



BONTERRA
RESOURCES INC.
BTR: TSX-V | BONXF: OTCQX | 9BR1: FSE

Bonterra and Metanor Enter into Definitive Agreement

July 23, 2018: **Bonterra Resources Inc. ("Bonterra" or the "Company") (TSX-V:BTR, OTCQX:BONXF, FSE:9BR1) and Metanor Resources Inc. ("Metanor") (TSX-V:MTO)** are pleased to announce that, further to their news release dated June 18, 2018, they have entered into a definitive arrangement agreement dated July 20, 2018 (the "Arrangement Agreement") to combine Bonterra and Metanor (the "Transaction") to create an exciting new advanced Canadian gold exploration and development company focused on becoming the leader in the building out and future mining development of the Urban Barry Quebec Gold Camp.

The Transaction contemplates that Bonterra will acquire all of the issued and outstanding common shares of Metanor for C\$0.73 in equity consideration, at an exchange ratio of 1.6039 Bonterra shares (the "Purchase Price") for each Metanor share by way of plan of arrangement under the *Canada Business Corporations Act* (the "CBCA"). The Purchase Price represents a 40% premium to the 30-day VWAP of Metanor's common shares on the TSXV on June 15, 2018 (the last unaffected trading price prior to the announcement of the Transaction) and a premium of 30% to the closing price as of such date. Upon completion of the Transaction, existing Bonterra and Metanor shareholders will

own approximately 58% and 42% of the combined company, respectively.

Immediately prior to the completion of the Metanor acquisition, Bonterra will spin out its Larder Lake assets and liabilities in Ontario, Canada and \$7 million in cash (the “Spin-Out”) in order to create a new exploration company (“Spinco”), by way of plan of arrangement under the *Business Corporations Act* (British Columbia) (the “BCBCA”).

Metanor has called a special meeting of its shareholders and option holders (the “Metanor Meeting”) to approve the Transaction on September 18th, 2018. Bonterra has called a special meeting of its shareholders and option holders (the “Bonterra Meeting”) on the same date to approve the Spin-Out. Further information regarding the Transaction and the Spin-Out will be contained in the management information circulars to be sent to security holders in connection with the Metanor Meeting and Bonterra Meeting.

The board of directors of Metanor, following consultation with its legal advisors and receipt of a favourable fairness opinion by Red Cloud Klondike Strike Inc., has approved the Transaction. The directors of Metanor will recommend that Metanor security holders vote in favour of the Transaction in the information circular to be mailed to Metanor security holders in respect of the Metanor Meeting.

The board of directors of Bonterra, following consultation with its financial and legal advisors and receipt of a favourable fairness opinion by PI Financial Corp., has approved the Transaction and the Spin-Out. The directors of Bonterra will recommend that Bonterra security holders vote in favour of the Spin-Out in the information circular to be mailed to Bonterra security holders in respect of the Bonterra Meeting.

Highlights of the Transaction:

- Creation of an exciting precious metals growth exploration, development and production company located in one of the best mining jurisdictions in the world.
 - The combined entity will have one of the largest contiguous land packages located in the highly prospective Urban Barry gold camp.
 - Control of three advanced high-grade gold deposits (Gladiator, Bachelor, Barry) and significant regional priority targets with resource upside potential.
 - 100% control and operator of the only permitted gold mill in the region, that provides an expandable centralized production facility, surrounded by greater than 15 known gold deposits within a 100km radius.
 - **De-risking of the Gladiator project:** Bonterra's delivery of its updated National Instrument 43-101 resource for the Gladiator Gold Deposit remains on schedule for 2H/2018. Metanor's mill infrastructure provides Bonterra the opportunity to significantly reduce the capital requirements and compress the timelines to advance the Gladiator project to potential production.
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- **Maintains strong balance sheet:** The pro forma company will have approximately C\$32 million in cash on hand, after the Spin-Out, to further advance the Gladiator project to production, and increase production at Bachelor and Barry.
- The creation of Spinco, a well-capitalized exploration company, to unlock the value of Bonterra's Larder Lake gold asset, and allow for a focused exploration effort and advancement of these assets.

Benefits to Bonterra

- Provides Bonterra with a clear and cost-effective pathway to bring its Gladiator deposit into production.
 - Addition of the Bachelor Mine and the Barry Deposit and associated exploration potential to its existing resource portfolio.
 - Consolidates the entire southern portion of the Urban Barry Camp, when combined with the recently executed option agreement with Beaufield Resources, and places Bonterra as one of the largest landholders in the region.
 - Access to and control of an expandable mill/processing facility, centrally located in the Urban Barry Camp, further de-risking the Gladiator Gold Deposit.
 - Adds tremendous exploration potential to Bonterra's portfolio with several high priority regional targets to explore.
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- Addition of a strong technical team and increased knowledge base of this rich camp.

Benefits to Metanor

- The immediate and significant premium of approximately 40% based on the 30-day volume weighted average price (“VWAP”) on the TSX Venture Exchange (“TSXV”) on June 15, 2018 (the last unaffected trading day prior to the announcement of the Transaction).
- Superior financial strength and flexibility to simultaneously increase production and exploration programs while leveraging and enhancing existing infrastructures.
- Exposure to potential long-life asset to supplement current production.
- Increased trading liquidity, enhanced value proposition, and capital markets profile.
- Increased exposure to institutional, corporate and retail investors.

Transaction Summary and Timing

Pursuant to the Arrangement Agreement, the Transaction will take place by way of a plan of arrangement under the CBCA whereby Bonterra will acquire all of the issued and outstanding common shares of Metanor. Optionholders of Metanor will receive replacement Bonterra options, entitling them to receive on exercise common shares of Bonterra, subject to an adjustment to reflect the Transaction. Holders of outstanding warrants of Metanor will have their warrants adjusted to reflect the Transaction and will not be receiving replacement warrants. The Transaction is subject to the approval of 66^{2/3}% of

Metanor shareholders and option holders in attendance and voting at the Metanor Meeting. Shareholders and option holders of Metanor will be voting on the approval of the Transaction only and will not be voting on the Spin-Out.

Pursuant to the Arrangement Agreement, the Spin-Out will take place by way of a plan of arrangement under the BCBCA whereby Bonterra will assign its Larder Lake property and \$7 million in cash to Spinco. Each holder of Bonterra common shares will receive one Spinco common share for each seven Bonterra shares held. The Spin-Out will take place immediately prior to the Transaction and as a result shareholders of Metanor will not be entitled to receive any interest in Spinco. The Spin-Out is subject to the approval of 66^{2/3}% of Bonterra shareholders and option holders in attendance and voting at the Bonterra Meeting. Shareholders and option holders of Bonterra will be voting on the approval of the Spin-Out only and will not be voting on the Transaction.

In addition to the securityholder approvals referred to above, pursuant to the terms of the Arrangement Agreement, the completion of the Transaction is conditional upon a number of items, including, without limitation: (a) each party shall have performed and complied in all material respects with all of the covenants and obligations thereof required to be performed by them prior to the completion of the Transaction; (b) the representations and warranties of each party set out in the Arrangement Agreement being true and accurate, in all material respects; (c) the receipt of all regulatory and other required approvals, including approval of the TSX Venture Exchange; (d) other normal conditions precedent, including the absence of a material adverse effect in Bonterra or Metanor; (e) all material third party consents shall have been obtained; (f) holders of no more than 5% of the outstanding shares of Bonterra and no more than 5% of the outstanding shares of Metanor shall have exercised their rights of dissent in respect of the Transaction; and (g) the execution, delivery and

continued enforceability of required support agreements.

The Arrangement Agreement contains customary deal support provisions, including a reciprocal break fee of C\$3.75 million, payable if the Transaction is not completed in certain circumstances. In addition, the Arrangement Agreement includes mutual customary non-solicitation covenants together with customary exemptions to permit each party's board of directors to exercise its fiduciary duties, as well as a right to match any superior proposal that may arise.

Full details of the Transaction and the Spin-Out will be included in the management information circulars to be filed with the regulatory authorities and mailed to Metanor's and Bonterra's security holders in accordance with applicable securities laws. All security holders are urged to read the information circulars once they become available as they will contain additional important information about the Transaction and the Spin-Out.

The Transaction is expected to be completed by the end of September 2018 or such later date as the parties may agree.

Advisors and Counsel

Sprott Capital Partners and PI Financial Corp. acted as financial advisors to Bonterra and Miller Thomson LLP acted as Bonterra's legal advisor.

Irwin Lowy LLP acted as Metanor's legal advisor.

About Bonterra

- Well-financed with approximately \$65 million raised since 2017.
 - **Strong Shareholder Base including:** Eric Sprott, Van Eck, Kirkland Lake Gold
 - **Gladiator Gold Deposit:**
 - Deposit extension and resource expansion underway with 60,000 m completed in 2017 and 70,000 m planned for 2018.
 - Advancing to the completion of an updated NI 43-101 Mineral Resource Estimate in the second half of 2018.
 - Drilled dimensions of the Gladiator Gold Deposit are currently outlined to a depth of over 1,000 m below surface, and a strike length of 1,300 m.
 - Gladiator remains open in all directions, where at least six distinct sub-parallel zones or mineralized horizons have been identified.
 - Drilling is currently focused on the continued expansion of Gladiator Gold Deposit and exploration targets within the 10,541-hectare Urban-Barry property.
 - **Larder Lake Gold Property:**
 - 100% controlled 2,221-hectare in the Cadillac-Larder Break camp in Ontario (refer to March 17, 2016 news release highlighting historical gold resource).
 - Excellent access to three high-grade gold deposits between Kirkland Lake and Virginiatown.
 - The Larder Lake project contains a historic mineral resource set out in the below table with three gold deposits situated along the Cadillac Break between Kirkland Lake and Virginiatown. The combined contiguous land package is more than 10 km in length.
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Disclosure of Historical Mineral Resource Estimates:

The Larder Lake project contains a historic estimate. In August 15, 2011, P&E Mining Consultants prepared for Kerr Mines a resource estimate as reported in a technical report titled “43-101 Technical Report and Updated Resource Estimates on the Larder Lake Property, Larder Lake, Ontario for Bear Lake Gold Ltd.” Bonterra considers the historical estimate to be relevant and reliable given that it was prepared under NI 43-101 standards. Bonterra considers this resource estimate to be historical; it has not independently verified it. A qualified person of Bonterra has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves, and Bonterra is not treating the historical estimate as current mineral resources.

*2011 Total Resource Estimate @ 2.5 g/t Au Cut-Off Utilizing Gold Price of US\$1,207/oz⁽¹⁾⁽²⁾, dated August 15, 2011 by P&E Mining Consultants

Bear Lake Deposit and Cheminis Deposit			
Classification	Tonnes	Grade (Au g/t)	Contained Ounces (Au)
Indicated	335,000	4.07	43,800
Inferred	5,141,000	5.55	917,000

(1) Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

(2) The quantity and grade of reported inferred resources in this estimation are uncertain in nature and there has been an insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.

Dale Ginn, P.Geo. has approved the technical information contained in this release. Mr. Ginn is a Director and Vice President of Exploration of Bonterra and is a Qualified Person as defined by National Instrument 43-101.

About Metanor

Metanor Resources Inc. is an emerging gold producer having its main assets, the Bachelor Mine and the Barry project, in addition to over 15,000 ha of exploration property, located in the mining-friendly jurisdiction of Quebec in the heart of the Urban-Barry Camp.

The Bachelor mine extracts gold from a series of sub-vertical narrow veins using an underground long-hole mining method with access through conventional track drifts from a vertical shaft, and the new sector below level 14 is accessed from a ramp system. The ore is processed on site in a mill using carbon in pulp to separate the gold from the ore. All the lodging facilities are on site, connected to the power grid, and accessible from a paved highway. Metanor is in the permitting process, to increase the daily capacity of the mill from 800 tonnes per day to 2,400 tonnes per day.

The Barry project is located in the Urban-Barry camp, 110 km east from the city of Lebel-sur-Quévillon, and 110 km south of the Bachelor mill. 624,414 tonnes of ore grading 2.2 g/t Au for 43,970 ounces were extracted from three small pits between 2008 and 2010. The gold mineralization at the Barry project is structurally controlled and is hosted in a sheared basalt containing quartz-carbonate-albite veins with pyrite. Metanor has identified three main sub-vertical shear zones and approximately ten secondary lower dipping tension veins. These structures are open in all directions. The Company completed construction of a new camp in May, to accommodate the additional workers required to proceed with the 50,000 underground bulk sample scheduled to be

completed by the Q4 in 2018.

Pascal Hamelin, P. Eng., President of Metanor, is the Qualified Person of Metanor as defined under National Instrument 43-101 and has reviewed and approved the technical information relating to Metanor contained in this news release.

ON BEHALF OF THE RESPECTIVE BOARDS OF DIRECTORS,

Nav Dhaliwal, President & CEO
Bonterra Resources Inc.

Greg Gibson, Interim CEO
Metanor Resources Inc.

For further information regarding the contents of this news release please contact:

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Cautionary Statement:

Certain information contained in this press release constitutes "forward-looking information", within the meaning of Canadian legislation concerning the

business, operations and financial performance and condition of Bonterra and Metanor.

Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur", "be achieved" or "has the potential to".

Forward looking statements contained in this press release may include statements regarding our ability to complete the Transaction and benefits of the Transaction and the Spin-Out, which involve known and unknown risks and uncertainties which may not prove to be accurate. Actual results and outcomes may differ materially from what is expressed or forecasted in these forward-looking statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Among those factors which could cause actual results to differ materially are the following: uncertainties as to the timing of the Transaction and satisfaction of the conditions thereto, market conditions and other risk factors listed from time to time in reports filed with Canadian securities regulators on SEDAR at www.sedar.com.

Neither the TSX nor the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.



