

Metanor Resources Inc.

(MTO – TSX Venture, MEAOF.PK)

Continuing to meet new milestones at the integrated Lac Bachelor / Barry project (Abitibi Mining Camp, Quebec). Completion of mill rehabilitation / pouring gold, along with associated bulk sampling / mining / positive exploration results – all of which bodes well for Metanor as a long term gold producer – now at the 700 tpd level.

The Company

Since closing its IPO late in 2003, Metanor has successfully transformed its' flagship Lac Bachelor property from a past producer with some exploration potential to one now producing gold at ~95% recoveries at a 700 tpd rate. Mill feed is from the Barry deposit, originally acquired in late 2006 as a small deposit, but is now showing excellent potential to become a very significant gold deposit. **Metanor's efforts to become a gold producer are turning out better than expected and the many milestones achieved are a real testament to the company's deal-making, financial, production, and exploration expertise.**

Metanor as a Future Long Term Producer

- 1. **Mill Now in Place.** Now producing at 700 tpd – future expansion to 1,000 tpd can be accomplished with well under \$5 million capex.

- 2. **Potential For Large Scale Resources.** Efforts have been focused on getting the mill into production and preparing Barry for a large scale open pit bulk sample to get the mill into production. Current 43-101 compliant resources are shown below. The program at Barry has been an extraordinary success – the currently stripped 300 m x 90 m area shows continuity, free gold occurs throughout, and the deposit is open in all directions.

Lac Bachelor				
	Lac Bachelor	Measured	Indicated	Inferred
Tonnes	192,594	648,997	426,148	
Grade (g/t)	8.80	7.49	6.52	
Au Oz.	54,504	156,352	89,366	
Barry				
		Indicated	Inferred	
Tonnes		385,000	966,000	
Grade (g/t)		4.23	4.07	
Au Oz.		52,300	126,600	

In addition, the now known sub-vertically dipping structures at Barry appear to be sheared off from a larger structure. Recent IP compilations show evidence for either new gold deposits or larger / deeper expressions of known ones (pyrite is intimately associated with gold here and thus IP can be a good predictor for deposits). Bear in mind the known nature of large scale mining camps in the Val D'Or area, with their vertically extensive gold deposits having depths several times their length. Given all these considerations and results to date at Barry, Metanor is understandably excited about the potential to offer long term gold resources for the project.

- 3. **Potential acquisitions.** Within a 100 km radius, there are numerous deposits totaling >1 million oz. of Au resources with Metanor having the only processing facility (p. 3).
- 4. **Exploration.** Drilling at the historic Lac Bachelor underground deposit in 2005 also showed strong potential – it is known to be open to the west and east and – most importantly – also **at depth**.

Program / Targets

With the mill now up and running at 700 tpd, the emphasis is now squarely on a combined mining, development, and exploration program at Barry.

Market Data



Share Data (\$Cdn):

Recent Price: \$0.95
 52-week Price Range: \$0.50 - \$1.20
 Shares Outstanding (3/31/08): 72.2 million
 Fully Diluted Shares (1): 92.6 million
 (1) 20.4 million options / warrants @ \$0.50 - \$1.00.

Capitalization (\$US):

Market Capitalization: \$68.6 million
 Cash, near cash, taxes receivable (3/31/08): \$4.78 million
 Long Term Debt (3/31/08): \$0.287 million

Corporate Information:

Chairman, CEO: Serge Roy
 Phone: 819-825-8678
 Website: www.metanor.ca

Investment Considerations

Multiple Expansion. Metanor appears to trade at a low industry multiple of expected ounces produced, likely owing to a lack of a published / established, long life resource base. **The new milestones** are to prove in convincing manner this resource base (i.e. 1+ million oz) and profitable production. If successful, we could see Metanor trading in line with other emerging producers (i.e. \$4500+per oz production, \$250+ per oz Prov/Prob).

Current Ballpark Valuation	
Production (tpd)	700
Production / yr.	227,500
Assumed grade (g/t)	5.25
Assumed production (oz)	38,400
Market Cap / oz Prod.	2500
Total Market Cap	96,000,000
Future Potential Valuation	
Production (tpd)	1000
Production / yr.	325,000
Assumed grade (g/t)	5.25
Assumed production (oz)	55,000
Market Cap / oz Prod.	5000
Total Market Cap	275,000,000

Principal Downside Risks. Ongoing production costs not known, exploration risk.

Opinion – Valuation Issues

Clearly, over the past 2 years, Metanor has successfully entered the realm of the emerging gold producer. The original plan was to utilize the small Barry deposit (acquired in 2006) as a small near surface open pit operation to begin operations, feed the Lac Bachelor mill, and generate cash flow for rehabilitation of the past underground operation and begin mining the known underground resources there. Concurrently, the objective / plan was to explore for and define a significant resource at Lac Bachelor – the potential for which was established in large part as a result of a 2005 drilling program.

For a summary of these initial developments – historically through spring, 2007 – at Lac Bachelor, Barry, and other company properties – see our previous report dated March 21, 2007 at

www.howlett-research.com/Research%20Reports/Howlett_Research_Report_Metanor_3-21-07.pdf

However, this changed as a direct result of the exploration success last year at Barry, for several reasons:

- There has been a reinterpretation of what was believed to be a small, flat lying deposit at Barry. Past drilling by the previous owner which defined it to about a 23 m depth, where the zone seemed to end. However, this interpretation is now known to be false and mineralization which appeared to have "stopped" is apparently more like the topmost part of a shear zone (i.e. faulted off portion?). This can be seen in the drill core, which shows a series of sub-vertically dipping zones.
- Extensive stripping of a 300 m x 90 m area has exposed a relatively continuous 250 m x up to 40 m zone of mineralization. This **open zone** is now being extended through drilling. Not only this, the **presence throughout of free gold** has served to elevate the grade realized from what was thought to be ~4 g/t to 5 to 6.2 g/t. This is quite material from the perspective of future profitability.
- Literally thousands of samples are waiting to be assayed from the current drilling program (2 rigs at Barry) – the company has had to prioritize things in order to come up with a short term mining program (i.e. to avoid dumping waste in areas that should be mined in future, or to avoid a pit configuration that makes mining contiguous areas difficult in future, etc.). The new drilling program – with even more demands for assay time – dictates a certain "catch up" through 2008.

Bear in mind that the company has gone from basically walking the Barry property in 2006 to mining it one year later. This is important because it not only shows the massive amount of progress that has been made, but it also impacts on the timeline for the creation of a more "formal" resource estimate. What we would look for in 2008 is not so much for the company to publish results from small batches of samples, but rather disseminating two kinds of results:

- Results from compiling several data sets when they can be incorporated into a more meaningful result (i.e. an overall resource). Small data sets of channel samples were very interesting early on but now we are looking at a much larger picture.
- Results from drilling (i.e. 2 rigs now at Barry) that have potential to have a very significantly impact (i.e. new zone(s), continuity between zones, potential at depth, etc.).

Major Milestones Achieved

- Going public in 2003 with past producer Lac Bachelor mine / mill complex.
- Optioning 50% of Lac Bachelor, with operator undertaking extensive rehabilitation of underground operation and successful 2005 drilling campaign to establish potential for major resource.
- Acquisition of the "small" Barry deposit in late 2006.
- Bringing ownership of Lac Bachelor to 100%, acquisition through time of contiguous claims, Hewfron deposit, purchase of significant 7% Barry NSR, 70% of the Nelligan property, larger Barry United property (surrounding original claims), the Barry Extension (to the west of the claims).
- Raising over \$40 million capital.
- Achieving production status with expected recoveries over 95%.
- Exploration success at Barry and recognition of world class potential (not just a small, flat lying deposit).

What to Look For – From a resource perspective

- Drilling success at one or more of the IP anomalies which show evidence for extension at depth of the (missing?) bottom (and much larger?) portions of known zones – or for that matter entirely new zones. One would offer potential for a large world class deposit, the other for basically a new mining camp in the prolific Abitibi mining belt. We understand this will represent part of the Metanor 2008 campaign.
- What lies between the Main / 43 Zone(s) and the West zone (this area covered with several meters of overburden – if mineralized this opens up potential for a very significant open pit resource in the known resource area.

Why is timing important

- It is going to take some time for Metanor to "catch up" with its exploration program – through 2008.
- Look for fewer, but more important news releases related to resource estimation – positive from a valuation perspective as it relates directly to its valuation multiples (per oz of resource, per oz. Of production).

What has essentially happened over the past couple of years is that Metanor has successfully raised a significant amount of capital to establish the infrastructure related to two interdependent mining and processing operations. But – because of the necessary focus on these activities, the company has not been conducting the types of exploration programs with which to significantly expand formally defined resources. However, the underlying basis with which to accomplish this is now in place – and the two drill rigs are on site with several important ready drill targets.

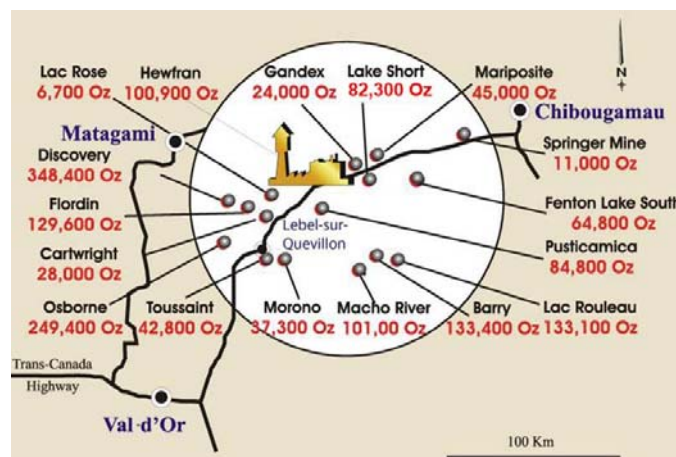
So – 2008 will be a year for yet a new series of milestones – related to its production operation, related to assaying the many samples / integration into a resource estimate, and finding new deposits. It is these milestones that will ultimately propel the company from its current level to a new level – defined by companies with both production operations combined with a significant resource base. We note that for companies with relatively low Prov./Prob. resources (i.e. having well under a 10 year mine life) multiples of yearly production are around the \$2000 - \$3000 level. As the minelife increases, naturally we see this multiple of production expanding – to around the \$4500 per oz. on up to the \$8000 per oz. level for mine enjoying having a LOM in the 15 – 20 year range.

Thus, the 12 month potential for Metanor might be summed up as shown below. Based on the assumption of seeing a 1+ million ounce reserve / resource and production as currently envisioned, this would equate to something like a \$275 per oz. value per ounce (reserve / resource), a figure that is more at the bottom end of the range for producers.

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To reiterate – what we really need to see in order to achieve such a valuation would be for a healthy, profitable mining operation supported by strong signs for a significant resource – which as mentioned Metanor has laid an interesting basis for accomplishing and is now in the process of undertaking.

Still from this resource perspective, we note that the Bachelor Gold Mill complex is the only one within a 100 km radius from Desmaraisville and the possibility exists to either custom mill ore from numerous surrounding gold deposits or acquire additional gold deposits.



Bachelor-Resources within 100 KM radius

Mines-Deposits	Owner	Tonnage	Grade	Au	Au
		Metric tons	g/t	grams	oz
Mine du Lac Shortt	Inmet Mining	525,332	4.87	2,558,367	82,253
Mine Lac Rose	Géoconseil Jack Stock	18,224	11.42	208,118	6,691
Mine Springer	Explorateurs Innovateurs	127,546	2.67	340,548	10,949
Barry-IV (Barry-1)	Metanor	610,000	6.80	4,148,000	133,361
Carthwright	Iamgold	82,930	10.50	870,765	27,996
Comtois-Zone Osborne	Minéraux Maudore	808,000	9.60	7,756,800	249,387
Lac Fenton-Sud	Soquem	402,000	5.01	2,014,020	64,752
Zone Putiscamica	Freewest-Murgor	482,104	5.47	2,637,109	84,785
Lac Rouleau-Sud	Beaufield	600,000	6.90	4,140,000	133,104
Macho River (Indice Souart)	Ressources Temoris	510,110	6.17	3,147,379	101,190
Mariposite	Soquem	518,000	2.70	1,398,600	44,966
Morono	Normabec-Soquem	360,008	3.22	1,159,226	37,270
Toussaint	Freewest-Golden Tag	187,706	7.1	1,332,713	42,848
Zone Lemnac (GANDEX)	Soquem	145,000	5.14	745,300	23,962
Total		5,376,960	6.04	32,456,944	1,043,514

Conclusion

We see Metanor in a very positive light:

- A management team capable to completing acquisitions and raising capital.
- A production team that has rehabilitated a milling complex and now produces gold with recoveries of some 95%.
- A very competent and adept exploration team.
- The company now has a resource base for production along with strong potential to expand it in any number of ways. This resource base is supplemented / combined with "deal" potential.

Bottom line, Metanor is establishing itself as an emerging gold producer, with future market potential emanating from the good multiples per ounce attributed by the market to this select group of companies.

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