targeted to produce over 300,000 ounces of gold a year at

an all in sustaining cost of \$918 an ounce. If Eastmain can prove up a similar deposit, and given the geology, there is no reason to think it can't, it can either go into production or sell to a major looking to boost reserves. And there are a lot of majors looking to do just that.

Now, if you believe the trend is your friend and the sub-provinces of La Grande and Opinica bear a startling resemblance to the Abitibi, where else would you want to look?

Here's a comparative chart between Eastmain, market cap \$60 million and another junior explorer, market cap \$5.6 million.

Regional Comparison of Eastmain Resources's Clearwater Project vs EVG's Toro Property

Property	Clearwater	Toro 18 to 24
Owner	Eastmain Resources	Evolving Gold Corp
Sub-province	La Grande	La Grande
Formation	Natel Group	Natel Group
Volcanism	Bi-modal (mafic and felsic lava flows)	Bi-modal (mafic and felsic lava flows)
Structures	Kilometric scale anticlinal folding and E-W shear zone	6 km anticlinal folding and E-W shear zone
Mineralization	Gold and tellurium	Gold anomalies in till samples 500m-1km down-ice from the structure
Deposit Type	Orogenic gold deposit	Orogenic gold targets
Orogenic Alteration	Enrichment in boron, tellurium, bismuth, molybdenum, tungsten, silver and arsenic	Anomalous gold sample on Toro 23 also significantly anomalous in boron (2x mean values), bismuth (6x), molybdenum (4x), tungsten (6x) and silver.

The Evolving Gold (EVG.CN) property is 20 kilometres south of Eastmain's property. It is obviously early stage with no drilling to date. But looking at the [soil sampling EVG has reported](#), it is pretty clear they are seeing [the sorts of indicators](#) which suggest drilling would make a lot of sense.

As with any greenfields project, [identifying targets and deploying drills is a matter of careful mapping, geophysics and planning](#). It is expensive to drill this far north. (Although Evolving enjoys the huge advantage that there is an all-weather road nearby and the town of Nemaska nearby. Hydro power is close as well.)

An essential part of the geophysical program is flying the property and, in a press release dated October 6, 2017, the company announced that it would be flying a Time Domain Electro-Magnetic survey over targets it had identified by till and rock sampling. Bruce Duncan, CEO of Evolving is quoted in this release as saying, "These early results confirm anomalous gold in outcrop up-ice from significantly anomalous gold in till samples. This previously unexplored area of the La Grande sub-province has significant exploration potential. The detection of gold in the system is a milestone for our greenfield exploration program, which will now focus on identifying and assessing structural and geological features which are known to be associated with gold deposits in the James Bay area of Quebec."

Selected from among numerous targets on Evolving Gold's Toro Project, the Toro 18 to 24 targets straddle the contact between an extensive greenstone belt to the north and a granodiorite unit to the south. These two geological units form a folded structure next to an E-W trending deformation (shear) zone. This same structural context is seen at the local scale at Eastmain's Eau Claire gold deposit on their Clearwater Property, which is principally contained within a thick sequence of massive and pillowed mafic volcanic flows. Similar flows are seen on the Evolving Gold property. The elemental enrichment seen in samples from the EVG property reveal that the target zone may have undergone the type of hydrothermal alteration typical of orogenic gold deposits. Again, very similar to Eastmain.

The similar geologies of the Evolving and Eastmain properties are a start. Eastmain is ahead in that it has drilled its property and prepared a [43-101 compliant resource estimate](#). However, Evolving is heading in the direction of preparing a similar estimate when it has finished identifying and drilling the targets on its property. To some extent, the relative market caps reflect the fact that Eastmain has done more work on its property.

However, to finance that work, Eastmain has had to raise money in the market and currently has 62,728,840 million shares out. Evolving will likely have to go to the market for money to drill its property but enjoys the advantage that it has only 15,497,378 million shares out and is trading between \$.35 and \$.40. Raising money at that price could allow EVG to drill and avoid significant dilution.

At this point in the exploration cycle Evolving Gold is moving towards drill testing its targets. If those drills confirm that the EVG land includes similar structures to the Eastmain land, it is reasonable to assume that the EVG share price will rise and the market cap of the company will increasingly correspond to the market cap of Eastmain.

If EVG issues another 15 million shares to raise, say, 6 million dollars, it will be able to fund drilling to the resource estimate stage. Assuming that its results are roughly similar to those achieved by Eastmain, it is not unrealistic to expect EVG's market cap to end up in the same neighbourhood, say 50 to 60 million. But there would only be 30 million shares outstanding so the price per share would likely be on the order of \$1.50 to \$2.00 for a resource of essentially the same size.

By keeping the share count low and by aggressively identifying the most prospective targets on its ground, EVG can, potentially, bring in an Eastmain sized resource with only half as many shares out. For EVG shareholders the geology is the attraction but the reason to invest may be as much EVG's limited dilution as the fact La Grande/Opinica may be the next Abitibi-style greenstone gold belt.