Acorns to Mighty Oaks – Evolving Gold Corporation

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Oversold?

In March 2008, **Evolving Gold Corporation** (TSX: V.EVG, Stock Forum) peaked at $2.48 on market speculation just as the Prospectors & Developers Association of Canada conference (PDAC) was running. The directors and other insiders dumped lots of shares, and confirmation and valuation was too high at that point in the discovery process. The company put out a press release that totally obscured what may become one of the most significant discoveries in Nevada in the last twenty years. Down went the share price to between 35 and 45 cents. Fortunately for the company, it closed a $21 million dollar private placement the day before the press release – enough money to keep an $800,000-a-month drilling program running for two years to prove out their theory.

The prospect

EVG had a theory about its North Carlin Trend properties: the theory was that the famously gold-prolific Carlin trend extended "at depth" and that a piece, possibly a big piece, broke off and, over a couple of hundred million years, sank and was covered in gravel and surface debris. The theory is the idea of Dr. Quinton Hennigh, who used to be **Newmont Mining's** (NYSE: NEM, Stock Forum) explorationist and is no stranger to the area. Newmont liked the idea enough to have backed in a parcel of its North Carlin properties. Buried inside the March 4, 2008, press release is a quote from now-president Hennigh that the market quite possibly misunderstood:

> It is significant to me that a scientifically-based program…has resulted in the identification of highly-altered, mineralized strata in our first few holes, including highly-anomalous gold values from the first two holes which were terminated short of the target depth….I have yet more confidence that the original premise for our program in the area – that potentially mineralized strata lie at reasonable depth beneath relatively shallow overburden – is correct.

EVG had drilled two holes. It hit what it was looking for twice – rocks that had the look, feel, and essential composition of the Carlin trend.

Undervalued?

Over 60% of EVG is held by institutions, which are generally smart, stay-the-course players. Do they like the North Carlin story? You bet. Do they like Malone in New Mexico grading up to 800 g/t silver? You bet. Are they interested in the focus of this summer's drilling in the Rattlesnake Hills of Wyoming? No question. Smart money buys to make five- to 10-baggers. Right now EVG is selling below where the smart money bought in and they haven't sold. Results from Rattlesnake Hills are expected in early September. The drilling programs at North Carlin and the Sleeper property are continuing. We are in the lazy days of summer and EVG shares will likely drift until assay results come from any of its nine properties. Right now EVG is cheap or fairly valued, depending on one's perspective. A one million ounce hit on Rattlesnake will light up the market; but Quinton Hennigh and the EVG crew are not looking for a million ounces. They are looking for five million and up and they are looking on nine properties. 40 cents is not going to last a minute if the first Rattlesnake results come in positive in September.