Closing in on Nevada’s next major gold mine

TSX.V:EGLD | OTC:EGLPF
Project quality and the talent of the team – these are the two factors that mostly determine the success of mining exploration companies. Yet it is rare to find opportunities that combine the pair.

Finding outstanding projects can be hard enough.

Finding outstanding projects that are run by people with the expertise, track record and vision to realize the true potential can border on being impossible.

This is why it would pay to read this report about Eclipse Gold Mining (TSX.V:EGLD | OTC:EGLPF).

Eclipse is a new company set up by the former management team of Canadian exploration firm Northern Empire Resources Corporation.

Why does that matter?

Well, Northern Empire was taken out for C$117 million just 16 months after it purchased the Sterling mine in Nevada for only C$13.5 million.

That’s an incredible return.

Now, after a period of rest and planning, this world-class management team believes it has found an even bigger opportunity.

**The Hercules Gold Project.**

This asset could well be Nevada’s next major open pit gold mine.

"What immediately attracted us to Hercules was the sheer raw potential."

Mike Allen,
CEO Eclipse Gold Mining
Although Hercules is still an exploration play, progress made to date has been highly encouraging.

**Eclipse** has already identified six significant gold targets and is confident that they connect underground to **create one huge, district-scale gold system**.

These sorts of systems are found all over Nevada, perhaps the world’s most mining-friendly jurisdiction, and are responsible for some of the world’s largest gold mines.

If Eclipse continues to make the progress it has so far at Hercules, the rest of 2020 could be one hell of an exciting journey.

**And you are invited to join.**
Billions raised in other ventures – how Eclipse Gold built one of the industry’s best track records

Eclipse (TSX.V:EGLD | OTC:EGLPF) brings together a group of mining experts with one of the industry’s most overwhelmingly impressive track records.

This is a fact.

Collectively, these men and women have delivered more than $4.59 billion in shareholder value across nine different mining ventures.

They know how to spot a high-quality mining asset.

They’ve more than proven that.

So when they say that Hercules is “one of the best exploration projects they’ve seen” you’d do well to listen.

Eclipse now looks destined to become the tenth company, in an unbroken line of spectacular success stories.

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TOTAL VALUE = $4.59B
Eclipse – The follow-up to Northern Empire’s $117 million Sterling take-out

So how is it that Eclipse (TSX.V:EGLD | OTC:EGLPF) has ended up with such a concentrated pool of mining talent?

It was actually quite simple.

Eclipse was set up as a follow-up vehicle for the entire former management team of Northern Empire Resources.

Back in 2017, Northern Empire acquired Sterling, a high-grade, open-pit gold project, for $13.5 million.

Under the leadership of Mike Allen – now Eclipse’s chief executive officer – the firm got to work immediately, raising funds and delivering a series of de-risking milestones and discoveries within months.

Then, in August 2018, the firm stunned the market when it announced its take-out by Coeur Mining for $117 million.

That’s a project return of nearly nine times in little over a year.

What’s more, the take-out completed at an all-time share price high of $1.64.

An investor who bought and held Northern Empire until Sterling’s sale would have been guaranteed a substantial profit.

With Sterling now in the hands of a $1.3 billion mining giant, Allen and his team knew what they had to do next.

Go back to square one.

Find another exceptional project, finance its development, and then focus on an exit. And so, Eclipse was born.
The heavyweight financial backers of Eclipse

You don’t go from initial offering to buyout in just 16 months without people noticing.

After all, there’s nothing better in this game than a rapid return on investment.

It shouldn’t come as any surprise, then, that some of the world’s top mining financiers sought out Eclipse (TSX.V:EGLD | OTC:EGLPF), on learning that the Northern Empire team was planning to recreate Sterling’s success.

Marcel de Groot and David De Witt, now Eclipse’s chairman and advisor, were two of the heaviest hitters.

The pair co-founded Pathway Capital – a venture capital firm that has raised more than $2 billion in equity financing and been involved in several billion dollars’ worth of M&A transactions.

Among the most notable deals Pathway helped to create are Peru Copper and Equinox Gold. The former was taken out by Chinalco for $867 million several years ago, while the latter currently trades with a US$3.2 billion market cap.

Meanwhile, Eclipse has also been able to attract Nolan Watson and David Awram, the co-founders of Sandstorn Gold Royalties, to its advisory board.

Over the years, this duo has turned Sandstorm into a $1.57 billion business, famous as one of the leading evaluators of mining assets. In total, this company has completed more than $3 billion in royalty transactions.

Meanwhile, former Kirkland Lake Gold director Ray Threlkeld also sits on Eclipse’s advisory board.

With such powerful financial backing, what was it that attracted such smart money to Eclipse and its Hercules gold exploration project?
Nevada – where the world goes for gold

When the search for Eclipse’s (TSX.V:EGLD | OTC:EGLPF) flagship asset began, Allen and his team’s sights were only set on Nevada.

And why wouldn’t they be?

This is where Eclipse’s team has enjoyed nearly all of its past success.

Allen recalls an article he once read on a flight to Nevada authored by Rick Rule. The legendary resources investor said the most effective mining teams are those who only focus on one jurisdiction:

“As someone who has spent the last ten years in Nevada, I know where all the contractors are, I know who all the prospectors are, and I know all the regulators. So, when we need to cross a milestone, I know all the right people that can push us forwards very, very quickly. We have this sort of experience in Nevada across our team, and that ultimately leads to a better product for shareholders.”

Nevada is a dream jurisdiction for any miner – not just Eclipse.

Geologically, it is one of the world’s largest gold sources, producing close to 5.6 million ounces of the precious metal in 2018 – 78% of all US output.

Last year also saw Nevada Goldmines, a joint venture between Newmont and Barrick become the world’s single-largest gold producer. Its combined operations pulled 4.1 million ounces out of the ground in 2018 alone!

Elsewhere, Nevada’s regulation and infrastructure are also highly supportive. Not only is the state politically stable with predictable and transparent permitting, but most of its projects sit near large cities full of skilled labour.

As recently as early 2020, Nevada provided miners with a huge boost when it declared them essential businesses that should remain active throughout the coronavirus lockdown.

Allen says these factors all lead to a large premium being placed on metal discoveries in here:

“There’s a saying that a million ounces in Nevada are worth as much as two or three million ounces in other jurisdictions.”
Hercules – a wealth of gold potential hiding in plain sight

With its focus on Nevada, Eclipse (TSX.V:EGLD | OTC:EGLPF) had three key criteria for new projects. They had to have:

I. Large scale-up potential
II. An easy route to permitting
III. Possible sites for open-pit and heap leach operations.

After diligently evaluating more than 90 properties, the firm finally found the perfect opportunity. Something it expects to be an even bigger success than Sterling.

The Hercules Gold Project is an 85km² property package located in Nevada’s Walker Lane trend, an hour’s drive away from Reno.

Eclipse acquired these licences in August 2019 after it became immediately clear that their potential had been missed over the years.

Promisingly, the area presents huge “outcroppings” of gold mineralization that are visible at the surface. Allen says it is even possible to walk up to these areas and collect samples containing impressive gold grades without drilling.
Visits from Eclipse’s wider network confirmed Allen and his team’s suspicions – the company had stumbled upon a huge gold opportunity in Nevada that was hiding in plain sight.

The project even attracted Dr Warwick Board – the geologist who formerly led Pretium Resources’ transition from explorer to a successful mid-tier producer.

Now Eclipse’s VP of Exploration, Dr. Board says he was immediately impressed by Hercules’ scale, calling it a “symphony” for a Nevada geologist.

So, how was Hercules overlooked in one of the world’s hottest gold frontiers?

Although there was some production here back in the 1800s, this was restricted to the very highest-grade ores due to technological limitations. Since then, the project has been repeatedly split up and passed from one owner to another. When work would have taken place, gold prices were too low.

Today, Eclipse stands as the first company to unite the entire Hercules area under one owner.

Against a backdrop of soaring precious metal prices, Eclipse is free to pursue the project as a single, huge opportunity with modern exploration techniques and drilling technology like no one else before it.

“We’re not constrained by an artificial border of a claim boundary. We can now look at Hercules through the lens of defining an entire system. It’s just off the scale what this project could or should be, and we were shocked at the lack of exploration.”
Eclipse’s (TSX.V: EGLD | OTC: EGLPF) exploration theory for Hercules is as simple as it is exciting.

Allen and his team believe that the project’s mineralized areas are connected below the earth’s surface, creating a single, project-wide gold system.

This could be worth a fortune for Eclipse’s shareholders.

Similar systems are responsible for some of the world’s greatest precious metal discoveries.

Let’s take a step back and look at how Eclipse reached this conclusion.

Upon purchasing Hercules, the firm put sporadic, historical exploration data into a single central database for the first time. It then combined this with its own surface sampling, due diligence, and geological mapping to identify six key surface gold targets in the north of the project, as seen in the images below.

The Lucky Rusty, Rattlesnakes, Northeast, Loaves, Cliffs, and Hercules targets collectively cover around 8km² and regularly throw up gold samples of more than 3 grams per ton ("g/t"). This is far above the 0.5 g/t gold typically seen as economic in occurrences so close to the surface.
The most interesting point, however, is that Hercules’ targets all present “epithermal-style” veining.

**In layman’s terms**, epithermal veins are narrow, long deposits formed when mineralized fluids from magma chambers deep within the earth permeate the crust and reach the surface.

These veins are almost always individual parts of large, and connected networks called *epithermal systems* that arise from one geological event. Epithermal systems tend to be enormously vast, presenting huge quantities of shallow, easy-to-mine veins in one particular area—like the Hercules land package.

These giant networks are particularly prevalent in Nevada’s Walker Lane trend, where they are responsible for many globally-significant projects.

Perhaps the most notable example is Comstock lode—a historic gold and silver asset located right next to Hercules and typically considered the most important mining discovery in US history. A more modern example of an epithermal system being mined in Nevada is Kinross’s Round Mountain Mine, which hosts approximately 20 million ounces of gold.

If the gold outcrops at Hercules connect in a massive system like at Comstock, then work-to-date **may have only scratched the surface of this project’s true potential**.

Indeed, Allen and his team believe that Eclipse is sitting on a completely untested, district-scale epithermal system.

If they are right, then it seems inevitable that this opportunity should become a **huge take-out target**—an exit that could even outstrip Northern Empire’s returns at Sterling.
District-scale gold - Unearthing Hercules’ huge hidden potential

Working on the basis that they were sitting on an opportunity far bigger than anyone had previously imagined, Eclipse’s (TSX.V:EGLD | OTC:EGLPF) management quickly got to work assessing their entire land package. After all, work-to-date had focused entirely on Hercules’ northern portion.

Revisiting an exploration method called “hyper-spectral imaging” they used to great effect at Sterling, the team flew satellites over the entire Hercules project area to identify areas containing elevated levels of “sericite”.

Sericite is a what is known as a “pathfinder mineral” — it is a type of rock that arises in areas where hydrothermal activity has taken place. As such, sericite can often be traced back to epithermal veins and – in turn - large quantities of commercial gold.

The results of the satellite survey are tantalizing.

The hyper-spectral map presented high levels of sericite (the green, yellow, and red areas on the map) in all of Eclipse’s existing targets in Hercules’ northern portion. However, the work also showed high levels of sericite running south through Hercules, culminating in an enormous region at the south of the project.

These southern areas were considered “dead” by previous operators – in other words; they believed they were entirely free of mineralization.

But modern exploration techniques have shown that this is unlikely the case, and that the entirety of Hercules could be strewn with gold.
How Eclipse is jumping the normal exploration company hurdles

Getting one’s hands on an excellent mining project is one thing, but advancing it is another. It is at this stage that exploration firms often come unstuck.

But this shouldn’t be a problem for Eclipse (TSX: EGLD | OTC: EGLPF).

Two common hurdles typically present themselves.

The first is permitting – without the necessary permits in place, a company can’t develop its project.

Fortunately, Eclipse also took on a “Plan of Operations” permit for Hercules when it acquired the asset. It usually takes 15 to 24 months to be granted the license, which allows it to drill up to 200 sites.

The company has already begun to put its allowances to good use, recently completing a 12-hole, C3,300-meter drilling programme over five of its targets. The results correlated with the firm’s sampling to date. They also suggested that mineralization strengthens to the south and is similar to Walker Lane’s many other epithermal systems.

Eclipse has now scheduled plenty of additional work for the remainder of 2020, the highlights of which can be seen in the image below.

The second limitation for many exploration firms is funding.

Developing a mine is an expensive process. To get the money needed, a firm must provide evidence that it will use the funds prudently and create profits. The track record of Eclipse’s management is so strong, that its members have been able to raise significant sums in all market conditions.

Under Allen’s leadership, Northern Empire raised C$35 million in two accretive financings (with no warrants to boot) throughout 2017 and 2018 – a weak to flat gold market. Meanwhile, in 2016 and 2017, Eclipse’s chairman Marcel de Groot helped raise over C$140 million through a series of transactions that led to the creation of Equinox Gold.

Couple these points with the fact that 45% of Eclipse’s shares are owned by insiders and close associates, and you have yourself a firm that is well and truly in it to win it.
Why you should add Eclipse Gold Mining to your stock portfolio

The word “eclipse” gives rise to images of the sun, moon, and earth aligning.

But the “eclipse” that Eclipse Gold Mining (TSX.V:EGLD | OTC:EGLPF) has named itself after is different.

It is an alignment of assets.

Rather than resulting in a temporary blackout, they have united to create an enormous investment opportunity:

• Management, board, and advisory teams involved in at least nine gold takeouts, generating more than $4.59 billion of shareholder value

• Follow-up vehicle for management of Northern Empire Mining, taken out for $117 million 16 months after buying the Sterling project for $13.5 million

• Board members and advisers from some of recent history’s biggest mining success stories like Pathway Capital and Sandstorm Gold Royalties

• A footing in Nevada – one of the world’s most mining friendly jurisdictions and management’s specialist region

• Owner of Hercules, a large project area presenting enormous areas of outcropping gold that has been wildly overlooked over the years.

• Six key targets presenting all the hallmarks of a connected epithermal system – responsible for some of the world’s leading mines

• Aerial imaging showing that areas previously thought to be dead across Hercules’ entire land package could in fact contain large quantities of commercial gold

• Permitting ready and in place months ahead of schedule, with drilling already completed

• A track record of successful, multi-million fundraises in all market conditions
A compelling risk-reward

To come full circle, the quality of Eclipse’s team and its project should now be clear.

The coming months are likely to see the firm deliver more drilling and more progress at Hercules.

As the market wises up to the scale of the opportunity on offer, Eclipse’s current C$38.6 million market cap could soon be a small, distant memory.

Make sure you don’t miss out.
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