



X-Terra Resources reaches critical exploration stage — 2 imminent drill programs could be game-changers

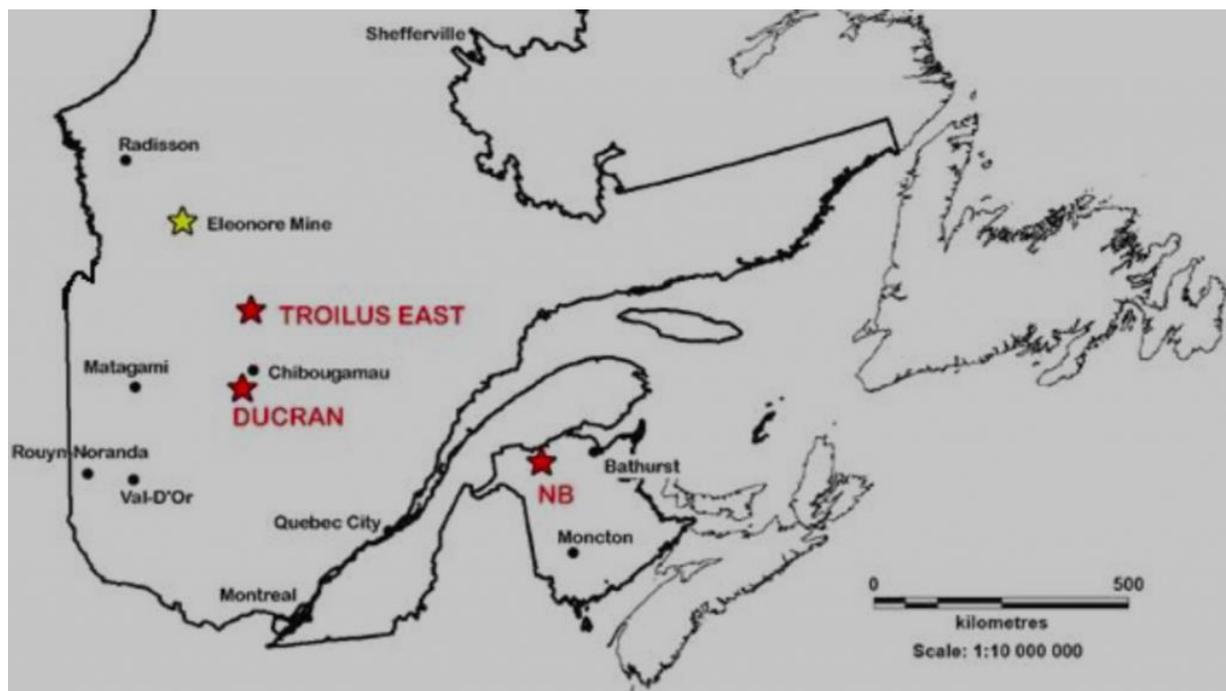
by [Peter Epstein, MBA](#) | posted in: [Gold](#), [Quebec](#), [X-Terra Resources](#) | Sept 22, 2020

X-Terra Resources (TSX-V: **XTT**) / (OTCQB: **XTRRF**) has been flying under the radar, but critical events culminating in two imminent drill programs are coming to fruition. Add to that, the current gold price is like rocket fuel. A strong gold property or project at **\$1,261/oz.** (*average price from 2014-2019*) is spectacular at **\$1,916/oz.**

Companies that were able to assemble and keep gold assets between 2014-2019 are in good shape now. Management teams skillful enough to have meaningfully advanced projects, have seen their share prices soar. Canadian companies like **Great Bear Resources**, **Kirkland Lake**, **Skeena Resources & Victoria Gold**.

X-Terra's share price has bounced nicely off of a COVID-19-induced sell-off in March but remains at the same level it was 18 months ago. This, despite having not one, but two high-impact, fully funded drill programs (*with no correlation to each other*) starting in the next two months.

Grog & Northwest (NB on map)



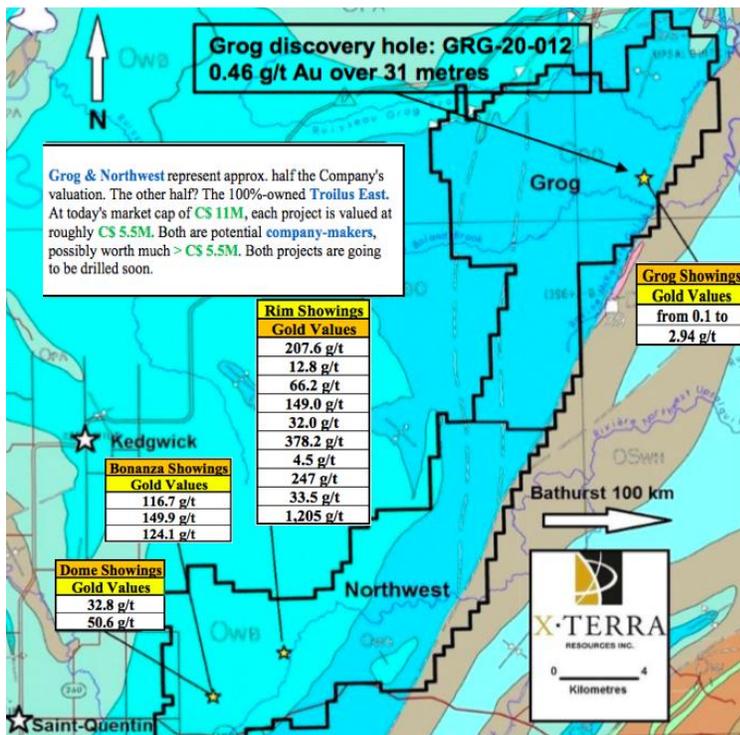
The Company secured an option to earn a 70% interest in the **Grog & Northwest** properties, (covering ~245 sq. km), in April 2019 when the gold price was approx. **\$1,280/oz.** The Company's other primary asset, **Troilus East**, was secured in 4th qtr. 2015, when gold was briefly under **\$1,100/oz.** More on Troilus East later, first yesterday's important news on Grog & Northwest.

X-Terra is earning into a **70% interest** in the Grog property & the Northwest property group, (comprising the former **Rim, Dome & Bonanza** properties) in northwestern New Brunswick, Canada. The Company completed due diligence on the properties, confirming the potential for a large disseminated gold system at Grog.

The highest gold values from historical samples were at Northwest, including **1,205 g/t, 150 g/t & 50.6 g/t gold** at the Rim, Bonanza & Dome showings, respectively. The technical team also sampled the Rim vein at regular intervals over 19.9 meters, returning an average of **125.4 g/t gold** of nine surface samples. In 2012, a 16-tonne bulk sample of the Bonanza vein reportedly averaged **24.4 g/t gold** (~\$1,500/tonne in-situ gold value at spot price).

On **September 21st**, X-Terra announced the results of geochemical sampling & additional IP ground geophysics, further validating targets for their second drill program on the Grog & Northwest properties. These results and other recent field work is also helping to facilitate first-ever drilling at the **high-grade Rim vein target**.

This important news comes after a new gold-bearing structure was discovered on the Grog property in May. **Hole GRG-20-012** identified mineralization over a notable width, the headline interval was **0.46 g/t gold over 31 m, incl. 7.6 g/t over 0.6 m**, at a vertical depth of 81 m. The ~1,500 m drilled covered only a small fraction of the target. Hitting this significant, shallow mineralized zone was an important milestone.



According to the press release,

*“While the combination of gold results from the new survey to that of the survey completed in 2017 is somewhat incompatible for gold, due to the different methodologies applied, the combination of other indicators like arsenic & antimony (As, Sb) fit not only with bedrock structures mapped in the field but also with the geophysics. When all is taken into account, the overall **Grog footprint now extends 5 km north-south by 2 km east-west.** “*

Michael Ferreira, President & CEO stated,

*“The correlation obtained during this phase of work between low mag, high resistivity & gold-arsenic-anomaly at the margin is a **significant step up in our understanding of the Grog system.** Not only was the kilometeric strike length of the known gold system reached & confirmed by a common signature, our hypothesis was validated that there are **two parallel trends** of the same orientation & thickness. “*

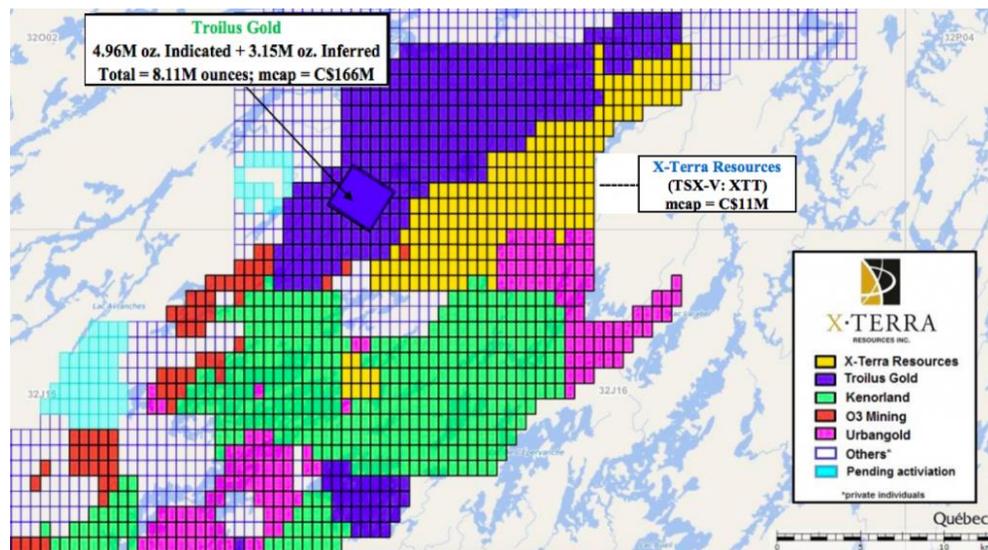
The considerable amount of work done at Grog & Northwest points to one thing, a larger drill program! Originally, 11 holes were planned. Now, management will drill 20 (16 at Grog [150-300m depth] + four 100m holes at the high-grade Rim target).

High-grade Rim vein at Northwest to see first-ever drilling

Excitement over the Rim target is growing by the day. If any of the four holes intersect meaningful high-grade mineralization, that would open up not just Rim, but other Northwest showings to high priority drilling later this year.

The Rim vein showing on the Northwest property group has been targeted for a maiden drill test. Chip sampling in 2018 returned from **4.5 g/t to 1,205 g/t gold**. The drill plan includes four shallow holes of 100m each to test the down dip projection of soil anomalies & identify additional gold-bearing veins.

Troilus East project, borders industry darling Troilus Gold



Switching gears, X-Terra's other primary project, Troilus East, is shown in the map above. The property is situated in north-central Quebec, about 160 km northeast of Chibougamau, in the **Frotet-Evans greenstone belt** and comprises 182 mining claims covering ~93 sq. km.

The Frotet Evans belt has seen limited exploration compared to the Abitibi Greenstone Belt. X-Terra's footprint, in yellow, borders **Troilus Gold's** project, and is < 3 km from **Inmet Mining's** open pit mine (*1996-2010, production of 2M oz. gold + 254M pounds copper*).

I mentioned that Troilus East was secured in 2015. It has been an integral part of X-Terra longer than Troilus Gold's flagship project has been a part of Troilus Gold. This speaks to the substantial potential value of Troilus East as it has not been drill-tested. Meanwhile, its connected neighbor to the north, has drilled 80,500 meters in the past 2.5 years.

Troilus Gold is a single project company. Its **C\$150M** market cap is entirely tied to the 8.1M ounces it has delineated so far. I would be surprised if there's not a gold deposit on X-Terra's property, situated so close to that globally significant resource. The question is, how big a deposit might X-Terra be sitting on, and how much might it cost to find out?

Leadership

- > **Michael Ferreira, President, Chief Executive Officer, Director**
Mr. Ferreira has been working with public and private companies as an independent advisor for more than five years, primarily in the junior mining sector. His strengths include identifying and sourcing projects, structuring investments, and business development.
- > **Dr. Michael Byron, PH. D., P. GEO, Director**
Dr. Michael Byron has thirty years of field work, research, and senior management experience in gold, base-metal, magmatic nickel and PGE, diamond, and gemstone exploration, spanning employment within the mineral exploration industry and government. Dr. Byron is attributed with the re-discovery of the Horne 5 deposit – Falco's premier asset. Dr. Byron is currently the President, CEO, and Chief Geologist of Nighthawk Gold Corp. (TSXV: NHK)

Maintain and continue developing strategic relationships with leading consultants, prospectors, service providers and investment community.

- Marc Boivin, Geophysicist (MB Geosolutions)
- IOS Geoservices (Rejean Girard)
- Mr. Martin Demers, P. Geo (Notably implicated in the re-opening of the Casa Berardi mine in the Abitibi region)
- Dr. David Lentz, P. Geo (Research Chair in Economic Geology, University of New Brunswick)
- Mr. Robert Sansfaçon, P. Geo (Notably implicated in the discovery of the Malartic open pit gold mine)
- Mr. Jeannot Théberge, P. Geo (X-Terra's Exploration Manager and qualified person under NI 43-101)
- Caisse de Dépôt Placement Québec, Fonds de Solidarité FTQ, Sidex, SDBJ, Etc...

Kenorland Minerals (in bright green) recently announced an intercept of 2.7m of 33.7 g/t gold, incl. 1.0m of 76.9 g/t gold. Kenorland is going public via a RTO of TSX-V-listed **Northway Resources**, and is concurrently raising C\$12M to drill.

Unbelievable exploration successes, just a few km from X-Terra

Combined, Troilus Gold & Kenorland could drill perhaps 30-40k meters over the next six months alone, and double that amount in the next year — all within 10 km of X-Terra's property! Yet, X-

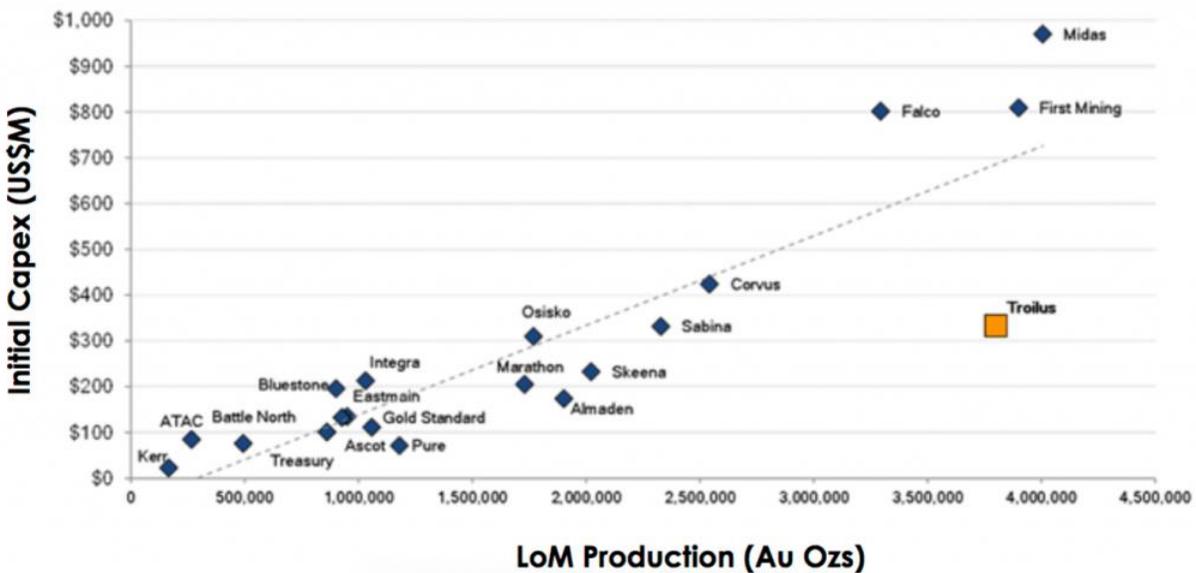
Terra's footprint, in the heart of it all, is valued at just **C\$5.5M** (assuming Troilus East is about half the total value of the Company & Grog / Northwest the other half).

Two & a half years of exploration, 80,500 meters of drilling, delivered an incremental 5.36M ounces of Indicated + Inferred gold for Troilus Gold. This resource growth rate, (for a junior with > 1M ounces to start in 2017-18), has been one of the best in Canada.

Each meter drilled, at an all-in cost of < \$200/m, delivered 67 ounces to the mineral resource estimate. That's a finding cost of just \$3/oz. Do Troilus Gold's outstanding exploration success bode well for X-Terra?

I think that it could, the geology is similar, but management will need to demonstrate more than a few attractive drill holes. Investors require evidence of good continuity across a sizable patch of land. Readers should note that Troilus's flagship project (8.1M ounces & counting....) is hosted on a surface footprint of +/- 10 sq. km!

Troilus Gold recently released a summary of its PEA. While the NPV & IRR were impressive, they're probably not comparable to X-Terra's much earlier stage project. However, I find it encouraging that the project's capital intensity (upfront cap-ex divided by ounces produced) is in the best decile of Canadian-listed companies.



Unlike B.C.'s Golden Triangle, with dozens of pre-construction juniors — most pre- maiden resource estimate — there are only 5 or 6 players (with most or all of their gold assets in northern Quebec) near Troilus's project.

Yet mid-tier & Majors in Quebec / Ontario include, **Agnico Eagle, Yamana, Newmont, Eldorado Gold, Iamgold, Kirkland Lake, New Gold, Barrick, Alamos Gold & McEwen Mining**. X-Terra will have a lot of eyeballs on it if they drill some good holes.

Promising update on Troilus East exploration, full steam ahead

In July, X-Terra completed the first geological reconnaissance & prospecting campaign on its wholly owned Troilus East property located on the Frotet-Evans greenstone belt in James Bay, Quebec. Troilus East is adjacent to **Troilus Gold's** 8.1M ounce (Measured + Indicated + Inferred) gold-copper project and to properties held by **UrbanGold Minerals & Kenorland Minerals**.

For two weeks, X-Terra's exploration crew, supported by **Technominex** of Rouyn-Noranda, collected 451 chip samples from outcrops, boulders & channel sampling. The sampling was mostly directed up ice from previously identified gold-in-till anomalies.

In the prior till survey, 72 of 78 samples tested positive for gold grains. Of 283 gold grains, 25% (71) were classified as pristine. This typically means that the location of the samples from which the pristine gold grains were taken is < 500m from the source of the gold sample.

XAU/USD - Gold Spot US Dollar **↑ 1,916.33 +4.13 (+0.22%)**



CEO Ferreira stated,

“This program delivered everything we could’ve expected from a first exploration campaign. We are looking forward to the upcoming assay results & related interpretation of the mineralization system. We will continue updating the market as we move this project forward towards the second phase of exploration....”

CONCLUSION

X-Terra has a tiny market cap of just **C\$ 11M = US\$ 8.3M**, yet it has two potential company making gold-heavy projects. Both will see drilling (*at least 20 more holes*) this year. Both are open to new discoveries. The projects are surrounded by dozens of larger juniors, mid-tier & Major precious metals companies that could be interested in JV & farm-in opportunities.

Not many gold companies the size of **X-Terra Resources** (TSX-V: **XTT**) / (OTCQB: **XTRRF**) have two high-impact, funded drill programs starting by October or November at the latest. Neighboring properties / projects are seeing very significant drill programs this year and next, good news for one will be good for all.

Readers have a lot of gold juniors to choose from, but not all are in safe jurisdictions, or have strong mgmt. teams & technical advisors. Not all have compelling valuations (*many, companies are already up 500%+ from COVID-19 lows*). Not all juniors have near-term catalysts and the cash to make things happen. Readers should consider taking a closer look at X-Terra Resources.

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