

X-Terra Resources: The Undiscovered Discovery Contributed Opinion

Source: Riley Ireland for *Streetwise Reports* (6/1/20)

Investor Riley Ireland provides his investment thesis for this explorer with gold properties in Canada.



X-Terra's Grog Property

Investment Highlights:

- Strong management with direct ownership
- Low market cap of \$4,709,629
- New gold discovery in New Brunswick on its Grog property
- Exploration and drilling in a very active area on their Troilus Property begins imminently
- Troilus East exploration and drilling fully funded through investments by Fonds de solidarité FTQ and SIDEX, société en commandite

- Troilus East property directly adjacent to Troilus Gold Corp. (\$TLG.TO) with a market cap of \$103 million
- Troilus Gold Corp. (\$TLG.TO) has already confirmed 6.4 million ounces (all categories) on its Troilus property and geology suggests the formation could extend to X-Terra's property

"Undervalued" is a term thrown around a lot these days, especially when it comes to the resource mining sector. Unfortunately, most of these so-called "undervalued" plays are undervalued for a reason and eventually turn out to be nothing more than promotional hype and paper selling. News releases are commonly packed with buzz words like "visible gold" and "high-grade," which temporarily attracts the attention of retail investors in droves while creating a chart that would compete with Mount Everest. When the hype dies down, investors are left wondering what happened to those supposed high grade and visible gold as the marketing fizzles out along with their investment.

[X-Terra Resources Inc. \(XTT:TSX.V; XTRRF:OTCMKTS; XTR:FSE\)](#) is an undiscovered gem that has made its own discovery recently in New Brunswick. In addition, the company will carry out exploration and drilling in the coming weeks at its Troilus East property, which is right next to Troilus Gold Corp. (\$TLG.TO; Market Cap: \$103 million). The program is already fully funded through investments by Fonds de solidarité FTQ and SIDEX, société en commandite, so no financing is expected in the foreseeable future.

Strong Management with Direct Ownership

In order to find the winners, or at least a company that gives us the greatest potential for success in the resource mining space, one must look at several factors. Number one, which Rick Rule has stated, is management. In the junior mining space you need solid management and leaders who stand to make exponentially more from their stock and incentive options than from their salary. You need management who puts their own money back into the company and you need management who wants to make a respectable name for themselves in the industry. Behind that management you need a well-oiled experienced machine, and in the resource sector that means geologists with proven track records of profitable discoveries.

X-Terra Resources management and team checks all the boxes. President and CEO Michael Ferreira is as direct as they come, anchored by perseverance, adaptability and risk management, he has been able to lead his team to a new gold discovery through what some may say has been an extremely challenging junior exploration market. A quick glance at the SEDI reports will show that this CEO has a strong history of buying in the open market (sometimes at prices much higher than today's price) and has continued to do so, even as recently as May 8 (X-Terra's CFO bought as recently as May 15).

Senior consulting geologist Martin Demers, P. Geo, brings a plethora of experience to the table including a re-discovery of the Casa Berardi mine that was bought out by Hecla Mining (\$HL:NYSE) for over \$750 million. If you look closer at management's approach, you'll notice they do things meticulously and methodically. They have taken their time and use every tool available to help identify the best use of the drills including high resolution heliborne geophysical magnetic survey and 3D mag inversion (VOXI) modelling. This team doesn't just shoot from the hip. Every step is meticulously planned to ensure drilling will be done as efficiently and cost effective as possible.

Grog Discovery (New Brunswick)

Management might be the #1 thing to consider for a junior mining company, but their properties are also vital to the success. X-Terra recently drilled its New Brunswick properties, the Grog and the Northwest, with surprising and exciting results at their Grog property.

Grog is an epithermal system, which simply put, won't require high grades to be profitable. Epithermal systems are usually shallow and easily mined as long as there is sufficient size. Example: Equinox Gold's (\$EQX.TO) Mesquite mines M&I resources is 1.9 MOZ @ 0.46 g/t Au. If you take the time to research epithermal mines, you'll see that most grades are under 0.60 g/t Au. What makes this exciting for Grog is "hole GRG-20-012 identified gold ("Au") mineralization over a significant width with one interval of 0.41 g/t Au over 36 metres along the hole, which includes 0.46 g/t Au over 31 metres and includes 7.59 g/t Au over 0.6 metres located at a vertical depth of 81 metres under the Grog." Translation: this is a brand-new discovery. And let's not forget about the higher-grade sweetener—the hydrothermal breccia that highlights two important elements: the confirmation of hydrothermal activity and the potential for bonanza grades within the epithermal system.

This is a game changer for the area and it went completely unnoticed by the investing market during this COVID-19 pandemic. The discovery has even captured the attention of CBC (you will have to translate the page for English): <https://ici.radio-canada.ca/nouvelle/1701219/or-decouverte-restigouche-mine-exploration>. This was virgin undrilled land prior to this drill program and the company managed to hit something significant. Now that the geologists know what mother nature is hiding, they will be able to home in their drill targets with laser focus when they start a second drill program at the Grog. This is the value of the Grog property that retail investors have completely missed as many retail investors do not understand epithermal systems. But the geologist, well funded mining investors, and large mining companies will eventually take notice, if they haven't already!

Troilus East (Quebec)

The other prized property in X-Terra's portfolio, which will commence exploration and drilling in the weeks ahead, is the Troilus East Property located on the Frotet-Evans Greenstone Belt situated on the eastern side of the past producing Troilus Gold mine, now owned by Troilus Gold Corp. Last fall, Troilus Gold Corp. published a new mineral resource estimate of 6.47Moz AuEq (all categories) and have continued drilling successfully ever since. Troilus Gold Corp. is currently sitting at a \$103 million market cap at the time of writing . X-Terra's Troilus East property is the second largest land holding in this highly active area and has never been drilled. X-Terra has announced a fully funded summer program to explore and drill this property. This property alone screams value and has incredible potential. If the X-Terra team can prove that Troilus Gold Corp's mineralized envelopes can be repeated on Troilus East as geology suggests, it could lead to incredible interest from big investors and major players in the sector.

There is more to like about X-Terra Resources from a longer-term perspective, such as their polymetallic Ducran Property and its oil and gas properties in Quebec. However, this article is focused on the current and near-term catalysts of the Grog property in New Brunswick and the Troilus East property in Quebec. Either one of those properties could cause X-Terra's market cap to climb rapidly beyond its tiny \$4.7 million value. The fact the company has its hands on both of these properties, with one essentially de-risked, is remarkable. The Grog discovery going unnoticed by the market in these turbulent times is an incredible opportunity. When you add X-Terra's upcoming exploration and drilling on Troilus East, with

neighboring Troilus Gold Corp. continuing its drilling, and gold prices challenging all time highs, and you have a perfect storm brewing with X-Terra Resources.

[Riley Ireland](#), a seasoned investor who sees value in early stage projects, is financial consultant to Arbutus Point Financial and an options trader.

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