

## Quarterly Newsletter - October 2016

### The US Election and Gold

There have been seven different Presidents in the United States since 1974 when, for the first time, the average price of gold traded above US\$100 per ounce. During this period Democrats occupied the White House for five terms and the Republicans for six terms.

Three Republican administrations saw gold prices decrease by an average of 20.1% (Ford, Reagan, and Bush) while the remaining administrations had gold price increases by an average of 64.9% (Reagan and twice with Bush Jr.). In all terms but one, the US dollar was inversely related to the price movement of gold. Gold prices also typically dropped during low levels of inflation.<sup>1</sup>

The Democrats had two administrations with gold price decreases of 31.3% (Clinton and Obama) but had three administrations with gold price increases by an average of 147.6% (Carter, Clinton, Obama). Most of this however can be credited to the Carter years in the early 1980s when gold increased by an average of 338%! The US dollar price movement was similar to when the Republicans were in office.

What does this tell us about gold and politics in the United States? Not much really. Republican or Democrat administrations seem to have little influence on the movement in gold. However, the Federal Reserve Bank and its implementation of monetary policy signal movement in the US dollar which has a greater influence on gold prices.

However, an ABN Ambro Group Economics<sup>2</sup> report indicates the Federal Election this fall will have an interesting effect on gold price. Analysts have predicted that no matter who wins the election, gold prices will continue to rise.

A win by Hilary Clinton will lead to a slight improvement in economic growth with interest rates remaining flat. ABN Ambro propose gold is forecast in the coming years is expected to be around US\$1,650, or approximately 20% from where gold is today.

The analysts also indicate a win by Donald Trump could lead to an even greater increase in gold price. Trump's stance on the US economy, along with views that are perceived by some as extreme, will lead to greater uncertainty. The corresponding result could be a weaker economy in the United States which could lead to stronger gold price. Gold price under a Trump administration is expected to reach US\$1,850 in the coming years, closer to a 40% rise over the current price.

Another recent report from Citigroup<sup>3</sup> share a similar view. If financial markets price in a Donald Trump victory, investors should sell stocks and bonds and buy gold. However, the same report also indicated that investors are pricing markets with idea that Clinton will win.

No matter who wins the US election this fall, gold investors stand to make gains over short and long term forecasts. The question is by how much?



Senior Geologist Aaron Huges at Llano del Nogal

Shares Issued	50,501,302
Fully Diluted	63,842,282
52 Week Hi/Low	\$0.43/0.095
Ave. Daily Volume (2016)	50,000
Working Capital	\$2.0 million
All-in Burn Rate	\$150,000
Number of Projects	6
Projects Optioned Out	2
Insider Ownership	13%
Altius Minerals	12%

As at August 31, 2016

#### Upcoming Events

Mining International Seminar- Hermosillo, Sonora, Mexico, October 25-28, 2016

Roundup 2017, Vancouver, BC, Canada  
Jan 23, 2017 - Jan 26, 2017

## Exploration Update

The last quarter has been spent making significant steps forwards in the marketability of Evrim's projects. The work has led to exciting results that further demonstrate the potential at Cerro Cascaron, new understanding of four separate porphyry systems at Ball Creek, and opportunity at Llano del Nogal that shows considerable promise in new mapping and magnetics surveys.

### Cerro Cascaron, Mexico

In August, Evrim announced the high grade gold vein field at Cerro Cascaron has been extended to 18 square kilometres and sampling within the field identified several drill targets. Highlights include channel sample grades of 19 grams per tonne ("g/t") gold and 72.6 g/t silver over 0.8 metres within 2.6 metres grading 6.05 g/t gold and 28.3 g/t silver, and 10.5 g/t gold and 46.4 g/t silver over 0.9 metres within 4.3 metres grading 2.22 g/t gold and 10.9 g/t silver. Both samples come from the San Pedro vein and are 45 metres apart. Five kilometres from the Cascaron vein field a new area called La Cascarita has been discovered with silver grades from collected grab samples ranging from 0.46 g/t to 982 g/t.

The sampling program increases confidence of grades and widths at the San Pedro, Carabina and La Julieta veins. The sampling also demonstrates Evrim's geological model is holding with the boiling zone (high grade gold target) occurring beneath the elevated plateau. Mapping and sampling extends these veins to the north onto the plateau where textural observations indicate high level textures that typically occur above boiling zones within veins.

### Ball Creek, British Columbia

Exploration crews started a mapping and core relogging program reviewing the four separate copper-gold porphyry projects at Ball Creek in August. The work is to understand the emplacement of copper and gold to define new targets within the Ball Creek porphyry and map the vectors to mineralisation at Rainbow, North More and Mess Creek prospects.. Drill core from the Ball Creek, Rainbow North, ME, Mess Creek and North More zones was reviewed and several areas within and south and northwest of the Main zone at Ball Creek were examined. Results are still being compiled and the information will be used to demonstrate the potential of this exciting project to partners.

Ball Creek is located in the Golden Triangle area in northwest British Columbia that hosts significant economic high-grade epithermal gold-silver, precious metal-enriched volcanogenic, and porphyry copper-gold systems. The controls on mineralization share many key characteristics with other significant porphyry copper-gold deposits in the region including Galore Creek, Schaft Creek, KSM, Brucejack (Valley of the Kings) and Red Chris.



*Stewart Harris, VP Technical Services at Ball Creek*

### Llano De Nogal

Evrin completed a mapping, sampling and ground magnetics program to define the Suanse porphyry target. Mapping reveals alteration related to porphyry intrusives. The magnetics defines a donut shaped anomaly around the centrally located hydrothermal breccia. When combined with the existing soils there is strong evidence for a porphyry beneath the outcropping rocks that has never been drill tested.

### JV Update

#### Ermitaño Gold Project - First Majestic Silver Corp.

In July, Evrim and exploration partner First Majestic Silver Corp. announced plans for a US\$640,000 2,000 metre drill program at the Ermitaño gold-silver property in Sonora, Mexico. The program will focus on the Eritano West area and follows up exploration completed by First Majestic in 2015.

The Ermitaño West area is a network of low to intermediate sulphidation epithermal veins and stockwork. The veining covers an area of 1,200 metres long and 600 metres wide with 912 rock samples averaging 0.12 g/t gold over widths ranging from 0.1 metres to 3.5 metres. Twenty of 912 rock samples taken at Ermitaño West exceed 1.0 gram per tonne ("g/t") gold to a maximum of 6.63 g/t gold. The drilling program at the Ermitaño West target represents an excellent opportunity to add to the mineral endowment of a 10 kilometre by 15 kilometre trend, including First Majestic's Santa Elena Mine.