

Gold Terra Resource Corp. (YGT-V)

Winter Drill Programme Completed

April 23, 2020

Michael Curran, CFA

(416) 507-3950

mcurran@beaconsecurities.ca

Gold Terra controls a large land package near the city of Yellowknife, NWT. Mining is what created Yellowknife, where two mines (Con and Giant) had combined gold production of over 14 million ounces (at an average grade of 16g/t gold).

2020 Winter Programme: the company recently completed a 10,000m of drilling on the YCG property, focusing on infill and extension of the **Sam Otto** zone. Highlights of the 2020 winter drilling include:

- 9.8 metres grading 1.33g/t gold
- 8.2 metres grading 1.0g/t
- 5.8 metres grading 2.5g/t
- 6.3 metres grading 1.8g/t
- 12.9 metres grading 1.1g/t (MAR 31 release)

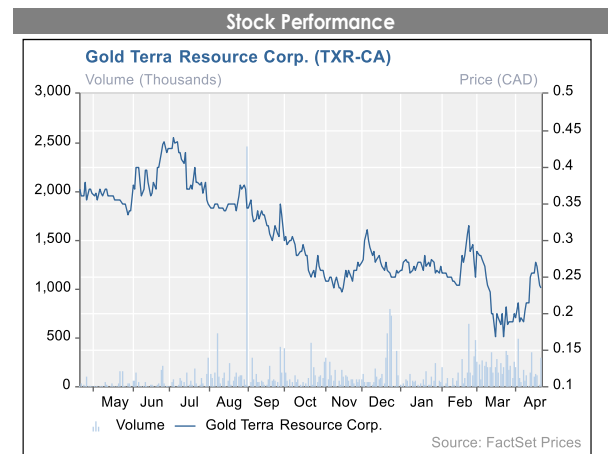
Our View: YGT is extending the strike length of gold mineralization at Sam Otto, albeit assay results are still pending from roughly half the holes. We are interested in seeing assay results from the two deeper drill holes completed at the end of the season to test a possible northern extension of the structures that host the large high grade gold deposits in Yellowknife.

2020 Summer Programme: will likely focus on the higher grade target at **Crestaurum**, with up to 10,000 metres of drilling. Should the 2 deeper holes completed at the end of the winter programme yield success, we would expect YGT to include follow up drilling there as well.

Investment Thesis: we consider YGT shares to be an attractive investment for exploration success, with high-grade gold deposit potential in a low political risk jurisdiction with above-average infrastructure.

Update				
Spec. BUY (unch.)		no target		
Recent/Closing Price				\$0.27
12-month Target Price				n.a.
Potential Return				n.a.
Dividend Yield				0.0%
			<u>Low</u>	<u>High</u>
52 Week Price Range			\$0.16	\$0.45
Annual Estimates				
(C\$MM, except per unit)	FY18	FY19e	FY20e	FY21e
Revenue	\$0.0	\$0.0	\$0.0	\$0.0
Net Income	-\$1.5	-\$1.4	-\$2.3	-\$2.3
Shares O/S (wgt avg)	116	129	165	188
EPS (operating)	-\$0.01	-\$0.01	-\$0.01	-\$0.01
CFPS	-\$0.01	-\$0.01	-\$0.01	-\$0.01
Valuation				
P/E	neg.	neg.	neg.	neg.
P/CF	neg.	neg.	neg.	neg.
NAV		-		
P/NAV		-		
Financials				
Shares Outstanding		158.0	million	
Mgt/Insiders		9%		
		(C\$MM)		
Market Cap		\$42.7		
LT Debt (corporate)		\$0.0		
Working Capital		\$5.5		
Enterprise Value		\$37.2		
Fiscal Year End		January 31		
Reserves / Resources				
2P Reserves		-		
M+I Resources		-		
Total Resources (M+I)		-		
Quarterly Estimates				
	Q1/18	Q2/18	Q3/18	Q4/18
EPS (operating)	-\$0.01	\$0.00	\$0.00	-\$0.01
CFPS	-\$0.01	\$0.00	\$0.00	-\$0.01
	Q1/19	Q2/19	Q3/19	Q4/19e
EPS (operating)	-\$0.01	\$0.00	\$0.00	\$0.00
CFPS	-\$0.01	\$0.00	\$0.00	\$0.00
Company at a Glance				

Gold Terra is a junior gold exploration company focused on its district-scale landholdings north of the city of Yellowknife, in the Northwest Territories. The company recently added a gold exploration project in New Brunswick. **All figures in C\$ unless otherwise indicated.**



Investment Thesis...Re-rating Opportunity as Drill Programmes Focus On Resource Expansion

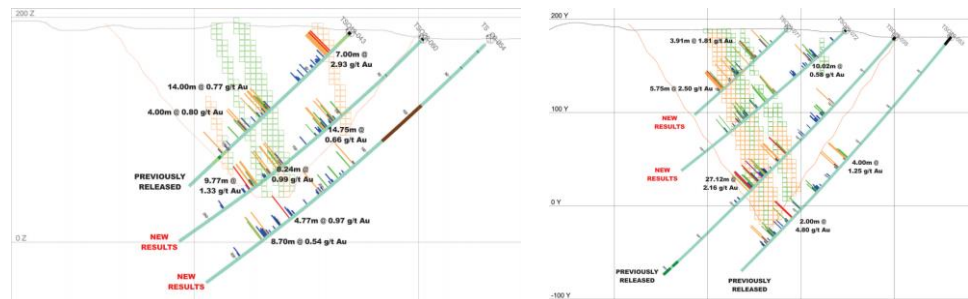
We consider Gold Terra to be an attractive investment for the potential expansion of resources with 2020 exploration efforts.

Low Geo-Political Risk – we view NWT as a favourable jurisdiction for mining investment, and do not expect this view to change in the coming years.

High-Grade Targets: the Con and Giant mines produced over 14MMoz at an average grade of ~16g/t gold. Drill results over the past few years on YGT ground has shown similar high grades, as well as similar structures and mineralization to the nearby historic mines.

Mixed Grade Mineralization Could Boost Economic Viability: having a combination of both low and high grade mineralized zone could help the YCG property towards development, as perhaps a central mill could be fed ore from a combination of open pit and underground operations.

Fig 1 Cross-sections: Sam Otto Zone Mineralization



Source: Company reports

Fig 2 Maiden Resource Estimate: YCG Project

	Tonnes (MMt)	Gold Grade (g/t)	Contained Gold (Koz)
Open Pit			
Sam Otto	10.8	1.2	426
Mispickel	0.7	2.6	59
Crestaurum	0.1	9.4	38
Total O/P	11.6	1.4	523
Underground			
Sam Otto	0.2	3.7	22
Mispickel	0.0	5.0	5
Crestaurum	0.7	6.6	153
Barney	0.2	4.7	32
Total U/G	1.2	5.9	212
Combined	12.8	1.8	735

Source: Company reports

Valuation Methodology

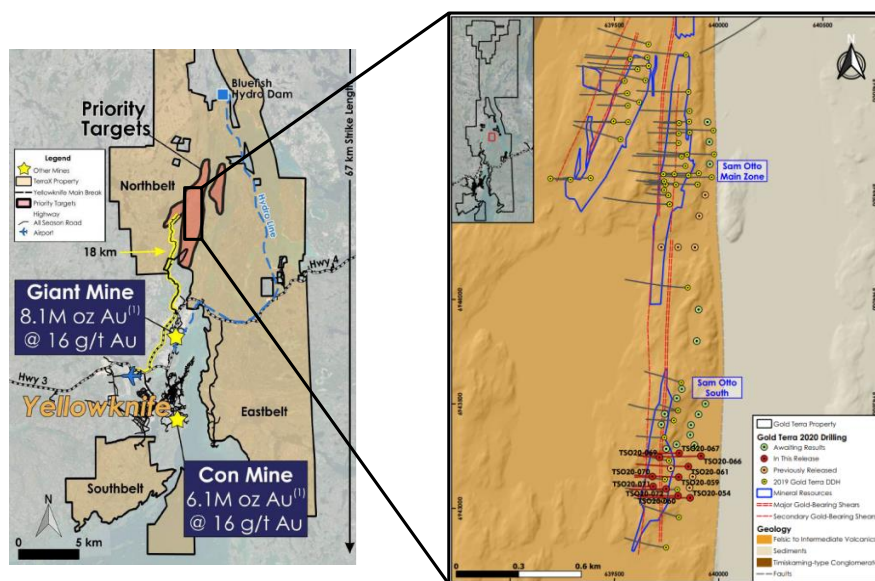
Our preferred valuation for mining equities employs cash flow-base metrics such as P/CF and P/NAV, using life-of-mine production forecasts and our commodity price assumptions. However, for earlier-staged explorers without reported resources that could be DCF modeled with any accuracy, we employ the more basic valuation metric of **Adjusted Market Capitalization per total resource ounce (AMC/oz)**. In terms of a target AMC/oz multiple, we believe Gold Terra can command similar multiples to a peer group of non-producing explorers with similar grade assets, in similar jurisdictions (fig3 below).

Fig 3 Peer Group of Non-producing Explorers: AMC/oz (EV/oz)

Company	Sym-Exch	Share Price C\$/sh	Shares O/S M	Market Cap US\$M	AMC US\$M	(M+1)	(M+1+1)	Gold Grade g/t	AMC/ M+1 oz US\$/oz	AMC/ M+1+1 oz US\$/oz	Main Area of Exploration	
						Measured Indicated 000oz	Total Resource 000oz					
Auryn Resources	AUG-V	\$1.52	105	\$119	\$109	800	2,620	5.10	136	42	BC, Nunavut	
Bonterra Resources	BTR-V	\$1.06	75	\$60	\$45	202	1,099	8.98	220	40	Quebec	
Eastmain Resources	ER-T	\$0.08	291	\$17	\$14	1,063	1,667	6.65	14	9	Quebec	
Osisko Mining	OSK-T	\$3.12	291	\$678	\$562	3,630	7,633	2.40	155	74	Quebec	
Pure Gold Mines	PGM-V	\$0.76	359	\$204	\$173	2,063	2,530	8.68	84	68	Ontario	
Radisson Mining	RDS-V	\$0.15	190	\$21	\$17	289	434	8.76	60	40	Quebec	
Rubicon Minerals	RMX-T	\$0.93	96	\$66	\$56	811	1,275	6.64	69	44	Ontario	
Sabina Gold & Silver	SBB-T	\$1.63	297	\$361	\$345	4,031	6,047	5.82	86	57	Nunavut	
Skeena Resources	SKE-V	\$0.97	148	\$107	\$106	1,987	3,039	3.80	53	35	BC	
Treasury Metals	TML-V	\$0.27	170	\$34	\$32	1,192	1,414	2.47	26	22	Ontario	
White Gold Corp.	WGO-V	\$0.60	125	\$56	\$49	-	1,549	2.00	-	32	Yukon	
									Mean	97	45	
									Median	84	42	
Gold Terra Reso. Corp.	YGT-V	\$0.24	160	\$28	\$23	-	735	1.80	-	31	NWT	

Source: Company reports and Factset data

Fig 4 YCG Project Plan Maps: Property (left) and Sam Otto detail (right)



Source: Company reports

Appendix: Summary Financials

Gold Terra Resource Corp.					Beacon Securities Limited					
Symbol		YGT-V			Share Price		\$0.27			
Stock Rating		Speculative Buy			Shares O/S (MM)		158.0		Float (MM)	131.8
Price Target		n.a.			Mkt Cap (\$MM)		43			
Michael Curran, CFA (416) 507-3950										
INCOME STATEMENT					Management					
		FY18	FY19e	FY20e						
Revenues	C\$MM	-	-	-	Gerald Panneton	Executive Chairman			Louis Dionne	
Operating Costs	C\$MM	-	-	-	Joseph Campbell	COO			Elif Levesque	
EBITDA	C\$MM	(1.4)	(1.3)	(2.3)	David Suda	President and CEO, Director			Stuart Rogers	
DD&A	C\$MM	-	0.1	-	Mark Brown	CFO			Russell Starr	
EBIT	C\$MM	(1.4)	(1.4)	(2.3)	Alan Sexton	VP-Exploration			Laurie Gaborit	
Interest Expense	C\$MM	(0.0)	-	-	Options		Avg. Price	Warrants	Avg. Price	
EBT	C\$MM	(1.7)	(1.8)	(2.0)	4.3	\$0.55	10.9	\$0.58		
Taxes/Recovery	C\$MM	0.2	-	-	Recent Financings					
Net Income (reported)	C\$MM	(1.5)	(1.4)	(2.3)	Date	Amount	Price	Type	Warrant	Expiry
Non-Recurring Items/Other	C\$MM	(0.7)	(0.5)	-	DEC-19	\$5.5	\$0.25	bought deal	-	-
Net Income (operating)	C\$MM	(1.2)	(1.3)	(2.0)	JUN-19	\$3.1	\$0.36/\$0.41/\$0.50	comm/FT/chFT	-	-
Shares o/s (wgt avg.)	MM	115.9	129.0	165.0	NOV-18	\$2.3	\$0.40	priv placement	\$0.60	NOV-21
EPS (operating)	\$/sh	(\$0.01)	(\$0.01)	(\$0.01)						
P/E Multiple	x	n.m.	n.m.	n.m.						
Cash Flow (operating)	C\$MM	(1.0)	(1.2)	(2.0)						
CFPS	\$/sh	(\$0.01)	(\$0.01)	(\$0.01)						
P/CF Multiple	x	n.m.	n.m.	n.m.						
BALANCE SHEET										
Cash & Equivalents	C\$MM	1.0	5.0	5.4						
Total Current Assets	C\$MM	1.1	5.1	5.5						
PP&E & Mining Interests	C\$MM	28.4	31.8	34.5						
Other	C\$MM	-	-	-						
Total Assets	C\$MM	29.5	36.9	40.0						
Current Liabilities	C\$MM	0.2	0.7	0.7						
Long Term Debt	C\$MM	-	-	-						
Other LT Liabilities	C\$MM	0.2	0.3	0.3						
Total Liabilities	C\$MM	0.4	1.0	1.0						
S/Holder Equity	C\$MM	29.1	35.8	39.0						
Total Liab. & S/Holder Equity	C\$MM	29.5	36.8	40.0						
Working Capital	C\$MM	0.9	4.4	4.8						



Source: Company reports, Beacon estimates

Disclosure Requirements

Does Beacon, or its affiliates or analysts collectively, beneficially own 1% or more of any class of the issuer's equity securities? Yes No

Does the analyst who prepared this research report have a position, either long or short, in any of the issuer's securities? Yes No

Has any director, partner, or officer of Beacon Securities, or the analyst involved in the preparation of the research report, received remuneration for any services provided to the securities issuer during the preceding 12 months?

Yes No

Has Beacon Securities performed investment banking services in the past 12 months and received compensation for investment banking services for this issuer in the past 12 months? Yes No

Was the analyst who prepared this research report compensated from revenues generated solely by the Beacon Securities Investment Banking Department? Yes No

Does any director, officer, or employee of Beacon Securities serve as a director, officer, or in any advisory capacity to the issuer? Yes No

Are there any material conflicts of interest with Beacon Securities or the analyst who prepared the report and the issuer? Yes No

Is Beacon Securities a market maker in the equity of the issuer? Yes No

This report makes reference to a recent analyst visit to the head office of the issuer or a site visit to an issuer's operation(s)? Yes No

Did the issuer pay for or reimburse the analyst for the travel expenses? Yes No

All information contained herein has been collected and compiled by Beacon Securities Limited, an independently owned and operated member of the Investment Industry Regulatory Organization of Canada (IIROC). All facts and statistical data have been obtained or ascertained from sources, which we believe to be reliable, but are not warranted as accurate or complete.

All projections and estimates are the expressed opinion of Beacon Securities Limited, and are subject to change without notice. Beacon Securities Limited takes no responsibility for any errors or omissions contained herein, and accepts no legal responsibility from any losses resulting from investment decisions based on the content of this report.

This report is provided for informational purposes only and does not constitute an offer or solicitation to buy or sell securities discussed herein. Based on their volatility, income structure, or eligibility for sale, the securities mentioned herein may not be suitable or available for all investors in all countries.

As at March 31, 2020	# Stocks	Distribution
Buy	61	72%
Speculative BUY	8	9%
Hold	4	5%
Sell	0	0%
Under Review	12	14%
Tender	0	0%
Total	85	100%

Buy Total 12-month return expected to be >15%

Speculative Buy Potential total 12-month return is high (>15%) but given elevated risk, investment could result in a material loss

Hold Total 12-month return expected to be between 0% and 15%

Sell Total 12-month return expected to be negative

Under Review No current rating/target

Tender Clients are advised to tender their shares to takeover bid or similar offer

Dissemination

Beacon Securities distributes its research products simultaneously, via email, to its authorized client base. All research is then available on www.beaconsecurities.ca via login and password.

Analyst Certification

The Beacon Securities Analyst named on the report hereby certifies that the recommendations and/or opinions expressed herein accurately reflect such research analyst's personal views about the company and securities that are the subject of the report; or any other companies mentioned in the report that are also covered by the named analyst. In addition, no part of the research analyst's compensation is, or will be, directly or indirectly, related to the specific recommendations or views expressed by such research analyst in this report.