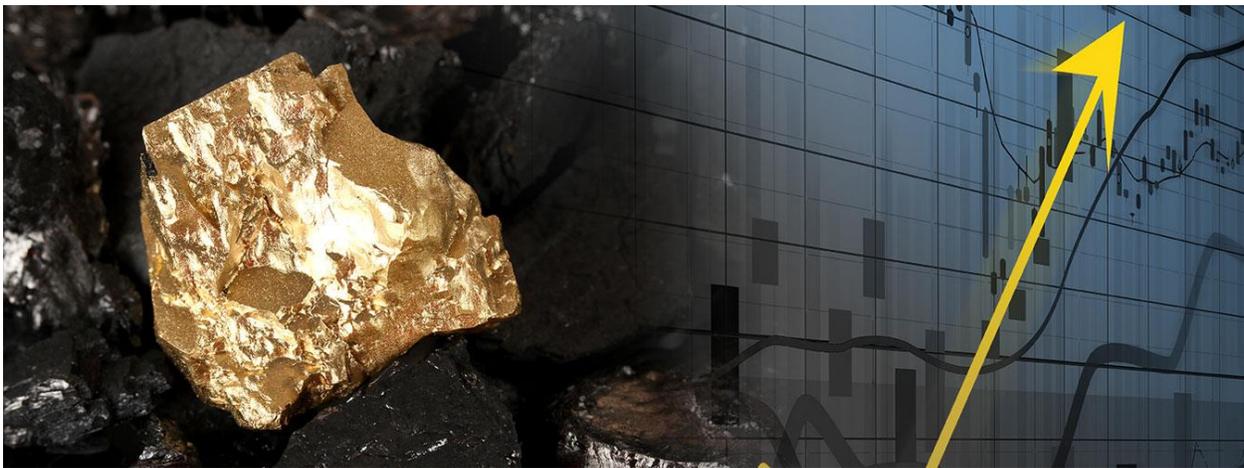


X-Terra's New Gold Discovery Could Be the Tip of a Large Gold System Contributed Opinion

Source: Peter Krauth for *Streetwise Reports* (5/5/20)



The junior gold explorer with a nascent exploration breakthrough could soar on the back of a gold bull market, writes Peter Krauth.



Gold has the wind in its sails. Its price in U.S. dollars is up an astounding 62% since late 2015, with a 33% gain in just the past year, outpacing all major assets.

And investors are only just starting to get interested.

The Covid-19 pandemic and its economic impact is a major catalyst. More than \$8 trillion in global fiscal stimulus has already been committed to alleviate unemployment and support struggling businesses. But it's almost certainly not enough.

"That sets up the perfect storm for X-Terra, making it a Strong BUY. With its outstanding initial drill results at the Grog property and the remarkable potential at Troilus East, I can easily see XTT double its market cap in the next 6-12 months, perhaps sooner."

Near-zero interest rates combined with unprecedented money-printing are creating ideal conditions for the ultimate inflation hedge: gold. And that's making junior gold equities the go-to sector as the metal rapidly approaches its all-time high.

Amidst all this, one junior gold explorer with a nascent exploration breakthrough could soar as the gold bull market moves into its next phase.

New Brunswick Could Host Large New Gold System

Bona fide new discoveries with district potential are rare. Participating early in one could be a life-changing event.

That's what makes [X-Terra Resources Inc. \(XTT:TSX.V; XTRRF:OTCMKTS; XTR:FSE\)](#) such a compelling investment right now. **XTT** shares are a **Strong BUY**, with the potential to double in the next 6–12 months.

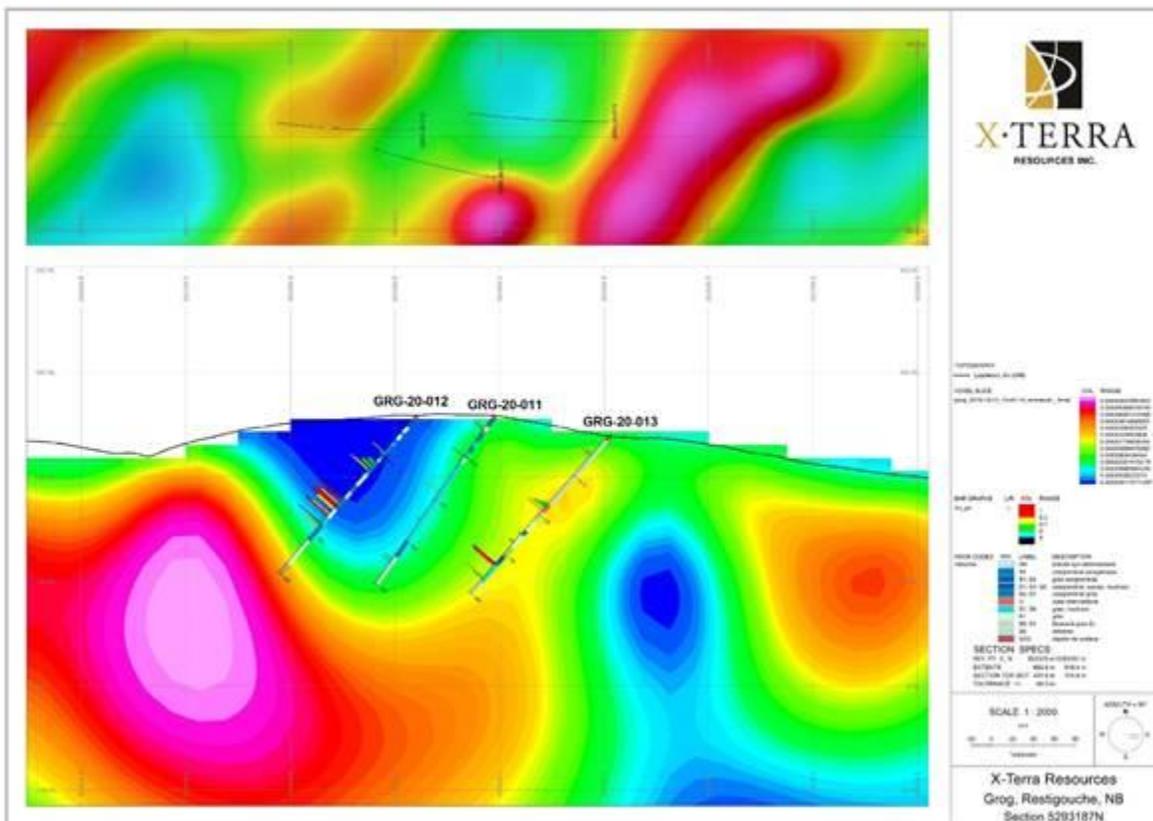
Here's my rationale...

Its top two projects are in neighboring Canadian provinces, both among the highest-ranking gold mining jurisdictions globally.

In early March, X-Terra completed its inaugural drill program over the Grog and Northwest Properties in the province of New Brunswick along the McKenzie Fault. It comprised 1,904 meters over 16 holes.

Initial [results](#) are in, and they're impressive.

Hole GRG-20-012 identified gold mineralization over a significant width. One interval averaged 0.41 g/t gold over 36 meters, including 0.46 g/t gold over 31 meters and 7.59 g/t gold over 0.6 meters. The company points out that 6 of the remaining holes returned mineralized intervals between 0.1 g/t gold and 0.35 g/t gold.



X-Terra President and CEO Michael Ferreira said, "This is a significant exploration breakthrough, and reinforces our expectations that a large epithermal system is present. While more in-depth geological

work, which includes drilling is needed, it remains evident that the 11 holes (1570 metres drilled) only covered a very small fraction of the targeted environment. Reaching a significant mineralized interval this shallow (From 107 metres to 143 metres, in GRG-20-012) is a milestone we were relentlessly pursuing after completing the limited field exploration programs based predominately on roadside trenching. The information obtained in this program will allow the detailed follow up on the Grog Target but also allow the company to refine and generate more high priority targets carrying the same geological characteristics to that of the Grog target. This provides a monumental shift moving forward."

HIGHLIGHTS FROM HOLE GRG-20-012

Hole ID	From (m)	To (m)	Length (m)	Au (g/t)
GRG-20-012	107.00	143.00	36	0.41
Including	107.00	138.05	31.05	0.46
Including	114.50	117.50	3.00	1.01
Including	125.00	128.00	3.00	0.72
Including	137.45	143.00	5.55	0.92

The beauty of this impressive drill hole intercept is its signature, which contains a wide alteration halo associated with sulfidation and quartz veining. Based on the geophysical data, they will be able to track the gold bearing system at depth using an advanced data processing approach combined with their geological knowledge.

The exploration team can now use the signature to formulate similar drill targets elsewhere on the property, with the potential for similar results.

Clearly, X-Terra's diligent, methodical and scientific approach has begun to pay off. Experience combined with a skilled overlay of induced polarization, magnetic surveys, sampling and trenching helped achieve this recent success.

Back in 2017, the company discovered high grade gold occurrences. That was followed up with further work, which delivered extensive anomalies scattered over roughly 30 km along the McKenzie Gulch regional Fault.

Their geologists then engaged a quick exploration cycle over the next 18 months, starting with an orientation geophysics survey, followed by trenching and drilling. They now have an initial model in progress, which involves an extensive magmatic hydrothermal system, and the targets generated so far are pluri-kilometric.

X-Terra is contemplating that it could be onto a brand new regional gold trend.

Such outstanding recent drill intercepts make for an even more exciting outlook. That's because future exploration targets will be chosen with a better understanding of the geological sequence. And that should improve the odds of more successful drill results.

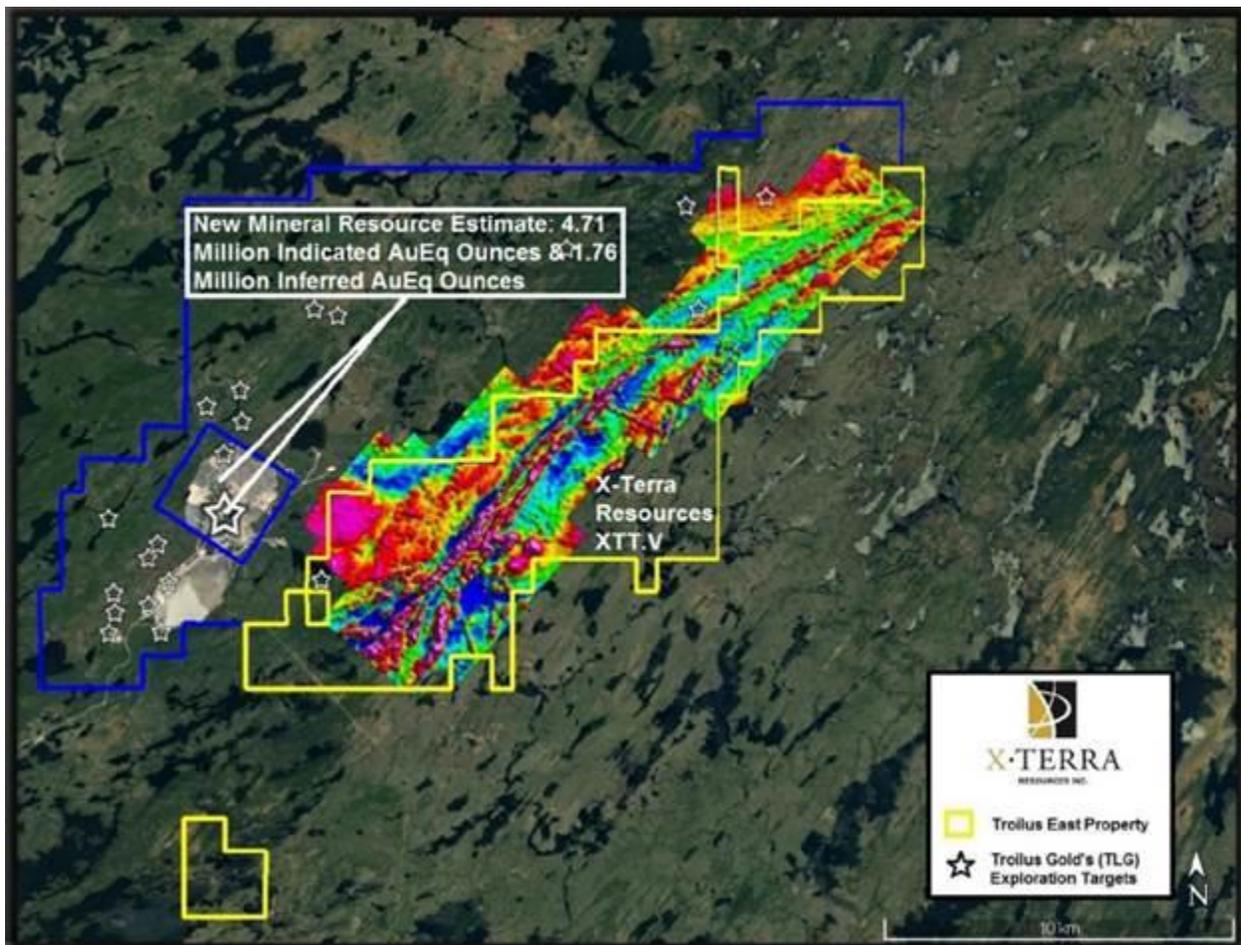
But perhaps the biggest takeaway from hole GRG-20-012 is the suggestion that it demonstrates real potential for a large epithermal system. And that could mean a whole lot of gold lies beneath, something further exploration will answer.

Quebec Offers Huge Promise Near Large Developing Gold Mine

Despite the exciting outlook offered by the Grog area located in New Brunswick, X-Terra is far from being a one-trick pony.

Also bursting with massive untapped potential is the Troilus East Property, located in north-central Quebec.

X-Terra's Troilus East project is immediately adjacent to Troilus Gold Corp.'s former producing gold-copper mine. Even after 15 years of historic production, the Troilus Gold Project currently boasts 4.71 million ounces of gold equivalent in the Indicated category, plus 1.76 million ounces of gold equivalent in the Inferred category.



Early last year, X-Terra announced the completion of a high-resolution magnetic survey on the Troilus-East property. Management continues to advance the project, using the same diligent and methodical scientific approach that has brought success to the Grog discovery. XTT will be using magnetic signatures

to perform follow-up work, looking to identify geological contexts with characteristics similar to those of the Troilus gold-copper mineral deposit.

Since tripling its land position, X-Terra has locked up the largest adjacent land claims to Troilus Gold of any public company.

That's exciting, as Troilus Gold is considered by some as the largest—or at least one of the largest—undeveloped gold deposits in North America. And that could well make X-Terra a future target should Troilus Gold or other players look to lock up more of the adjacent land.

People and Projects Offer Massive Potential

As is often the case, people are as important to a junior explorer's success as its properties. As a former professional motorcycle racer, X-Terra President and CEO Michael Ferreira saw the potential of resource exploration to create immense value for shareholders. Now living full-time in the Quebec mining town of Rouyn Noranda, Ferreira has judiciously curated a winning team.

Dr. Michael Byron, Ph.D., P.Geo. and a company director, has thirty years of field work, research and senior management positions across gold, base-metals, diamond and gemstone exploration. He was instrumental in re-discovering Falco Resources' leading asset, the Horne 5 deposit.

A testament to the quality of management is XTT's rare combination of tight share structure and quality projects. On a fully diluted basis, there are just 80 million shares outstanding, with management's skin in the game representing 6% of ownership.

As I see it, X-Terra's combination of quality management with exceptional high potential projects is starting to bear fruit. Its New Brunswick-located Grog and Northwest project, along with its Troilus East project located in Quebec, are highly prospective.

Given that the global fiscal and monetary response to the coronavirus has generated a tsunami of money printing, the gold market is kicking into high gear.

That sets up the perfect storm for X-Terra, making it a Strong BUY. With its outstanding initial drill results at the Grog property and the remarkable potential at Troilus East, I can easily see XTT double its market cap in the next 6–12 months, perhaps sooner.

In my view these are the early days of a string of successful exploration results, making XTT.V radically undervalued, for now.

[Peter Krauth](#) is a former portfolio adviser and a 20-year veteran of the resource market, with special expertise in energy, metals and mining stocks. He has been editor of a widely circulated resource newsletter, and contributed numerous articles to Kitco.com, BNN Bloomberg and the Financial Post. Krauth holds a Master of Business Administration from McGill University and is headquartered in resource-rich Canada.

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