

# Bonterra Resources

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## Bonterra Resources fast-tracking to become one of Canada's next 200,000 ounce-per-year producers

Gold explorer Bonterra Resources Inc (CVE:BTR) is primed to be one of Canada's leading development stories, reckons PI Financial, which has started coverage on the shares with a 'buy' rating.

The company is consolidating its assets in the Urban-Barry greenstone area in mining friendly Quebec in a bid to fast-track its exciting pipeline of assets towards 200,000 ounces of production a year, notes analyst Phil Ker.

### Advantageous deal

Its recent acquisition of Metanor Resources was advantageous, providing it with a permitted and scalable 800tpd (tonnes per day) mill, which is amenable to processing ore from the high-grade development projects of Gladiator, Barry and Moroy.

Notably, the Gladiator and Barry deposits are on contiguous land claims, solidifying Bonterra's grip on the area.

"... we anticipate Bonterra to deliver an attractive high-grade updated resource for Gladiator amassing 1.35Moz at 8.5g/t gold," says Ker.

"This pipeline project in combination with the recently acquired assets from Metanor (Barry & Bachelor) provide significant growth opportunities along with a permitted and scalable mill that could accommodate simultaneous ore feed from all 3 deposits (Bachelor, Barry & Gladiator)," he notes.

An updated resource is also expected for the firm's Barry deposit, which should add a further 400,000 ounces at around 7g/t (grams per ton) gold to Bonterra's resource base.

### Ongoing exploration across the belt

In addition, with on-going exploration across the belt, Bonterra is expected to deliver further infill and step-out drilling results.

"In the near term, we anticipate underground development to continue at Barry with a goal of achieving commercial production in 2019."

Meanwhile, at Bachelor, under Metanor's stewardship, the firm had been operating at its Bachelor Lake mine at a run rate of around 25,000 ounces a year.

Bonterra will now shift the focus here, says Ker, placing the mine on care and maintenance and injecting capital towards underground development at Barry and also development at the Moroy trend, which is an emerging high-grade opportunity with access to Bachelor underground infrastructure.

### Undervalued versus peers

**Price:** C\$1.71

**Market Cap:** C\$108.84M

### 1 Year Share Price Graph



### Share Information

**Code:** BTR

**Listing:** TSX-V

**52 week High Low**  
C\$5.60 C\$1.46

**Sector:** General Mining - Gold

**Website:** [www.bonterraresources.com](http://www.bonterraresources.com)

### Company Synopsis:

*Bonterra is a Canadian gold exploration company with a large balanced portfolio of exploration and mining assets including the Gladiator, Barry and Moroy deposits, Urban-Barry Mill and multiple highly prospective exploration prospects. Bonterra controls the only permitted gold mill in the region with a large land position of approximately 20,815 hectares in the Urban Barry Camp.*

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Bonterra as a company is also undervalued versus its peers, reckons PI Financial.

"When considering other high-grade development projects, we believe grade remains king," says analyst Ker.

"Given the attractive drill results outlined to date supporting our resource grade estimate at Gladiator of 8.5g/t, we believe Bonterra deserves a premium valuation.."

"Additionally, the true value of a permitted mill separates Bonterra from other developers and is a considerable advantage over other developers who need to seek toll milling agreements, pursue the lengthy process of permitting a new facility and seek sufficient capital to build or acquire an adequate facility."

The company currently trades at US\$55 per ounce on an EV (enterprise value per ounce) metric versus a peer group average of US\$49 per ounce and 0.5x times' on PI Financial's NAVPS (net asset value per share) estimate.

"Considering the trio of assets primed for advancement located in a favorable mining jurisdiction (Quebec) where a minimal number of around 200,000oz/yr operations exist, we believe a valuation towards our 1.0x NAVPS multiple will be justified as upcoming deliverables demonstrate the opportunity emerging at Bonterra," says the analyst.

The group has initiating coverage of Bonterra with a 'buy' rating and a target price of \$6.00 per share, which is almost double where they stand today at \$3.06 each.

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