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## Analyst Note

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September 2, 2016

### Eastmain Resources Ltd. (ER-T)

#### *Le Triangle du succès*

**Event:** Site visit on August 30, 2016 at the Eau Claire and Eastmain Mine projects in James Bay, Québec. Overview of the 2016 work programs and activities.

**Impact: Positive.** New management and technical team is making Eastmain a solid player in the Québec James Bay. Potential to turn heads with a portfolio of projects advancing at different levels; with the well-located Eastmain Mine project perhaps the one to watch closely.

#### Analysis

- **On August 30, 2016, we attended the Eastmain analyst site visit in James Bay Québec.** This one-day visit enabled us to review the Clearwater and Eastmain Mine projects (see Exhibit 1). Flying from Chibougamau, the trip allowed us to view by air the Route du Nord, the Eastmain hydroelectric complex (part of Hydro-Québec's Eastmain-1-A/Sarcelle/Rupert project) with the Eastmain-1 (480 megawatts) and Eastmain-1-A (768 megawatts) power houses. We also saw Hydro-Québec's vast network of transmission lines and flew up the Eastmain River over Eastmain's new Lac Clarkie project, Western Troy's (WRY-V) McLeod Lake Cu-Mo project to the Eastmain Mine (located along the new Route 167 Ext. route that links Mistissini to Stornoway's Renard Diamond Mine (see August 17, 2016 Analyst Note and Exhibit 2)).

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- **Fresh look at Eau Claire, plan to complete mineral resource estimate by Q1/2017.** A \$7.7mm (~63,000m) drill program is in progress with 2 drills (Forages Rouillier) and should mark the largest exploration program Eastmain has ever initiated on the Clearwater project. Results are to be used (along with previous 2015 drilling results) to update the 2015 resource estimate (1.58M oz. Au) in early 2017 and complete a PEA by Q3/2017. More specifically, a planned ~49,500m on the 450W Zone is aimed at improving resource confidence; with ~7,200m consisting of infill drilling on the shallow open-pit resources (surface to 150m depth), ~26,000m on the underground vein sets (150-400m depth) on the 450 West Zone, and ~12,300m planned to upgrade inferred resource blocks. Additionally, ~6,200m is earmarked for the 850 West Zone to expand mineralization by step-out drilling and for infilling of the inferred resource. Finally, exploration drilling (~7,600m) shall test 6 additional mineralized prospects mainly east of the 450W Zone on the Clearwater property (Snake Lake, Clovis Lake, Natel, Knight, Serendipity, and Beluga zones). We noted the important stripping of 450W and 850W zones as well as numerous trenches (see Exhibit 3). Recall on August 11, 2016 Eastmain staked over 600 claims (31,600ha) located immediately east of Clearwater. The Lac Clarkie project expands total acreage in the area to 51,614ha and initial work should consist of airborne geophysical and LIDAR surveys, followed by prospecting and soil geochemical surveys on a possible extension of the Eau Claire host stratigraphy from Clearwater, but also sedimentary rock package of Opinaca type that may be comparable to the host rocks of the Eleonore gold mine located ~65km the NNW. These Opinaca-type Clarkie Formation sedimentary rocks define a SE trending 26km x 15km wide basin that has seen limited exploration and we view this land package as geologically interesting in light of the Éléonore-Cheechoo trend (see June 17, 2016 Analyst Note).
- **All new blood with mining experience:** At Eau Claire, we met with the new technical staff that is bringing a fresh view on elements of the project and, more importantly, from a mining perspective. We highlight the recent additions of Carl Corriveau, P.Geo as Exploration Manager (who was at Canadian-Malartic and with Osisko Exploration) and Michel Leblanc, P.Geo as Senior Project Geoscientist. They join Bill McGuinty, P.Geo - VP, Exploration, and Manuel Ng Lai, P.Eng as Project Engineer and all have experience in advanced exploration, project development, resource modelling, economic evaluation, and mine engineering as well as government relations and aboriginal affairs. The camp at Eau Claire appeared well managed with the ability to carry out an aggressive exploration program and, notably, remediate some infrastructure issues such as road access. Indeed, road access to the camp and 450W zone was difficult and we understand that certain permits were recently received to upgrade it.



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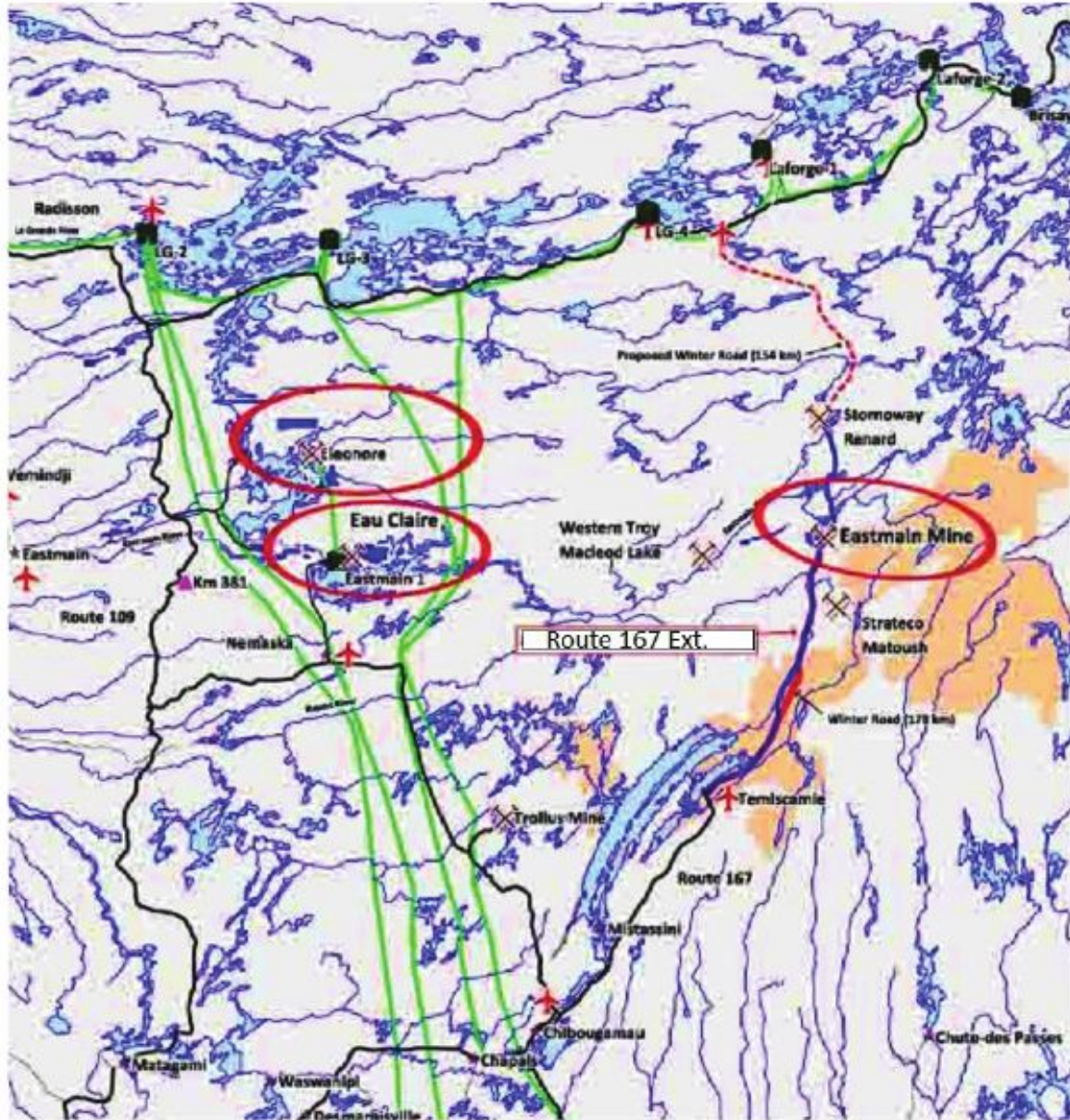
- **Very well positioned Eastmain Mine-Ruby Hill properties:** Exploration for Au-Ag-Cu mineralization on the Eastmain Mine project is also underway with a \$1.3M program consisting of mapping and prospecting on more than 15 identified targets with mechanical trenching on the King Julien, Suzanna, Michel, and Hillhouse targets. A ~5,000m drill program should test for additional mineralization similar to the past producing A & B Zones. Recall that the Eastmain Mine was discovered in 1969 by Placer Dome Limited and developed in the early 1990s by MSV Resources Inc. (a wholly owned subsidiary of Campbell Resources). It had ramp access, two levels of underground development, and surface facilities. MSV developed the project when gold prices were very low and variable warm winter conditions hampered the winter road. The year-round site access of today via Route 167 Ext. change la donne as exploration costs are significantly brought down. The A, B & C zones are spatially associated with a strongly altered ultramafic volcanic unit intercalated with narrow lenses of felsic volcanic rocks within a thicker sequence of mafic volcanic flows. The gold ores are siliceous stratabound units containing 10% to 30% sulphide-rich pyrrhotite, pyrite, and minor amounts of chalcopyrite. The A, B & C zones are open down dip and there is significant surface and underground exploration potential. A historical Indicated resource of 878,100 tonnes @ 10 g/t Au totaling over 255,750oz. Au appears as a solid base to grow. We highlight that the deepest holes on the A, B and C zones are less than 550m and hence we view depth potential as excellent. We also understand that recent trenching on the nearby Hillhouse target uncovered a ~90cm massive sulfide zone similar to the 'chert zone' of the A, B and C zones (see Exhibit 4). Assay results are pending but project geologist David Frappier-Rivard seems enthusiastic as to potential of other pods of mineralisation along and off-set of the 12km mine trend both laterally and at depth. Finally, we highlight that the project includes a 50+ person camp, fuel farm, fully operational dirt airstrip, tailings pond, and underground ramp access.

- **New team taking one step back to go 2 steps forward:** Finally, we were unable to go to the Éléonore South project, but management and the technical team seemed excited by current work and its potential. Recall on August 29, 2016 Azimut Exploration Inc. (AZM-V) and Eastmain announced initial exploration results of a recently completed surface prospecting program on the Eleonore South Property (see August 29, 2016 Analyst Note). The 3-way JV is in the midst of a \$2M work program (including a 2,500m of diamond drilling in mid-September). Eastmain is well-funded with ~\$19M in cash, has a strong dynamic management team, and has an aggressive exploration program underway at Clearwater-Lac Clarkie, Eastmain Mine and Éléonore-Sud projects (please see May 2, 2016 Analyst Note). Ultimately, we were impressed by the new dynamism and the potential geological targets in its 3 core pillar projects (Le Triangle du succès). We believe Eastmain is getting dressed for success.



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Exhibit 1: Location of the Clearwater (Eau Claire) and Eastmain Mine projects and infrastructure in James Bay



Source: modified from Eastmain Resources Inc.



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**Exhibit 3: Eau Claire stripping and trenching - 450W zone**

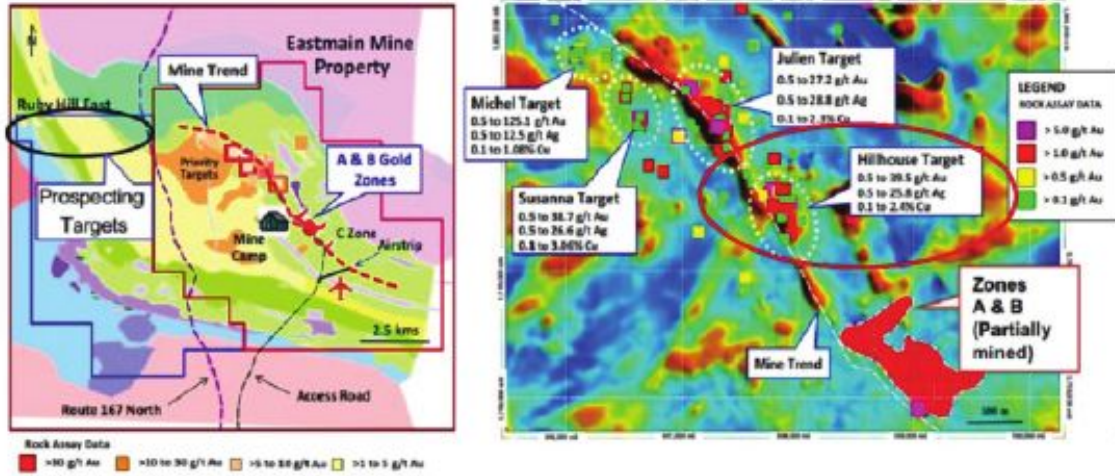


Source: EBL Consultants Enr.



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### Exhibit 4: Eastmain Mine project, mine trend and Hillhouse target trenching



Trenching

Source: EBL Consultants Enr.