



**Michael S. (Mickey) Fulp
M.Sc., C.P.G.**

MercenaryGeologist.com
contact@mercenarygeologist.com

Mercenary Alert: Another Gold Newco

A Special Alert Musing from Mickey the Mercenary Geologist

For Subscribers Only

Contact@MercenaryGeologist.com

December 1, 2017

Old friends always seem to circle back one's way, and that's a very good thing.

I have known fellow economic geologist Tim Termuende since our first meeting in a bar (where else?) over a beer in Vancouver in 1996. Our recent meeting was in a bar (where else?) over a beer in New Orleans a few weeks ago.

Although Tim's turning a bit gray now and I'm nearly bald as an eagle, and despite a couple of booms and busts in the business over the past 20-plus years, we both still have skin in the game and are no doubt, a bit better off to boot.

When we first met, Tim was CEO of Miner River Resources and a director of his father Bob's company, **[Eagle Plains Resources \(EPL.V\)](#)**. Both were prospect generators focused on Western Canada and they merged into a single entity in 1999, keeping the Eagle Plains moniker. I was a mercenary, prospecting in the American Southwest, mapping a copper prospect in Mexico, and on the way to becoming chief geologist for a couple of Vancouver juniors in Peru and Chile.

After 10 years of working in Latin America that included a short side gig for Eagle Plains, I gave up the chief geologist role in 2007 and became a full-time exploration and mining analyst. By that time, Tim was the CEO and Bob was a technical advisor of Eagle Plains. I was an EPL shareholder and had also become a shareholder of its new spin-out, Copper Canyon Resources.

Copper Canyon was one of the first junior companies that I covered and it was a huge success; more on how that dividend worked out later.

But let's go back to that bar in New Orleans: Tim talked to me about Eagle Plains Resources' newest spin-co in the making, Taiga Gold Corp. Based on my previous success with Copper Canyon, I bit on this opportunity hook, line, and sinker and am pleased to do business with his company and its people again.

Eagle Plains Resources is one of the very few prospect generators with success over the long haul. Here are some details:

- Formed 25 years ago and publicly-listed in 1995.
- 84.3 million shares outstanding and *never rolled back*.
- No equity financings and zero shareholder dilution over the past eight years.
- Real estate assets in Cranbrook, B.C. including a large office, a guest house with acreage, and storage / core processing facility with estimated worth of \$1.1 million.
- Working capital of \$5.0 million (with \$3.7 million in cash) and zero debt.

Eagle Plains Resources owes its success to good geologists with good business sense. It is a vertically-integrated company that employs in-house geological expertise to acquire prospects by staking or optioning from local prospectors. EPL features early-stage vending to partners-of-choice (often major and mid-tier mining companies) via joint venture options to earn majority interests.

EPL is self-funding with multiple, on-going revenue streams:

- Terralogic Exploration, a wholly-owned subsidiary that provides geological, project management, and data services to partners and third parties.
- Earn-in proceeds from partner companies including option and/or advanced royalty payments, marketable securities, and exploration expenditures.
- Office and storage space rentals.
- Accounting and land tenure services.

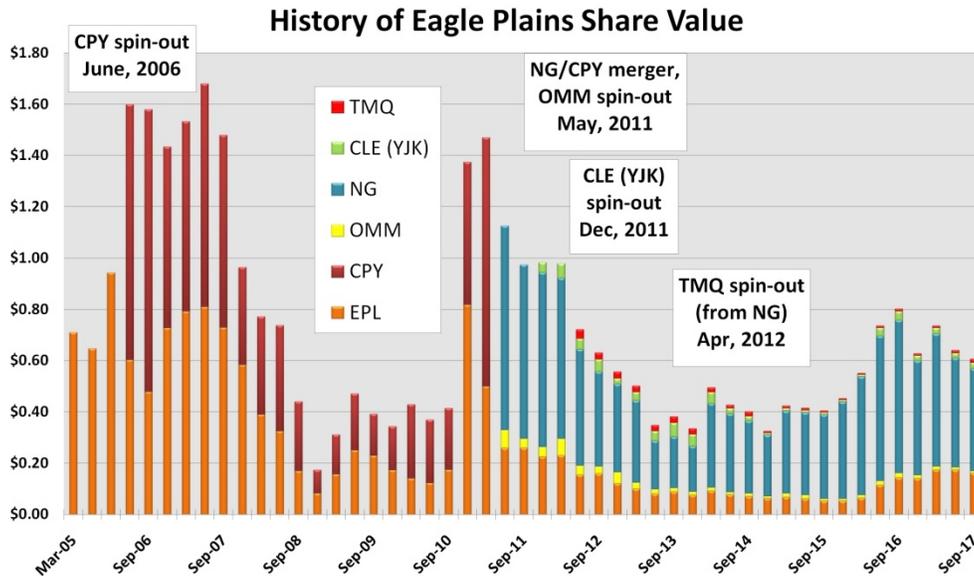
Eagle Plains currently holds over 35 exploration projects in British Columbia, Northwest Territories, Saskatchewan, and Yukon Territory that are prospective for gold, silver, base metals, uranium, rare earth elements, or industrial minerals. Six of these were actively explored in 2017.

Historically EPL has created upside for its shareholders via:

- Spin-outs of advanced projects into new companies; these are essentially tax-free dividends.
- A portfolio of shares in companies that are sold at opportune times; currently consisting of 15 pubcos worth \$1.3 million.
- Ongoing revenue generation and a low burn-rate that result in little dilution.

Given its big basket of early-stage prospects, the company always has significant potential for mineral discovery. There is also potential for revenue streams from 20 currently non-producing royalty holdings.

Here is a 12-year chart showing the company's composite share value inclusive of its three spin-out companies:



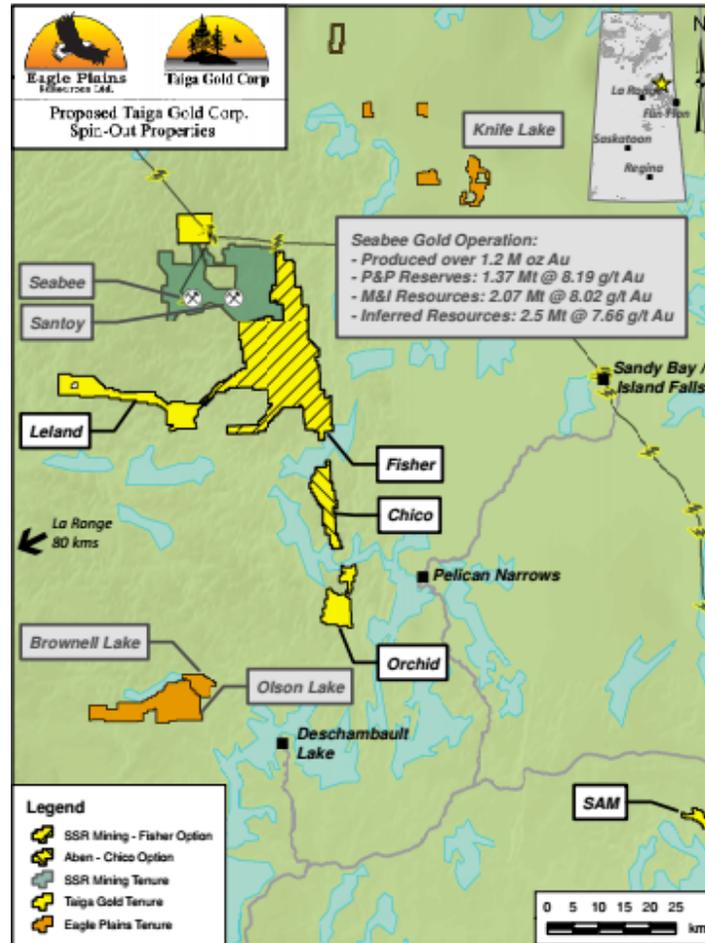
Of these transactions, Copper Canyon Resources was the big winner, returning about 250% to shareholders in just one year.

And now Eagle Plains Resources is about to do it again. And as a shareholder, I am pleased as punch with the pending transaction.

In an October 23 press release, EPL announced spin-out of its gold prospects in east-central Saskatchewan into a newco named Taiga Gold Corp.

Upon closing, Eagle Plains Resources' shareholders will receive one share of Taiga Gold Corp for every two Eagle Plains shares with the parent company retaining a 20% interest. The transaction requires 2/3 approval of voting shares and is expected to close in early Q2 2018.

Five projects controlled by EPL will be vended into Taiga Gold. They are contiguous with, adjacent to, or near SSR Mining's (SSRM) Seabee Gold operations, which consist of two gold mines and a mill located 100 km east of La Ronge, Saskatchewan:



The proposed newco's flagship asset is the 340 sq km **Fisher** gold project, which borders SSRM's property on the east, south, and north.

The Fisher project is in year two of a four-year joint venture option to SSR Mining. The mid-tier gold-silver miner can earn up to a 60% interest by completing \$4.0 million in exploration expenditures and paying \$300,000. Once the earn-in has been completed, SSRM has a 90-day, one-time option to earn an additional 20% interest by making a cash payment of \$3,000,000 to Eagle Plains. At that time, an 80/20 joint-venture will be formed to further advance the property.

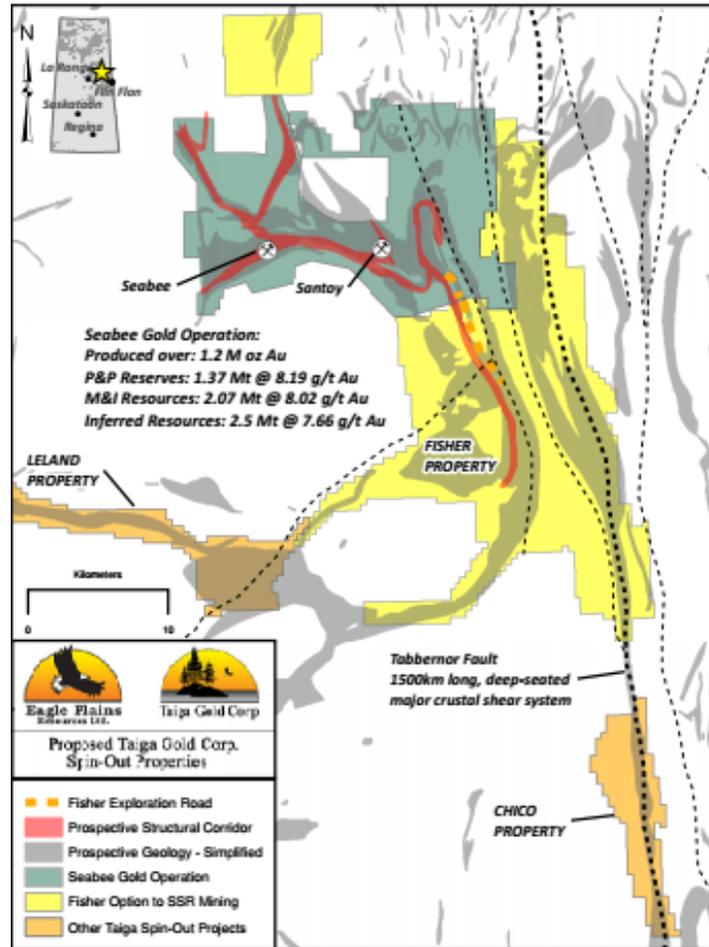
EPL retains a 2.5% NSR that is subject to reduction on certain claims with underlying royalties; 1% is buyable for \$1.0 million. Once a JV is formed, EPL will receive advance royalty payments of \$100,000 annually until commercial production commences.

SSRM completed surface exploration in 2016 and 2017 with favorable results and is planning an 18,000 meter drill campaign for early 2018.

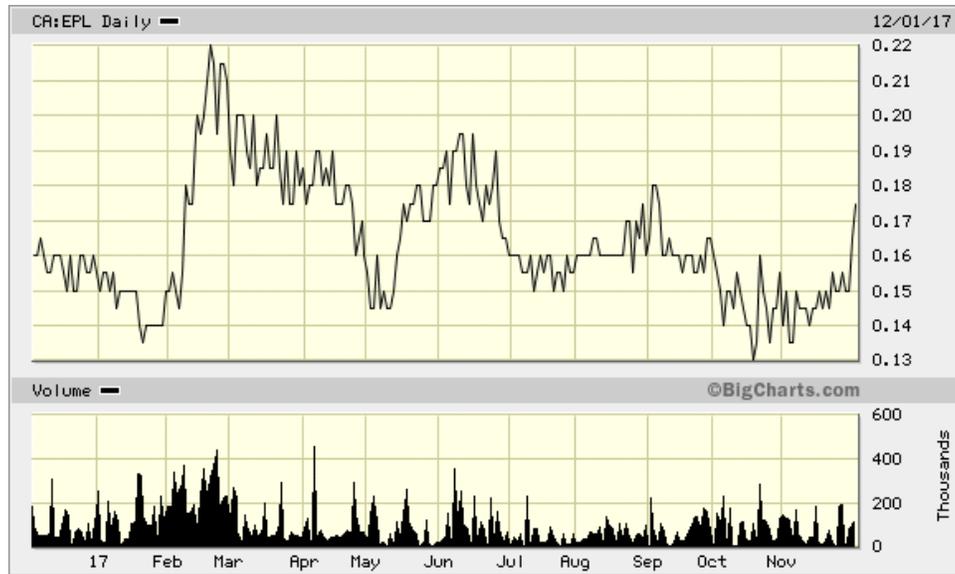
Other properties with gold showings include the 100% owned **Leland** and **Orchid** claim groups and the **Chico** project, which is currently under joint venture option to Aben Resources (ABN.V). Aben can earn up to 80% interest in Chico by completing \$3.5 million in exploration expenditures, issuing 2.5 million

shares and making \$150,000 in cash payments. Also included is the Sam claim group, a high-grade copper-gold prospect located west of Flin Flon, Manitoba that is surrounded by SSR Mining claims. The Seabee Gold operations have produced over 1.2 million ounces of gold Au and host 360,000 ounces of reserves at 8.2 g/t Au. High-grade gold-quartz veins in shear zones are hosted by mafic metavolcanic and mafic intrusive rocks and granitoids that were emplaced during regional deformation of the Pine Lake greenstone belt.

The two operating mines are located approximately 14 km apart. Seabee occurs within the west-trending Laonil Lake shear zone, while Santoy is along a series of regional north-trending shears that have been traced to the south over much of the Fisher property and extend further on to Chico and Orchid.



Eagle Plains Resources has 84.3 million shares outstanding and 8.1 million options. Its 52-week high is 23.5 cents and the low is 13 cents. It is moderately liquid for a junior explorer, trading on average about 113,000 shares per day over the past three months:



Management and insiders control 5% and an additional 37% or so is held in “strong hands” (including the 49 North Fund, Teck Resources, and Nova Gold). The public float is estimated at about 58% and consists mainly of small shareholders.

At its current price range of 15-17 cents, market capitalization is \$12.5-14.5 million. The \$5.0 million in working capital constitutes about 35% of its market value.

I previously mentioned my long-term association with Eagle Plains CEO Tim Termuende. I have known VP-Exploration Chuck Downie as long, IR director Mike Labach for over 12 years, and geologist Chris Gallagher, who has managed the company’s database services thru Terralogic Exploration for 14 years.

When the one for two share spin-out is completed, Taiga Gold Corp will have pro forma about 50 million shares outstanding with EPL controlling 20%, \$300,000 in cash, and option agreements with SSR Mining and Aben Resources that will generate cash and shares over time. It is anticipated that a private placement financing to the tune of \$2.0 million will be done soon after listing.

Management’s rationale for the Taiga Gold spin-out is straightforward:

- The fair value of its Saskatchewan gold assets is not being recognized by the market.
- Moving its Pine Lake greenstone gold prospects into a stand-alone corporate entity will simplify ownership and invite a takeover by SSR Mining.
- The new company will be able to finance its gold prospecting and exploration in Saskatchewan at no cost to Eagle Plains.
- The new listing will become both a dividend and a liquidity event for EPL shareholders.

I opine there are several reasons to own Eagle Plains Resources *now*:

- It is one of the very few prospect generators with a business plan that has been successfully implemented with a tenure well-over two decades long.
- The company is currently trading at 1-3 cents above its 52-week low.
- In a one for two arrangement, EPL is spinning out its fourth new company in the past 12 years. If past is prologue, shareholders will see a significant rise in the combined market cap once newco shares are trading.
- The spin-out is expected to result in a tax-free distribution to EPL shareholders of record on that date.
- Exploration potential on the early-stage Fisher prospect is high given its strategic land position adjacent to two producing gold mines along extensions of productive shear zones.
- With the 18,000 m winter drill program, SSR Mining will likely earn its 60% interest in the project. At that juncture, it has 90 days to make a \$3.0 million balloon payment to earn 80%.
- If upcoming exploration is successful, it seems this would become an opportune time for a friendly takeover of Taiga Gold.

That said, there are risks that include Eagle Plains not consummating the spin-out of Taiga Gold. Based on my due diligence, I think that is an unlikely scenario.

Also, Aben Resources could drop the Chico option after its 2018 drill program but this is a minor concern. The property would then revert 100% back to Taiga and be available for another joint venture deal.

More importantly though, SSR Mining could choose not to make the balloon payment and either put the project on the shelf or attempt to dilute Taiga with large exploration expenditures in a 60-40 JV. These are certainly valid concerns at this juncture.

That said, I think the risks in this speculation are vastly outweighed by the potential rewards detailed above.

Note that I am a shareholder of Eagle Plains Resources, my cost basis is within its current trading range, and it pays to sponsor my website. Therefore, my opinions of this deal are naturally skewed to the upside.

I am a committed player in this game; check out the company to see if you want to play, too.

I opine the stock is liquid enough that entry points should present themselves from now thru year's end for speculators (like me) who want to accumulate.

Ciao for now,

Mickey Fulp
Mercenary Geologist



The [Mercenary Geologist Michael S. “Mickey” Fulp](#) is a Certified Professional Geologist with a B.Sc. Earth Sciences with honor from the University of Tulsa, and M.Sc. Geology from the University of New Mexico. Mickey has 35 years experience as an exploration geologist and analyst searching for economic deposits of base and precious metals, industrial minerals, uranium, coal, oil and gas, and water in North and South America, Europe, and Asia.

Mickey worked for junior explorers, major mining companies, private companies, and investors as a consulting economic geologist for over 20 years, specializing in geological mapping, property evaluation, and business development. In addition to Mickey’s professional credentials and experience, he is high-altitude proficient, and is bilingual in English and Spanish. From 2003 to 2006, he made four outcrop ore discoveries in Peru, Nevada, Chile, and British Columbia.

Mickey is well-known and highly respected throughout the mining and exploration community due to his ongoing work as an analyst, writer, and speaker.

Contact: Contact@MercenaryGeologist.com

Disclaimer and Notice: I am a shareholder of Eagle Plains Resources and it pays a fee of \$4000 per month as a sponsor of this website. I am not a certified financial analyst, broker, or professional qualified to offer investment advice. Nothing in any report, commentary, this website, interview, and other content constitutes or can be construed as investment advice or an offer or solicitation or advice to buy or sell stock or any asset or investment. All of my presentations should be considered an opinion and my opinions may be based upon information obtained from research of public documents and content available on the company’s website, regulatory filings, various stock exchange websites, and stock information services, through discussions with company representatives, agents, other professionals and investors, and field visits. My opinions are based upon information believed to be accurate and reliable, but my opinions are not guaranteed or implied to be so. The opinions presented may not be complete or correct; all information is provided without any legal responsibility or obligation to provide future updates. I accept no responsibility and no liability, whatsoever, for any direct, indirect, special, punitive, or consequential damages or loss arising from the use of my opinions or information . The information contained in a report, commentary, this website, interview, and other content is subject to change without notice, may become outdated, and may not be updated. A report, commentary, this website, interview, and other content reflect my personal opinions and views and nothing more. All content of this website is subject to international copyright protection and no part or portion of this website, report, commentary, interview, and other content may be altered, reproduced, copied, emailed, faxed, or distributed in any form without the express written consent of Michael S. (Mickey) Fulp, MercenaryGeologist.com LLC.

[Copyright © 2017 Mercenary Geologist.com, LLC. All Rights Reserved.](#)