

BERKWOOD

Resources Ltd



Plugged Into High Tech Minerals

'LITTLE' BERKWOOD RESOURCES (BKR.V) DOES AN END RUN AROUND A \$200m NEIGHBOUR, GRABS LARGEST GRAPHITE LAND PACKAGE IN QUEBEC

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*** BKR ADOPTS SHAREHOLDER RIGHTS PROTECTION TO GUARD AGAINST TAKEOVER**

*** CURRENTLY DRILLING HARD, WITH VISIBLE GRAPHITE FOUND IN FIRST TEN HOLES**

*** OWNED CLAIMS HORSESHOE \$200M PLANNED GRAPHITE PRODUCER IN MINE-FRIENDLY QUEBEC**

It was only a few months ago that **Berkwood Resources** (TSXV: BKR, OTC: CZSVF, FSE: BR2N) was a company rich in dirty words to the resource investor community. Words like 'graphite' and 'explorer' and 'junior' just didn't go well together for the last few years, so when BKR showed up looking for investor interest, they weren't exactly being welcomed with marching bands.

But Berkwood execs have managed to shift that thinking recently, kicking off the 'junior graphite explorer' tag and knocking over a few milestones that most, including yours truly, didn't think were achievable early.

The first: The company has gone from 'nice little land package next to a \$200m graphite company' to 'has horseshoed that entire \$200m company's land package' to 'has the the largest graphite-focused land package in Quebec.'

BKR went on a nice run while that was happening, lifting from \$0.30 to over \$0.50 in just a few months before early investors rightly and predictably took their profits. Today, BKR's market capitalization is approximately \$6.2M.

Neighboring player Mason Graphite (LLG.V), on the other hand, which has been there long enough to get drill results and move closer to production, is sitting on a market capitalization of approximately \$227M at the time of writing.

That sort of massive gap in value would make sense if Mason had results Berkwood couldn't dream of, or a technical team that left little Berkwood in the shade, but the technical team at Berkwood is abundantly familiar with the more famous local graphite deposit. Mostly because they were a part of its discovery team.

Here's some 'geo nerd' talk from Berkwood CEO Tom Yingling, on the team he's put together;

“Ed Lyons (our project lead and Qualified Person) has been involved in numerous projects evolving from exploration to development stage since 1971. His strength is collaborating with mine development teams to ensure tight resource integration with development plans. Since 2000, Ed has worked extensively in industrial minerals, including graphite and iron oxide deposits in the Grenville Metamorphic Province in Quebec and Labrador.

In 2000, Quinto Mining asked him to assess a potential graphite deposit near Lac Guéret. After the initial visit with another consultant, Ed spent several days prospecting areas away from the initial graphite showing [...] and located two significant graphite zones, the GR (Graphite Road) and GC (Graphite Cliff), that included numerous showings of significant crystalline graphite.

We like it when the rocks are showing at surface. Investors like it a lot when you don't have to do much digging to know there's something worth digging for.

Quinto then optioned the property and expanded it to cover the geology of an iron formation and associated geology with graphite. Mr. Lyons supervised field exploration between 2001 and 2005 during which period substantial graphite outcrop was exposed and sampled. Quinto's work included multiple drill campaigns that validated the deposits at depth, after which the company turned its attention to iron deposits in the region. Ed wrote all of the NI 43-101 and Assessment Reports on the Lac Gueret Property. The property subsequently became available, and Mason Graphite Inc. acquired it and initiated a mine development drilling campaign to delineate mineral resources and reserves for mine planning.

That turned out to be a good move. A \$200 million move.

Ed acted as the independent Qualified Person for the geology and resource parts of the Pre-feasibility and Feasibility NI 43-101 reports for Mason Graphite. In addition Ed was part of the mineral resources estimate team with Roche Ltd. (Montreal, QC) for Focus Graphite's Lac Knife Graphite Deposit south of Mont-Wright, QC, and consulted for a

private investment group on Nouveau Monde Graphite's Matawinnie Deposit near Mont-Tremblant, QC.

In essence, Ed Lyons is the guy who knows where the graphite is, more than just about anyone in the region. Yingling agrees.

I believe Ed's experience in these graphite occurrences and their associated iron oxide deposits have helped Ed developed a broader understanding of what makes a successful graphite deposit. His expertise and experience within the space are unparalleled and are pivotal for the success of the company.

Yingling isn't blowing smoke. Early investors agreed that he was putting together the right team. Whenever what looks like a 'me too' company plops down next to a company that is already running hard on the exchange, investors will usually wait and see whether that company is for real, or just looking to ride coat tails.

BKR hit the ground running with actual work, with the actual guys who staked the area originally, and who have experience not just in finding a patch of shiny stuff here and there, but in bringing the projects concerned along to production.

Yingling again:

In addition, we benefit greatly from the advisory experience of Mr. Michel Robert, Ed's erstwhile collaborator at Quinto. Michel has 45 years of experience in mining operations with major companies, including Quebec Cartier Mining Ltd., Teck Corp., SNC, Lac Minerals (now Goldcorp), AMEC, MineroPeru, Fluor Daniel and Pan American Silver Corp., where Michel's roles have ranged from foreman to president. He has practical experience in operation, commissioning, design, construction, finance and due diligence, and graphite experience from due diligence and start-up of the ND-du-Laus graphite mine of Asbury Graphite Ltd. (now closed), and as VP of Quinto Mining Corp. responsible for the formation of the team and management of the Lac Guéret project until the sale of the company. Michel's 15 years of experience in Quebec for Teck Corporation, Quinto Mining Corp, Commerce Resources Ltd, and Critical Elements Corp. and his familiarity with regulations, social and physical infrastructure, government agencies and service providers at all stages of mine-life makes Michel a key contributor on our team."

Let's be clear: You don't hire guys like this if you just want to swing golf clubs and wait for your big neighbour to establish the region. You bring on guys like this to build a mine.

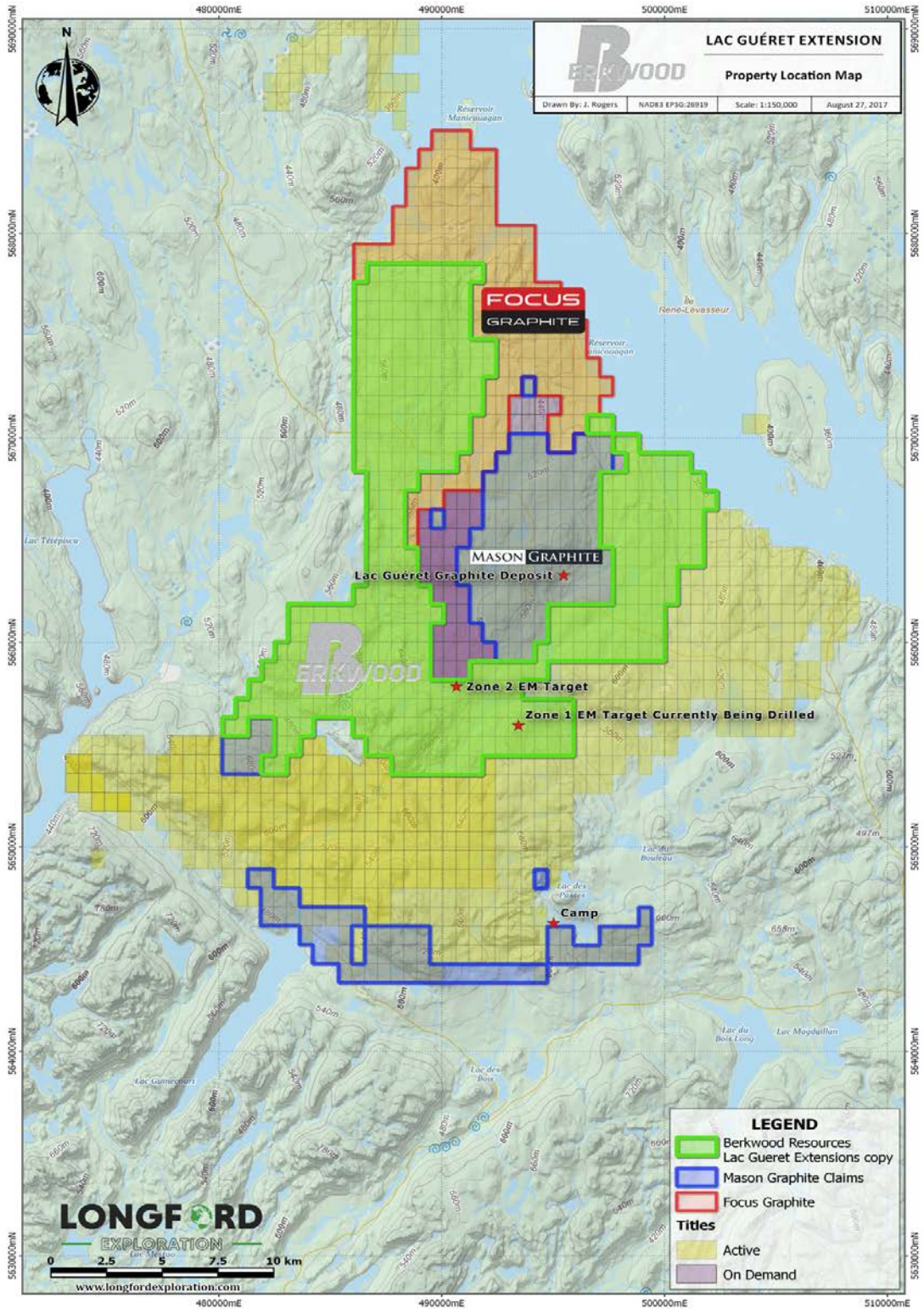
And you don't wait for the other guys to post results – you go get your own.

Berkwood Resources is currently drilling its graphite project, and of the reported first ten drill holes, all of them have hit graphite mineralization.

From what the boffins on the ground are saying, visually, the mineralization isn't just present, but appears akin to the mineralization those same guys found on the neighbouring deposit several years earlier.

The \$200 million neighbouring deposit.

And that's why Berkwood started snapping up the land around Mason. Check out the map below and you'll see how well they've done in that quest. If Mason decided they wanted to expand tomorrow, there's nowhere to expand to. Between BKR and Focus Graphite, and a large body of water, they're literally surrounded.



Enjoy what you've got, Mason, because if anything nice runs to the border, chances are that belongs to BKR.

Which might just be why BKR has announced in the last few days that it's **instituting a 'poison pill' shareholder rights plan**. If anyone wants to come looking for a nice cheap buy-in next to Mason's very legitimate but also high-priced 'move forward' project, BKR is a really cheap option.

The company won't say if there's some emergency reason behind its decision to suddenly institute a shareholder's rights program, but there's been some seriously high buying volume in the last week or two, so it wouldn't be unreasonable to suspect someone is setting up to make a run at the company. Or that BKR is at least concerned about such an eventuality.

In the meantime, drilling continues, and BKR's plan is to release results soon that, right now, they hope will be Masonish or better.

Now, we don't know who is buying up BKR stock or why. And while the geo's love what they can see coming out of the ground and every drill has hit graphite so far, we don't have results from that drilling just yet. And while someone has definitely been buying up the stock, someone else has been obviously selling into that buy, because the stock isn't at a high.

Which all combines to make Berkwood, at the very least, 'interesting'.

Other companies that applied this shareholder rights plan when they had a feeling they were on to something potentially big include:

- October 28, 2010 Nemaska Lithium enacted its shareholder rights plan, now producing lithium in Quebec with a \$CAD~305M market capitalization.
- April 24, 2017 NexGen Energy enacted its shareholder rights plan, currently a CAD~\$964M market capitalization.

I wrote extensively about BKR earlier this year on www.Equity.Guru when it really had none of this fun stuff going on, and early investors rode that intuition to a near double in quick time. Whoever is vacuuming up all that cheap stock right now might be readying for round two.

For you, what's important is not that you buy Berkwood, but that you KNOW Berkwood. Examine what they're doing and make your own mind up as to whether you see the activity of a company looking to get big, fast, or a company looking to loll about in the shadow of a neighbour.

I like what I see. So I own it, and you're not getting any off me without a premium to market.

– Chris Parry
www.equity.guru

For more information on **Berkwood Resources Ltd.** (TSXV: BKR, OTC: CZSVF, FSE: BR2N),

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