

RESOURCEWORLD

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EXCLUSIVE
Inside China's
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Evrim Resources has multiple irons in the fire

by Robert Simpson

Save your money by spending someone else's sounds like a perfect business plan – something Evrim Resources [EVM-TSXV] has been successfully doing for some time now.

The company finds an exploration project, leverages their considerable exploration skills, then finds partners to pay for future exploration while retaining a piece of the action in the form of a royalty.

In the mineral exploration industry, the business model is called prospect/project generation. In Evrim Resources' case, the company has generated nine projects and spent \$5 million of their own money and \$21 million from strategic partners and alliances exploring them. This translates into over 80% of all expenditures funded

by partners.

Shareholders benefit from lower risk and lower stock dilution, upside through increased probability of discovery on any one of the several projects and the experience of well-funded partners. Other benefits include the depth of the management team and board of directors which read like the 'who's who' list of the mineral exploration industry.

A recent example was last April when shareholders were rewarded after trenching results including 13.61 g/t gold over 106.3 metres were reported on the company's 100%-owned Cuale Project in Jalisco, Mexico and the stock jumped to \$1.70 from just under 50 cents.

There's still plenty of upside on Cuale as

the trenching represented only a small area of the property and additional mapping, geophysics, trenching and a 3,000-metre drill program is planned for fall 2018. In the interim, a third phase of exploration is in progress with soil sampling and trenching to test for more gold mineralization.

Evrim is also in the enviable position for a junior explorer as they may have near-term cash flow from the Ermitaño property, a joint venture with First Majestic Silver Corp. [FR-TSX]. The property is 3.5 km from First Majestic's flagship Santa Elena gold-silver mine in Sonora, Mexico. In 2017, after a 10-hole drilling program, an inferred maiden resource on the Ermitaño West vein was reported to be 40.8 million oz silver equivalent averaging



The Cuale-La Gloria gold prospect in Jalisco state, Mexico. Photo courtesy Evrim Resources Corp.

4.0 g/t gold and 68 g/t silver. This is about a 562,000-oz gold equivalent.

As part of the JV, First Majestic has until January 2019 to file a production notice supported by the required permits, a detailed mining and construction schedule and forecast economics. This would see a truck and shovel operation with payment of a 2% royalty to Evrim, generating positive cash flow for future exploration and administrative costs. According to company sources, the opportunity to crystallize the royalty stream could happen within the next 18 to 24 months and last over a long life of production.

In 2018, Evrim intends to spend approximately \$4.0 million on exploration on all the projects, while partners will spend between \$7 and \$8 million, resulting in a total of 20,000 to 25,000 metres of drilling.

First Majestic is completing a 7,000-metre drill program on the Cumobabi Project 60 km southwest of their smelter

at Nacozari, Mexico. The area is known for hosting large porphyry copper-molybdenum deposits and the property has three known target areas. Cumobabi is held 100% by Evrim with a 1.5% NSR.

After a definitive agreement was recently signed with **Coeur Mining** [CDE-NYSE] on the Sarape Project, a 57 km² early-stage exploration property prospective for epithermal gold-silver deposits in Mexico's Rio Sonora valley, Coeur has planned a US \$500,000 exploration program with drilling expected early 2019.

Harvest Gold [HVG-TSXV] will be completing 3,000 metres of drilling on the Cerro Cascaron Project, an epithermal gold-bearing system in the Sierra Madre Occidental of Chihuahua, Mexico, 55 km southeast of Goldcorp's El Sauzal gold mine.

Antofagasta has budgeted over \$3.2 million in 2018 for exploration at Ball Creek where it can earn a 70% interest for US

\$31 million on exploration or a compliant pre-feasibility study over 13 years. Ball Creek is situated in NW British Columbia's rich Golden Triangle. It is prospective for copper-gold porphyry and epithermal gold-silver deposits.

Antofagasta also can acquire a 70% interest in the Axe property – a 50 km² drill-ready copper-gold target in the Quesnel terrain of south-central BC, a well-known metallogenic belt hosting the Highland Valley, New Afton and Copper Mountain mines. For 2018, a drill targeting program of 2,400 metres of core and 1,000 metres of reverse circulation is expected.

Evrime also has a two-year US \$1.84 million alliance with **Newmont Mining** [NEM-NYSE] on greenfield exploration. Newmont may option each property of merit by funding exploration for 10+ years until a NI 43-101 pre-feasibility study is defined on resources greater than 2 million oz gold and cash payments. ■