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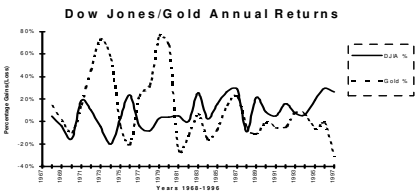
Gold



Energy & Tech Stocks

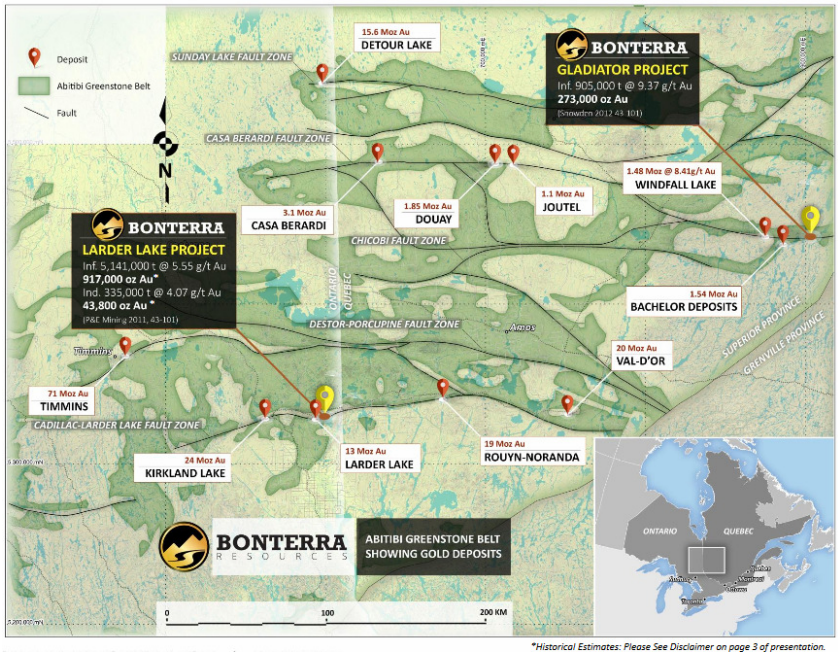
Weekly Hotline Message ***(Now in our 36th Year)*** **Nov. 3, 2017**

New Coverage

Bonterra Resources Inc.

Business: Exploration and development of gold mining projects in Quebec and Ontario

Traded Toronto:	BTR
USOTC:	BONXF
Price 11/3/17:	US$0.36
Shares Outstanding:	161.8 million
Market Cap:	US$58.2 million
Insiders & Institutional Holdings:	~44%
• Eric Sprott	10.5%
• Kinross	7.5%
• Kirkland Lake	9.5%
• Van Eck Gold Fund	9.5%
• Osisko Gold Royalty	7.0%
Latest 43-101 Resource:	(See below)
Progress Rating:	A3
Telephone:	604 678 5308
Website:	www.Bonterraresources.com



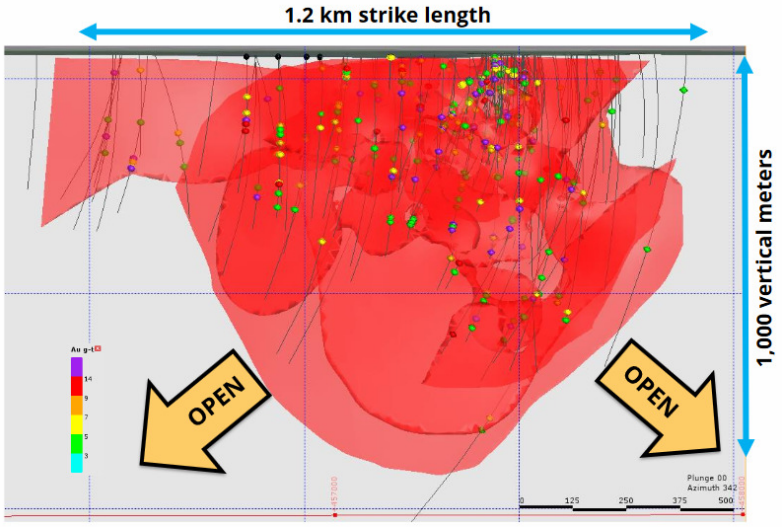
*Historical Estimates: Please See Disclaimer on page 3 of presentation.

Bonterra Resources, Inc. (Bonterra) was a story I wanted to bring to your attention a few years back but it rose in price so rapidly I left it behind in favor of others that appeared to offer better price-to-value opportunities at that time. However, based on the company's aggressive drill program this year, which will continue aggressively through the winter months with six drills turning, Bonterra should soon be reporting a dramatic increase from its ***Gladiator Deposit*** in ***Quebec***. In addition, its secondary project, the ***Larder Lake Deposit*** in ***Ontario***, which has a resource of 917,000 ounces of gold grading 5.55 g/t, should also increase in size simply by factoring in past drill data that had not been factored into the existing resource. So Bonterra has two very worthwhile

projects. But with the magnitude of success on the Gladiator Project, management is focusing its resources there for the time being. When tax loss selling is out of the way and as we enter a new year, I believe Bonterra's shares have the potential to double or triple from their current level through 2018.

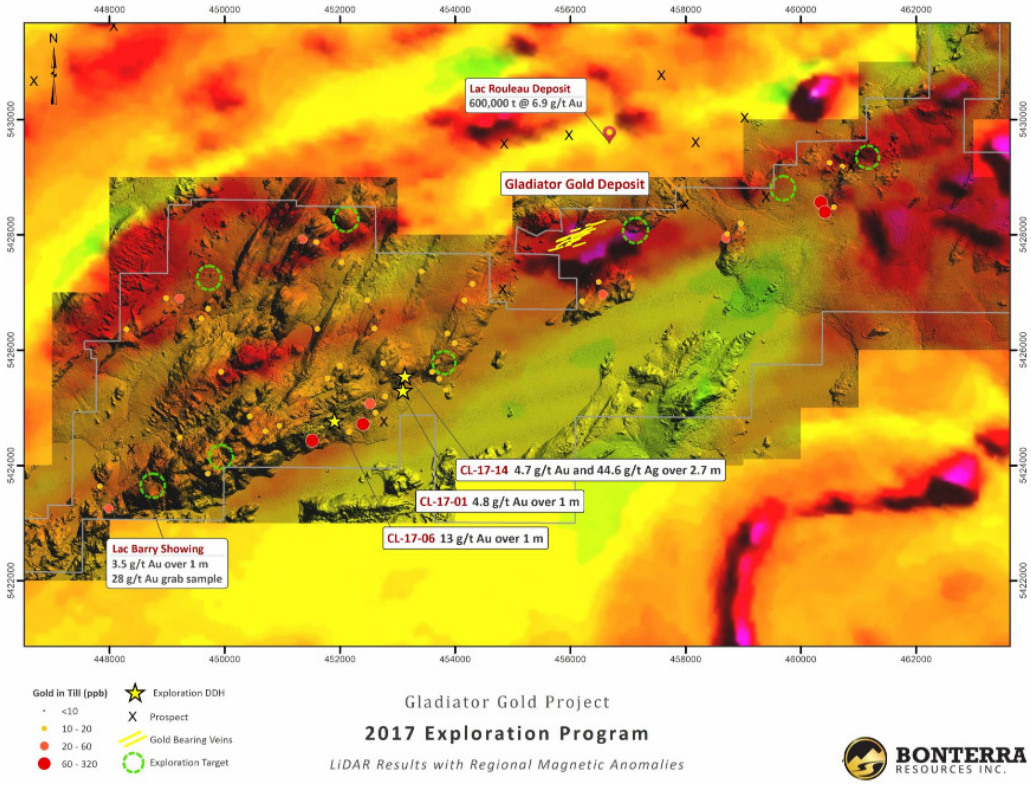
The Gladiator Deposit

The reason I am so optimistic about this company's shares is because I'm convinced the Gladiator Deposit is going to become much larger than the current 273,000 ounces grading 9.37 g/t. I say that because the existing resource is based on a strike length of 200 meters to a depth of 200 meters. Ongoing drilling since then has expanded the dimensions of gold mineralization over 1.2 km to a depth of 1,000 meters in this high-grade multiple vein system. At this stage, six vein sets have been identified and this mineralization is open along strike at below the 1,000 meters intercepted to date. The grades remain high and mining widths are good. In addition, management states that this steeply dipping mineralized system with sharp contacts have excellent rock mechanics for underground mining.



In its latest press release relating to the Gladiator deposit, management reported that it has extended these multiple gold zones by an additional 300 meters along strike and to depth by another 300 meters, thus expanding the deposit to its current size of 1.2 km along strike by 1 km at depth. But with the deposit remaining open at depth and along strike, and with drilling taking place all through the winter, investors should have a lot to look forward to in the way of high-grade assays and eventually a new, much larger high-grade gold deposit at Gladiator.

Ongoing drill success has not only confirmed continuity of gold mineralization along strike and at depth as drilling moves westward, but management believes that its geological model is proving to be very dependable in predicting the location of mineralization. Moreover, management stated in its last press release that "*Our geological model has demonstrated additional success up to eight km westward, in the southern part of our Coliseum property*." (Note the green circles to the northeast and in particular to the southwest of the growing Gladiator Gold Deposit. Also note the three assays denoted by yellow stars in the illustration below with



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nice grades of gold and one with 44.6 g/t silver.)

As you can see from the illustration above, mineralization either from surface samples or drill holes has been traced from about 4 km west of the existing deposit for another 6 km along trend to the southwest. It's my understanding that some drilling will take place in this area during the winter when this marshland freezes over. I don't expect any drilling to add to the existing resource when a new resource is announced in mid 2018. But it clearly provides a potentially large blue-sky prospect toward the end of 2018 and into 2019.

What might the picture above left mean in terms of a gold resource at the Gladiator Project? The initial resource of 273,000 ounces was calculated from a small area measuring 200 by 200 meters denoted by the very dense areas of drilling pictured toward the top of the mineralized zone. With ongoing drill assays holding with the 9.37-g/t grade in the maiden resource, I believe it is fairly safe to get an idea of the extent of gold mineralization through extrapolating a value in line with the increased dimensions known to date, to something like 2.7 million ounces. I'm not saying enough drilling will be carried out to meet 43-101 specifications. But by the end of this drill season through the end of March 2018, some 40,000 more meters of drilling beyond those shown in the diagram above will have been drilled, leaving the total drill program this year for the Gladiator at 60,000 or 65,000 meters.

The bottom line for me is that Bonterra is on to a multimillion-ounce high-grade discovery. While the several veins that host the gold are too far apart to be mined together, the high grade of these veins means that the amount of ounces per vertical depth is very high, which is an important economic consideration. Also positive for the economics is the fact that mining widths are a reasonably good 2½ to 3 meters, and they begin on surface. So while access is likely to be via a ramp, the cost of ramping down to pay dirt shouldn't be overly expensive.

Regarding metallurgy, a standard milling operation is anticipated. At this time or in the very near future, a more specific recovery process will be determined from wide core drill samples that will be drilled solely for that purpose. As far as infrastructure and geopolitical jurisdiction, it doesn't get much better than operating in the Abitibi Gold Belt of Quebec. All of what I can see for now bodes well for a gold deposit considerably in excess of this company's current market cap likely being developed.

Larder Lake

The first illustration shown on this report under the stock chart is a map showing the Gladiator Property in Quebec and the Larder Lake Property across the border in Ontario. This project has a 43-101 resource of 43,800 ounces in the indicated category grading 4.07 g/t and an inferred resource of 917,000 ounce grading 5.55 g/t. Although this project actually has more ounces than the Gladiator, management has prioritized and stayed focused on the higher-grade Gladiator. But make no mistake. Larder Lake is a very strong project. In fact, it is my understanding that the ounces on this project will likely grow without putting another drill hole down because there is a large amount of drill core previously drilled by Goldfields that Bonterra is in possession of that has been assayed but never factored into the existing resource. With management's focus strictly on Larder Lake in quest for a multimillion-ounce high-grade gold deposit, I'm not sure when this project will be worked on in a serious manner. But it's a very good second project that, as long as the bull market persists, is an asset worth holding.

MANAGEMENT

Nav Dhaliwal, President & Chief Executive Officer - Mr. Dhaliwal brings a wealth of entrepreneurial, sales, and financing experience. He is particularly adept at nurturing early stage companies through their critical phases of evolution, having founded a number of companies over his career. Mr. Dhaliwal is also very experienced in corporate development, corporate communications and investor relations, bringing valuable business relationships with international analysts, brokers and investment bankers from Canada, the United States and Asia.

Dale Ginn, B.Sc., P.Geo., VP of Exploration & Director - Mr. Ginn is an experienced mining executive and geologist of nearly 30 years. He is the founder of a number of exploration and mining companies and has led and participated in numerous gold and base metal discoveries, many of which are in production today. While specializing in complex, structurally-controlled gold deposits, he also has extensive mine-operations, development and startup experience. Mr. Ginn is recognized as an advocate of First Nations and local community participation in mining and exploration.

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Mr. Ginn's career has included mine and exploration geology, mine management and various executive roles. Dale has held senior positions with Sprott Mining, Jerritt Canyon Gold and was a founder of San Gold Corporation. Prior to that, he held positions with Harmony Gold Mining, Hudbay, Westmin, Goldcorp and Granges Exploration. Mr. Ginn is a registered professional geologist in Manitoba and Ontario and is a graduate of the University of Manitoba.

Richard Boulay, B.Sc, Director - Over 40 years of experience in the exploration and mining industries in Canada and internationally, including 15 years of mining and infrastructure financing experience gained with Bank of Montreal, Royal Bank of Canada and Bank of Tokyo. He has extensive experience in the management and financing of public companies in Canada and the United States. He is a also a Director of Moneta Porcupine and Latin American Minerals Inc.

Robert Gagnon, Geo., **Director,** Mr. Gagnon has +10 Years as a professional geologist, earning his Mining Techniques Diploma from the Collège de la Région de l'Amiante (1995) . Ordre des géologues du Québec (circa 2002), Board of Directors of the Quebec Mineral Exploration Association (circa 2009). President of the Association des prospecteurs du Nord du Québec (circa 2012) BSc., Geology from the University of Quebec (1999)

Joseph Meagher, Chief Financial Officer & Director - Mr. Meagher is a Director at Triumvirate Consulting Corp., a financial consulting firm, where he specializes in accounting and financial reporting. Mr. Meagher currently serves as the Chief Financial Officer and a Director for several publicly listed companies. Prior to joining Triumvirate, Mr. Meagher worked at Smythe Ratcliffe LLP as a manager focusing on publicly listed and private company audits, as well as staff training and development. He was a member of Smythe Ratcliffe's IFRS conversion team as well as a technical reviewer for complex accounting topics. Mr. Meagher holds a CPA, CA designation and a Bachelor of Commerce from the University of British Columbia.

Allan J. Folk, **Director -** Mr. Folk brings over 35 years of extensive leadership experience in the Canadian mining finance industry. During his career, he has financed and advised both junior and advanced Canadian companies at the senior board or executive level. Mr. Folk is a graduate of the University of Wisconsin, and currently is Vice President of Brant Securities Ltd. He is also a director of Barkerville Gold Mines Ltd., Interim CEO of Monarca Minerals Inc. and is the Chairman of Atlanta Gold Inc.

THE BOTTOM LINE

Having a high regard for the geological and exploration skills of geologist Dale Ginn, I wanted to follow this company when the markets turned in early 2016. Some good drill results early in that year drove the stock to levels that made it less attractive at the time compared to some others stories I was following. So I put Bonterra on the back burner. However, given the fact that the stock has not risen much at all despite the fact that so much has been accomplished since early 2016, I view this as a good time to pick up shares. By mid 2018, I anticipate a 2+ million-ounce high-grade deposit will have been outlined with the potential for much more upside from the new discoveries along trend to the southwest.

I believe a very strong high-grade underground mine at Gladiator is in the making. But that does not dismiss the company's second very good asset, the Larder Lake Project, which will likely rise well over 1 million ounces once the Goldfields data is baked into the resource. With a lot of drill results to be reported between now and mid 2018 when a new and much larger resource will be reported, and with no need to raise additional capital until a new resource is reported, I believe this is a stock you may want to pay attention to, and pick up some shares during this period of weakness due to tax loss selling.

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