

INITIATING COVERAGE

RATING: SPECULATIVE BUY
12 MONTH TARGET: C\$0.95

A “MADE IN QUEBEC” SUCCESS STORY

INVESTMENT THESIS

Metanor, a junior gold exploration company, is poised to transform itself to a gold producer through its wholly owned Bachelor Lake Project and Mill. Metanor is targeting un-hedged 60k oz Au per annum production at times of heightened gold prices with production in 2012 and commercial production to be achieved by early 2013. With gold production and continued exploration potential at nearby properties, Metanor is expected to undergo a serious upward market revision.

BACHELOR LAKE PROJECT OVERVIEW

The Bachelor Lake Project is now moving towards production with the shaft expansion completed in Q3 2011 and the development of mine workings well underway.

Ownership: The project is wholly owned by Metanor with two applicable NSR capped at \$1.75M (sum of both NSR payable by Metanor).

Location, Access and Infrastructure: The Bachelor Lake project is located in the Abitibi region, 300km north of Val d’Or and is easily accessible from paved roads linking Val d’Or and Chibougamau. Power is already available at the site.

Resource Potential: Bachelor Lake is a mesothermal system with up to 3 veins identified (Main Vein, Vein A and Vein B) with a reserve of 210k oz Au. With the possibility of extending the veins into the adjacent property (Hewfran) and at depth, it is highly likely that Metanor will rapidly expand their previous reserve and resource estimate. We believe that in the short-term (12-18 months), the company could identify up to 400k of mineable ounces of gold (inclusive of previous reserve estimate).

CATALYSTS / RESULTS PENDING

- **Bulk Sample:** Metanor’s primary catalyst is the completion of a 5,000 tons bulk sample by end of 2011.
- **Exploration:** Metanor is hoping to improve the resource and reserve outlined in the prefeasibility report by targeting deeper sections of the deposit and extensions onto adjacent properties.

BARRY PROJECT OVERVIEW

Located nearby to the Bachelor Lake Property, the Barry Project could provide the company with strong organic growth. The Project is a low grade bulk tonnage deposit with a resource of 771k oz Au (indicated 7.7M tons at 1.29 g/t Au and inferred 10.3M tons at 1.65 g/t Au). The company is currently exploring various means to process and transport the ore to the Bachelor Lake Mill.

RECOMMENDATION

With strong potential for growth and excellent economic factors contributing to the Bachelor Lake Project, we initiate with a **Speculative Buy** recommendation and a **12 month target of C\$0.95**. Our target is derived from a NAVPS of our conservative DCF model of Bachelor Lake (5.0%, \$1400/oz Au) combined with a 100\$/oz in-situ valuation of the wholly owned Barry Project. With the potential to restart operations at Barry and more exploration upside at Bachelor Lake, it is very likely that Metanor could exceed our target price.



Company Information

Closing Price (25/10/11)	\$0.360
52 week High/Low	\$0.21 - \$0.48
Avg. Vol. 90 Days	374,291
Shares Outstanding (M)	201.7
F.D. Shares Outstanding (M)	257.8
Market Cap (M)	72.6
Enterprise Value (M)	54.6

Key Metrics

Working Capital* (\$M)	18.0
NAVPS	0.97
P/NAV	0.37
Bull Case IAS Res Est (Moz Au)	0.47
EV/Bull Case IAS Res Est (\$/oz)	116

*as of May 31st 2011

Company Description

Metanor Resources Inc. (“Metanor” or “the Company”) is a near-term small to mid-tier gold production company. The Company is upgrading and rebuilding the Bachelor Lake Mine in Northern Quebec while conducting ongoing exploration to expand the resource base at its near-by Barry property. The Company holds more property in Quebec and Ontario at the grassroots stage.

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VALUATION

The near-term (6-12 months) valuation of Metanor presents a compelling investment opportunity when compared to many of its peers. Metanor is on the cusp of transitioning from a junior exploration to a small tier gold producer. The project is nearly fully permitted, the shaft has been sunk on budget and on time, the mill is operational and, most importantly, the Company does not require any additional financing to bring the Bachelor Lake Project to production. Barring a disastrous bulk sample, extremely unlikely as the project was a proven past producer, there remains neither obstacles nor any discernable project scale risks to Metanor operating Canada's newest gold mine in times of heightened gold prices. We derived our target of C\$0.95 based on a combination of a DCF/NAV model of the Bachelor Lake Project, supported by key comparable metrics of small and mid-tier gold producers as well as US\$/oz in-situ comparable valuation of its Barry Project.

UNDERVALUED ECONOMICS OF BACHELOR LAKE

One of the key factors of Metanor's ongoing success was its access to surface infrastructure. Metanor was able to simply refurbish and improve already present installations at a substantially reduced cost. Important structures that allowed Metanor to advance Bachelor Lake to the current stage include:

- **A fully functional mill:** the mill produced 40,000oz of gold from the nearby Barry operations effectively de-risking the entire operation. Multiple improvements have now increased milling capacity to 1,200 tpd up from 700 tpd allowing the Company room for organic growth (see Bluesky Potential – Barry Component).
- **A refurbished hoist and newly deepened shaft:** with a shaft constructed in the early 1980s, Metanor only required the mine to be deepened two new levels to reach most of the ore outlined in the prefeasibility report.
- **Ample power and on-site assaying:** the mining industry has been hit by multiple delays concerning assaying and Metanor, through its own laboratory, can maintain its brisk expansion rate (a trait some majors like Osisko do not have).

This only represents the strong backbone of the project upon which the project was built. Prior to any major work at Bachelor Lake, Metanor had already refurbished the entire mill and nearby facilities into a turnkey operation. While our target does not take into account the inherent value of the mill facility, the infrastructure is still worth over \$50M (based on similar

mill site purchases). Practically, facilities at Bachelor Lake ensure that Metanor is able to unlock the value of its deposit at a substantially reduced cost.

DCF MODEL

The Bachelor Lake Project remains poised for rapid resource growth based on the current resource model. The resource is open at depth and drilling around deeper intercepts will certainly add mineable ounces to the project (*see Resources*). As we believe the deposit will grow, two models were made to simulate the resource opportunity available to Metanor. Both models have 20% of gold production attributed to Sandstorm for 500\$/oz (*see Financing*).

We expect the project to utilize standard narrow vein mining operation using stopes to access the ore. As the veins are steeply dipping (*see Geology*), common shrinkage stopping is performed in-line with previous operations at Bachelor Lake. This mining method is very well established in the Abitibi region.

Figure 1: Resources Estimate for Each Scenario

Base Case

Category	Tonnes	g/t Au	Ozs Au
Prove and Probable	841,591	7.79	210,780
Inferred	426,148	6.52	89,330
Total	1,267,739	7.36	300,110

Bull Case (NON 43-101 Compliant)

IAS Extensions to Depth (level 19)

	Tonnes	g/t Au	Ozs Au
Main Zone + Extensions	814,887	6.5	170,295
+Base Case	2,082,626		470,405

Source: Industrial Alliance Securities

Case 1: Base Case/Metanor Prefeasibility

Our base case model is in large part inspired from the work completed by Stantec Consulting in late 2010. The resource was slightly increased to match a short-term resource increase completed by the exploration program currently underway.

Overall our assumptions can be considered conservative. We have increased every cost by 10% as contingency. As the shaft construction did not run into any unexpected problems, it is highly probable that Metanor will be able to improve upon our metrics. Even weighed down by our larger expenditures, there is clear value in the project.

Figure 2: Base Case Bachelor Lake DCF Model Metrics

IAS Estimates	
LOM gold price	1,300
Annual Production (oz Au)	60,000
Mine Life	6 years
Mining costs per ton	US\$46.2/ton
Discount rate	5.0%
Royalty	1.0%
LOM capex	\$24M
Tax Rate	40-41%

	Value (C\$)	Per Share (C\$/share)	IRR
Aggregate NPV of Mining Assets			
Resource in-situ value	57,273,796	0.28	42%

Source: Industrial Alliance Securities

Our project IRR and NPV differ greatly from data released by the Company as their pre-feasibility calculations are pre-tax. The higher tax rate is based on new Quebec legislation changing the mining tax regime although the company does benefit from a nearly C\$30M tax shield from previous work. The LOM CAPEX is based upon data provided by Stantec.

Furthermore from our analysis, we view the NPV/IRR as highly sensitive to CAPEX changes. However as the project construction is already into lateral development of mining stopes, we do not believe that these expenditures will greatly change at such a late stage. As with most mining projects, revenue is very sensitive to operating cost yet the mill will not be running at maximum capacity (projected to use 2/3). The restart of production at Barry would lower milling cost and OPEX. However, this was not modeled in the base case.

Case 2: Bull Case/IAS Preferred Model

Two factors controlled our decision to extend substantially the mine life: the typical mine profile within the Abitibi region and the possibility of mining more than one vein system.

- Mesothermal deposits in the Abitibi region are typically continuous to great depths. Deposits of this nature are almost always within secondary structures (brittle-ductile faults) of large deformation events (*see Geology, Resources*) and many mines have been exploited to depths exceeding 1,500m. While Metanor has not yet

prospected the lower sections of Bachelor Lake, we believe that eventual exploration campaigns will substantiate our larger deposit estimate.

- Up to 90% of the historic ore was mined from the Main Vein (*see History, Geology*) with minor contribution from secondary veins found late in the previous mine operation. These veins are not as well mapped nor do they show the same excellent continuity as the Main Vein. However as they are within close proximity to the Main Vein, excellent sections could be exploited with limited lateral expansion required.

Therefore, our preferred model for Bachelor Lake consists of a 465,000oz Au resource to be continuously developed and expanded over the LOM. While we believe Metanor will eventually reach our previous **back-of-the-envelope** estimate of 700,000oz Au, we restrained the resource estimate used in our model. We have projected a sustained underground exploration campaign to increase the resource as well as two new capital expenditures at year 5 and 6 to add new levels to the mine (total US\$14M). The underground exploration campaign was modeled upon similar exploration work completed by Richmond Mines at its Island Gold Mine. Richmond increased the resources by 30,000oz Au with 50,000 meters of drilling at a cost of \$4.5M (all numbers approximate from 2010 Annual Report).

Figure 3: Bull Case Bachelor Lake DCF Model Metrics

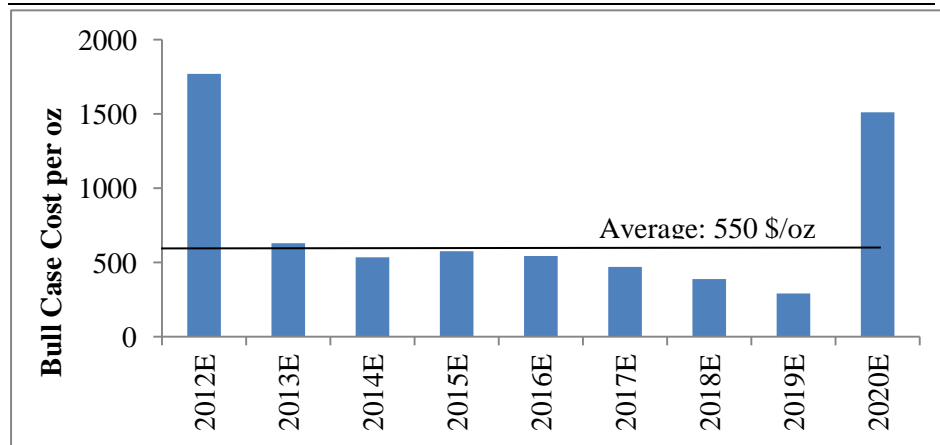
IAS Estimates				
LOM gold price	1,400			
Annual Production (oz Au)	60,000			
Mine Life	9 years			
Mining costs per ton	US\$47.36/ton			
Discount rate	5.0%			
NSR Royalty	1.0%			
LOM capex	\$40M			
Tax Rate	40-41%			
		Value	Per Share	IRR
		(C\$)	(C\$/share)	
Aggregate NPV of Mining Assets				
Resource in-situ value		119,172,227	0.59	46%

Source: Industrial Alliance Securities

Yearly production rates remained unchanged (see figure 3). Cash cost per oz breakdown for the Bull scenario can be found in figure 4. Costs for our bull

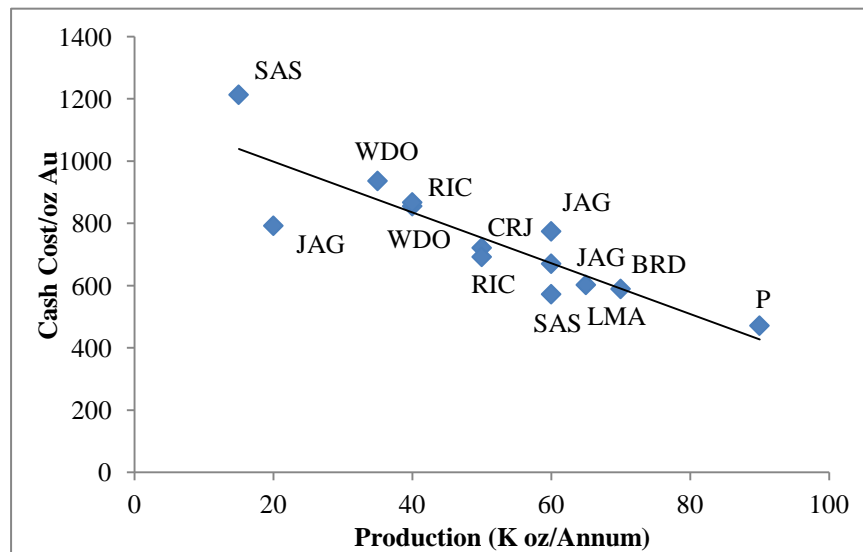
model lessen starting in year 2017 due to project optimization and start-up of the Barry Project. The Barry Project production was assumed to be the available balance at the Bachelor Mill. With the inclusion of Barry, we only lowered milling cost and did not increase gold poured as many unknowns still surround Barry. Figure 5 shows cost/oz for various mines against their annual production. Projected LOM cost of the Bachelor Lake Project compare within norm for similar sized mines (annual production of 60,000oz Au). Again as emphasized by the trend line, a probable increase in production from Barry would be beneficial to the cost of Bachelor Lake.

Figure 4: Cash Cost Breakdown



Source: Industrial Alliance Securities

Figure 5: Cost Comparison with Production



Source: Industrial Alliance Securities

SENSITIVITY

Only the sensitivity analysis for our bull case is presented in this section. Our gold price assumptions are somewhat more bullish as the project should still be able to capitalize on fairly robust prices. The price represented in the sensitivity analysis is a LOM average. Obviously, the project economics can improve rapidly with record prices continuing over the next 12 months. However, the company does have some leverage towards gold prices through the C\$/US\$ exchange rate as all operations are located within Quebec. Over the last major drop in gold prices this year, the US dollar quickly appreciated which could maintain Metanor's strong margins.

Figure 6: Sensitivity of Bull Case

Gold and Discount Rate Sensitivity (US\$)								
		Gold Price (US\$/oz)						
		1,250	1,300	1,350	1,400	1,450	1,500	1,550
Discount Rate	3.5%	102	112	121	130	140	149	158
	4.0%	99	108	118	127	136	145	154
	4.5%	96	105	114	123	132	141	149
	5.0%	93	102	111	119	128	136	145
	5.5%	90	98	107	116	124	133	141
	6.0%	87	95	104	112	121	129	137
	6.5%	84	92	101	109	117	125	133

Source: Industrial Alliance Securities

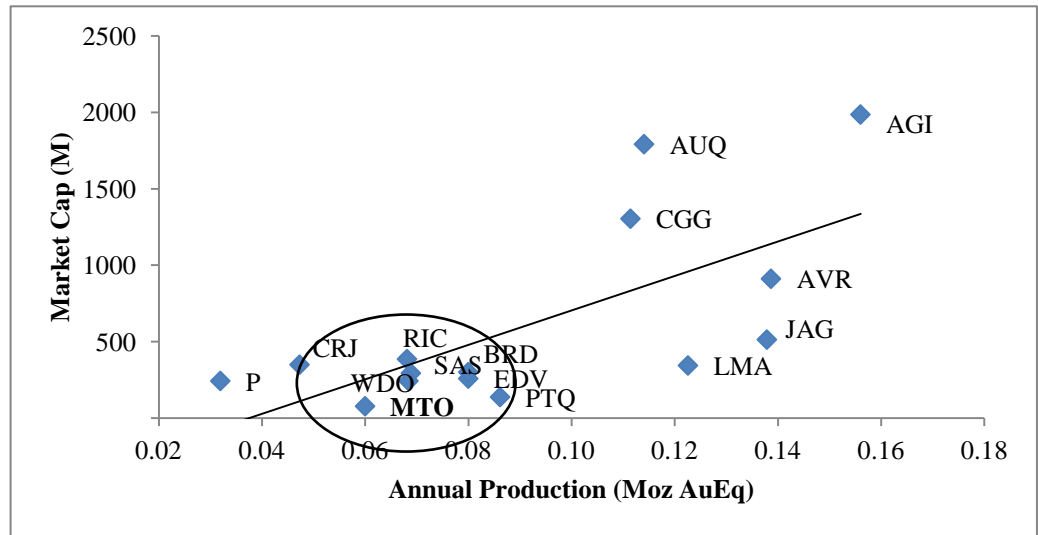
Gold and C\$/US\$ Exchange Rate								
		Gold Price (US\$/oz)						
		1,250	1,300	1,350	1,400	1,450	1,500	1,550
Exchange Rate	0.875	101	110	120	129	139	148	158
	0.90	98	107	117	126	135	144	153
	0.925	95	104	114	122	131	140	149
	0.95	93	102	111	119	128	136	145
	0.975	91	99	108	116	125	133	141
	1.00	88	96	105	113	121	130	138
	1.025	86	94	102	110	118	126	135

Source: Industrial Alliance Securities

COMPARABLE

Across all possible key metrics, Metanor is trading below its peers indicating that Metanor has the best potential for short term growth.

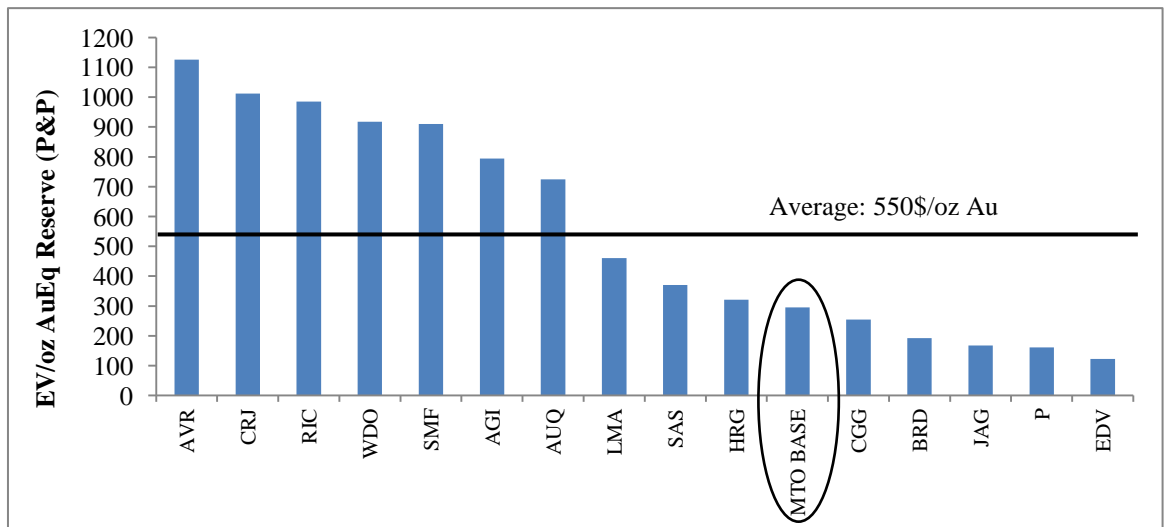
Figure 7: Market Cap versus Annual Production



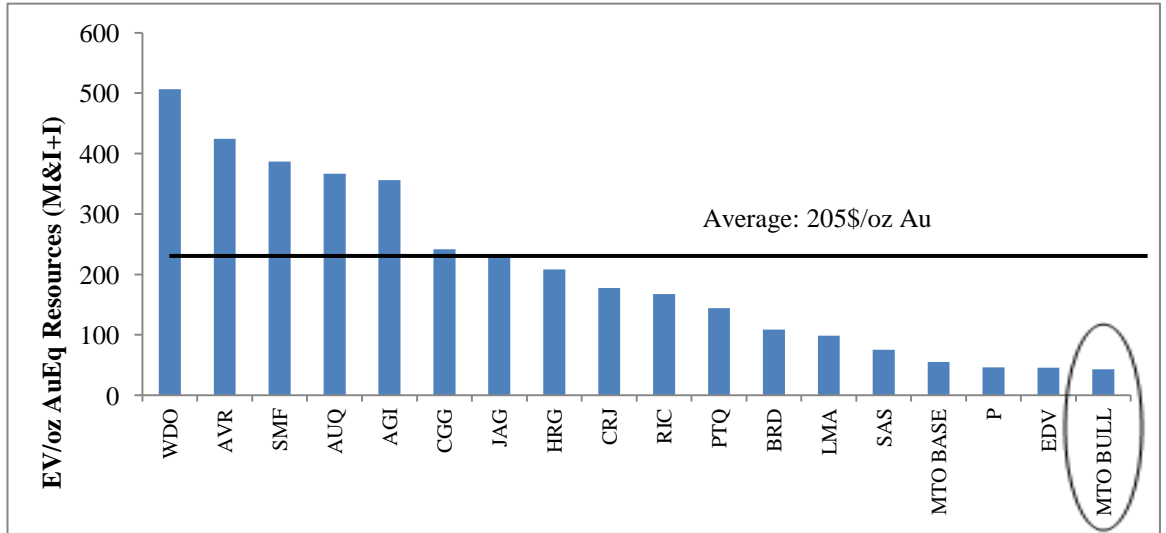
Source: Industrial Alliance Securities

Figure 7 is an efficient way to find undervalued gold projects based on their total (all operational mines) projected annual production. In the case of Metanor, annual production is 60k and, again, does not include any potential from Barry. It is evident to see that Metanor is undervalued. Fair value based upon this comparable metric for Metanor is a market cap of approximately \$180M to \$200M. Companies with larger gold production wander the furthest from the trend line as they present the largest leverage to gold prices.

Figure 8: Other Key Comparable Metrics



Source: Industrial Alliance Securities



Source: Industrial Alliance Securities

Note that we did not include our bull case in the P&P scenario as factors deciding what is considered mineable quickly change.

BLUESKY POTENTIAL - BARRY COMPONENT

The Barry Deposit was operational for a short period of time in the hopes of providing cash flow to the Bachelor Lake Project. The ore was processed at the Bachelor Lake Mill and 40,000oz of gold was produced. However, due to reported technical and mining difficulty in the previous NI 43-101 of the Barry Project, we have not valued the deposit at a similar price to projects at the feasibility stage. Barry was therefore valued at a more common 100\$/oz in the ground (see Appendix 2 for comparable table). As the project still has its permits, we realize that the project could be rapidly brought back to operational status and assert a higher valuation. Prior to achieving the higher valuation, Metanor will have to enact a more stringent operational plan for the Barry Project.

Figure 9: Valuation of Barry Project

	Value (C\$)	Per Share (C\$/share)
Aggregate NPV of Mining Assets		
Resource in-situ value	78,145,000	0.31

Source: Industrial Alliance Securities

CONCLUSION

As previously mentioned, Metanor was valued using a combination of our Bull Case and the straight-forward oz in-the-ground valuation of Barry. We derive a price of **\$0.95 per share** on a fully diluted basis.

Figure 10: Valuation of Metanor

	Value (C\$)	Per Share (C\$/share)
Bachelor Lake DCF Bull Case		
DCF value	119,172,227	0.47
Barry Project		
Resource in-situ value	78,145,000	0.31
Non-Mining Assets		
Working Capital	18,740,347	0.07
Proceeds from ITM options & warrants exec	30,686,798	0.12
Net Asset Value (CDN\$)	246,744,372	0.96

Source: Industrial Alliance Securities

Importantly, the company remains undervalued amongst all of its peers simply on the basis of the Bachelor Lake Project. The project offers Metanor strong cash flow over the coming years. Furthermore with an underutilized mill, the Company can increase its production through various means and move closer to a very attractive 100,000oz Au per annum production. The most obvious path toward this key production level is the relatively short term expansion of Barry. We strongly believe that Metanor presents an excellent investment opportunity with near-term production.

Figure 11: Valuation Multiple

	Current	Projected
P/NAVPS (C\$/share)	0.37	1.00
EV/Attributable in-situ gold eq reserve (C\$/oz.)		
-Base Case	175	748
-Bull Case	112	477
Stock Price	0.36	0.95

Source: Industrial Alliance Securities

It is important to remember that the EV/attributable in-situ gold reserve is still below the average (550\$/oz) discussed in Figure 11 even at our 12 month target price. Furthermore, Figure 12 demonstrates the excellent opportunity

offered by Metanor by achieving production with strong gold prices as well as the robustness of an upward revision at the current market price.

Figure 12: NAVPS Sensitivity Analysis

		Gold and Discount Rate Sensitivity (US\$)						
		Gold Price (US\$/oz)						
		1,250	1,300	1,350	1,400	1,450	1,500	1,550
Discount Rate	3.5%	0.90	0.93	0.97	1.01	1.04	1.08	1.12
	4.0%	0.88	0.92	0.96	0.99	1.03	1.06	1.10
	4.5%	0.87	0.91	0.94	0.98	1.01	1.05	1.08
	5.0%	0.86	0.89	0.93	0.96	1.00	1.03	1.06
	5.5%	0.85	0.88	0.92	0.95	0.98	1.02	1.05
	6.0%	0.84	0.87	0.90	0.94	0.97	1.00	1.03
	6.5%	0.83	0.86	0.89	0.92	0.96	0.99	1.02

Source: Industrial Alliance Securities

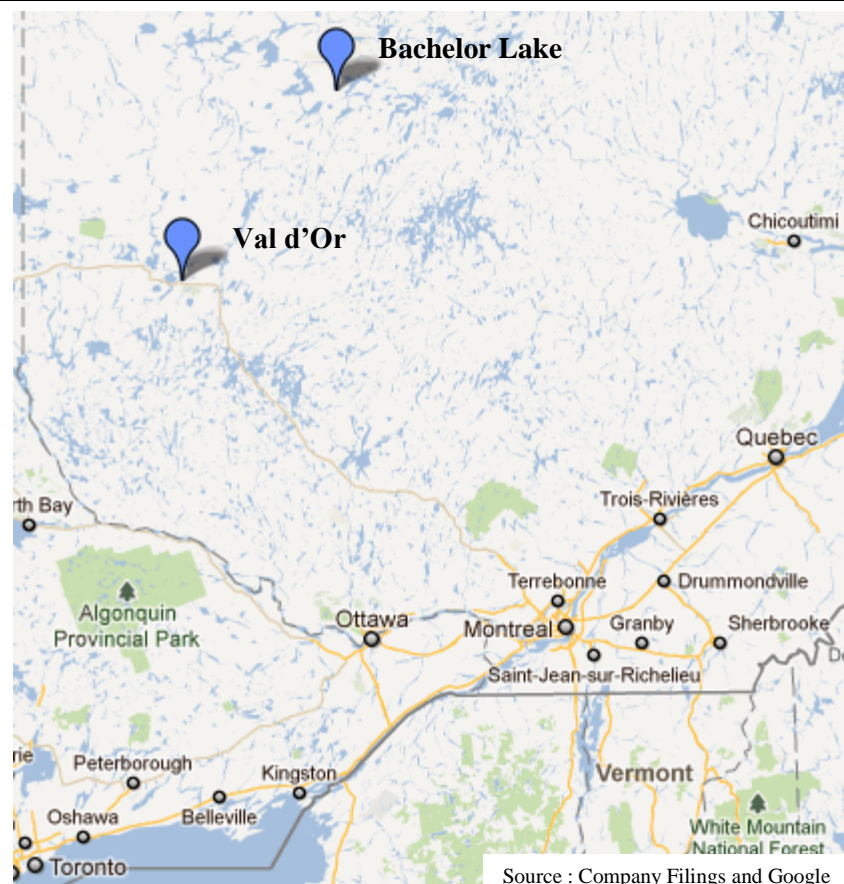
NEAR TERM CATALYST

- New Exploration Campaign:** Large sections of the deposits remain untested. The two most promising areas are the B West Zone at Hewfran and the Main and B Zone extension to depth. Exploration completed has focused on Hewfran. Encouraging results indicate the possible continuation of the A West Zone to surface. With the shaft now sunk and lateral development now underway, new drill station will be constructed allowing Metanor to explore the deeper sections of the deposit (key for future growth and our Bull Case).
- Bulk Sample:** As of April 6th, Metanor is fully permitted by the Quebec government to proceed with its 5,000 tonnes bulk sample. The Company has now begun to move toward actually developing the workings required for bulk sample. We believe the sample will be completed by the end of the calendar year. Results are expected in early 2012.
- Feasibility Report:** Following the bulk sample and exploration work, Metanor will proceed to combine all the information into a feasibility report. While the Company is fully financed to production, the feasibility report should positively impact the LOM while maintain the production rate. We expect this report to move the project toward our Bull Case scenario.
- Commercial Production:** Following production and testing of its bulk sample, Metanor will begin commercial production by Q2 2012 with full ramp-up by Q1 2013. The mill feed could eventually be supplemented by ore from the Barry Open Pit.

BACHELOR LAKE MINE – CERTAIN STABILITY

The Bachelor Lake Mine is the main focus of Metanor. It lies along a large prolific regional gold trend which includes the Telbel Mine (closed, owned by Agnico-Eagle) and Eagle Gold Mine (closed, owned by Globex) among others. The project was a producing mine during the 1980s, however poor management and the collapse of gold prices led to mine closure. Limited exploration work was conducted on the property after start of initial mining. Due to the availability of infrastructure on-site, capital costs associated with the restart of mine production are very low. The mine itself is located on mining concessions within the eastern block known as the Bachelor Lake claims. Its extension, directly to the west, is entitled as the Hewfranc claims.

Figure 13: Location of Bachelor Lake Mine and Mill



LOCATION AND OWNERSHIP

Interestingly the property lies above the 49th parallel and would be the first new mine under the ambitious Plan Nord provincial project. The mine is located in Northern Quebec. It is situated approximately 250km east of Val d'Or along highway 113. The nearest town is Desmaraisville which has minimal resources and services. However it is easily accessible by road.

While available infrastructures are restrained, the provincial power grid passes close to the property providing Metanor with ample power.

The Company owns 100% of its 241 land claims totaling 7,566 hectares with two different royalties. The royalties are subject to the source of the ore processed at the mill and price of gold per ounce. The total NSR payable by the company is \$1.75M. Metanor acquired the remaining 50% interest from Halo Resources Inc in 2007 and bought its royalties.

PERMITTING

On April 6 2011, Metanor received required permits from the Ministère du Développement durable, de l'Environnement et des Parcs to proceed with its 5,000 tons bulk sample. With the Bachelor Lake tailing ponds fully rehabilitated and permitted, Metanor should not have any difficulty in applying for final permits related to its mining operations and significant de-risking of the mine.

HISTORY

The original discovery dates back to 1946 when the Main Zone was identified. Following exploration work, a shaft was sunk by Sturgeon River Mines Ltd. to further delineate the deposit. The deposit was estimated to contain 670,420 tonnes grading 6.17g/t (non NI 43-101 compliant). Commercial production began in 1982 and ended in 1989 after a large contraction in gold price. **Prior to closure, Sturgeon decided to award the mine development to contractors. Suspect mining practices resulted in severe grade dilution (up to 100%), an increase in operating costs and subsequent mine shutdown.** Final production stood at 869,432 tonnes grading 4.66g/t. The difference in final grade of the ore was understood to be a consequence of the substantial grade dilution.

INFRASTRUCTURE

As the mine was a historic producer, almost all infrastructures are readily available and require only refurbishment to be brought back to conformity with various provincial ministries. Surface installations include administrative offices, mill, hoist, headframe and various auxiliary buildings such as a machine shop and a mining camp for on-site staff. Ample power is already provided on-site by a 4 MVA line from Hydro-Quebec. Of all facilities at Bachelor Lake, the mill underwent the most work. To improve and increase recovery, the mill's metallurgical process is being upgraded to the industry standard CIL. Management hopes to increase recovery beyond 93% and nearer to its competitors. Furthermore the mill's capacity was upgraded multiple times from the original 500tpd. A new ball mill, an overhauled compressor room and a new rod mill were commissioned in quick succession from 2008 to 2010. The mill can now process up to 1,200 tonnes

per day. Over the same period, Metanor processed ore from the nearby Barry Open Pit. Approximately 40,000oz of gold was poured from Barry ore. **Through its continued use of the mill, Metanor has significantly de-risked a large portion of its mining process and has rebuilt the mill into a modern, fully functional operation.**

Figure 14: New Equipment Commissioned at Bachelor Mill



Source: Company Filings

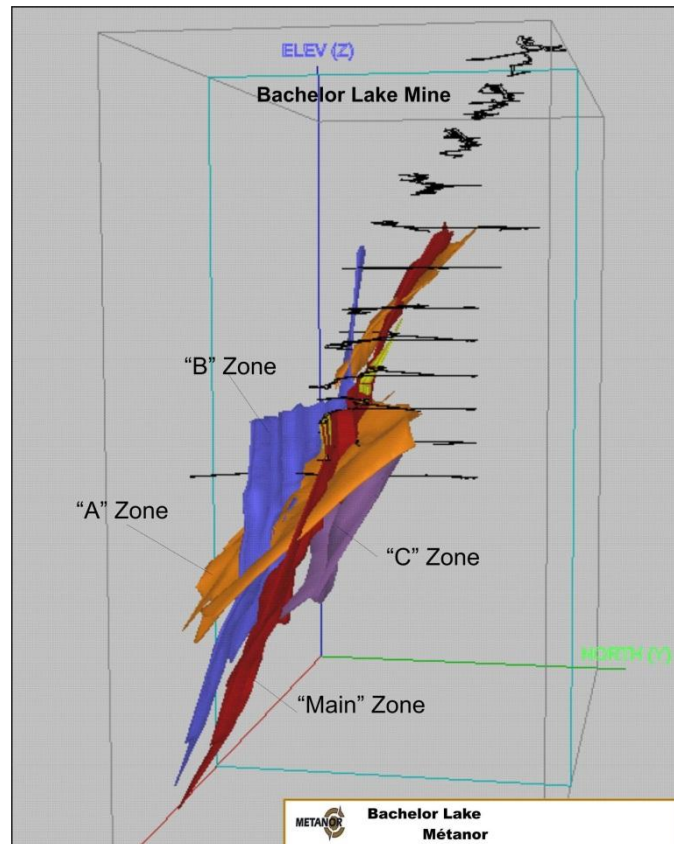
Operations related to the mine dewatering have been completed for some time and its contractors have been diligently sinking the shaft to access these two new levels. On August 23rd the project was declared complete. The mine itself has now been developed to 14 levels reaching a maximum depth of 562.66m. Access to the bulk of the deposit only required the addition of two levels from the 12th. Access to each level is followed by construction of the shaft station. Currently 2 of 3 stations are fully developed with lateral drifts now under construction. Some of the anterior levels (6 and 8) where economic ore has been identified still require some work. The work is concentrated around strengthening the drifts. Previous operators had left critical engineering decisions such as rock support and bracing to the discretion of the miner. Furthermore the Hewfran portion of the deposit can be reached on the 6th and 8th level again easing planned mining operations and allowing for lateral expansion.

GEOLOGY

The current geological modeling of the deposit is still largely built upon the exploration work done during the 1970s. The deposit is broadly divided into six ore-bearing silicified shear zones; four at Bachelor Lake (Main, A, B and C) and two at Hewfran (A West and B West). At

Bachelor Lake, the Main Zone has been extensively drilled and mined providing 90% of the ore extracted. The other three zones were identified late in mine production (A and B zone) or during exploration campaigns conducted by Metanor (C zone). Figure 15 illustrates the general relationship between the four zones.

Figure 15: Bachelor Lake Mineralized Zone and Mine



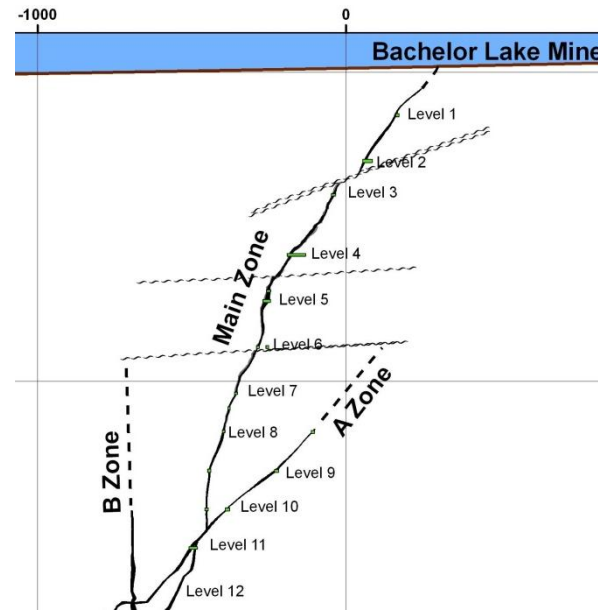
Source : Company Filings

All zones have proven to be continuous following the 2005 drilling program except for C Zone. As previously mentioned and visible in Figure 1, large portions of the mapped mineralized zone are accessible from previous mine works. The two ore-bearing shear structures at Hewfran (A West and B West) have been interpreted to be extensions of the A and B zones respectively. The six zones dip south, south-west with varying width and angle with increasing depth (at depth, location of most ore, $\sim 70^\circ$ to near vertical). As a rule of thumb, the width across all zones shows a positive correlation to the depth.

Late stage deformation has not extensively changed the deposit structure. Figure 16 demonstrates the small effects of later stage deformations on

the mineralized zone. The Main Zone intersects three faults none of which displace it by more than a few meters. While the A and B Zone have not been drilled upwards through these fault systems, it stands to reason that it will also see minor movement.

Figure 16: Bachelor Lake Partial Fault Structures



Source: Company Filings

Only one fault system, found at depth, shows major displacement on its intersection with the Main and B Zone. **Displacement is large (up to 15m) however the faulting also locally increases the grade and thickens the zone.** Both the C and A Zone along with its extension have been interpreted to be post-orogeny. They represent gold remobilization within the system from the Main Zone and B Zone. The highest grades are found closer to their respective intersections with the syn-orogeny gold zones.

MINERALOGY AND METALLURGY

The majority of the gold is found with associated pyrite grains. It occurs either distinct of the pyrite or inter-grown with the pyrite. The pyrite itself is finely disseminated within the shear zone. The remainder of the gold was identified as free gold. Free gold is more commonly found in the B Zone. **The mineralogy is continuous across all zones and within the previously mentioned A and B West extensions.** Associated alterations differ between zones. Most of the free gold is linked with silica-flooding however pyrite is still present. The most frequently observed alteration mineral in the mineralized zones is hematite with minor ilmenite. The hematite package has been identified over 900 vertical meters and almost 500 meters on surface.

The plant was operational as recently as June 2010 and was shut down so as to upgrade and change part of the metallurgical process. **The modifications centered on the addition of a modern CIL circuit. Recovery prior to full stop averaged nearly 95%.** IAS believes that high recoveries will be maintained once work is completed at the mill.

RESOURCES

A NI 43-101 report was published estimating the deposit to be around **210,857oz Au measured and indicated with a further 89,000oz Au inferred.** A large fraction of modern exploration work done at Bachelor Lake dates back to the 2004-2005 drilling campaign when the property was operated as a JV with Halo Resources. Following the involvement of Stantec, a pre-feasibility report was set forward promoting proven and probable reserves above 200,000oz Au. Most recently a new drilling campaign (totaling 15,000 meters) has been conducted following management's decision to move toward commercial production. The new campaign will concentrate on upgrading the inferred resources to the indicated category prior to a new feasibility report.

Exploration to depth has been very limited and the deposit remains open. There is no reason for the ore mineralization to stop abruptly from either lithological or structural constrains. Only one drill hole targeted the lowermost extension of the Main Zone and no work at depth has been done on the other zones (see Figure 15). Therefore, it is very probable that the deposit will be found to be continuous for a large extent. Gold mining operations in the Abitibi region typically reach depths of a few thousand feet (1km+). Using simple calculations to lower the Main Zone and B Zone with the strike length at level 12 and the width of the mineralization to the maximum depth inferred from drill holes increases the resource by another 200,000oz Au.

Figure 17: IAS Resource Expansion Assumptions

Assumptions	
Strike Length (level 12)	381 m
Density	2.75 t/m ³
Width	
Level 13-14	3.05 m
Level 16-17	2.59 m
Depth to level 17 from 12	313 m
Grade	7.96 g/t

-Source: Industrial Alliance Securities

Figure 18 shows the difference between the rough calculations and the actual Proven+Probable value from Metanor's NI 43-101. The NI 43-101 Level 13-

14 value is a check and is compiled from the mine plan. While the difference is small, the estimate remains approximate. The exercise can also be completed laterally into Hewfran and where one can expand the B Zone either to the surface or to the same maximum depth. Therefore our **back-of-the-envelope** calculations support a substantially larger deposit at nearly 700,000oz Au.

Figure 18: IAS Resource Expansion for Main Zone

Level	Calculated	From Metanor	Difference
13-14	146,256 oz Au	143,111 oz Au	2%
16-17	114,402 oz Au	-	

Source: Industrial Alliance Securities

FINANCING

Metanor is well-financed to complete construction of the Bachelor Lake Mine on time with the money it has at hand. With continued stability at the mine site, mine management should complete the project under budget as well. To achieve its goal of a producing mine, Management looked for alternative venues to raise capital to prevent further shareholder dilution. Sandstorm Resources Ltd. (TSX-V: SSL) approached Metanor to purchase a portion of the gold stream from the Bachelor Mine. Sandstorm completed serious due diligence to affirm Metanor's project. Consequently Metanor and Sandstorm settled upon an arrangement whereas Sandstorm will buy 20% of LOM gold produced at Bachelor Lake Mine for the lesser of US\$500 or the prevailing spot price per ounce of gold for US\$20M. The payments by Sandstorm are staggered. Upon signing the contract, Metanor received US\$5M and, after meeting some requirements in Q1 2011, collected payment for a further US\$9M. The final US\$6M was paid in full on 1st September 2011. The deal allows Metanor to proceed and complete the mine overhaul.

BARRY OPEN PIT – PROVIDING ORGANIC GROWTH

The Barry Gold Deposit is a near surface gold deposit amenable to open pit extraction. Metanor purchased the site in 2006 to provide the company with a steady cash flow to continue both exploration and mine work at Bachelor Lake. The deposit has now instead been remitted to exploration to expand the current resource estimate.

LOCATION AND OWNERSHIP

The Barry property is located 65km to the southeast from the Bachelor Lake Mine. It is accessible by logging roads year round. Infrastructures at Barry are limited. All mined ore must be transported back to Bachelor for

milling. The pit itself is composed of 7 claims and is wholly owned by Metanor. Murgor Resources Inc. and Freewest each hold a 0.5% NSR royalty while the Societe de developement de la Baie-James holds a further 2% NSR royalty. Total royalties stand at 3% NSR. **Unlike Bachelor Lake Mine, Metanor has not sold any gold stream and the Sandstorm deal does not cover the Barry Project. Again, Metanor owns 100% of any future production at Barry.**

GEOLOGY

The deposit is situated in the Murgor Shear corridor which has been identified over a 13km area. The majority of the ore lies within altered metavolcanics (some feldspathic porphyries) along the contact with quartz-feldspar dykes. The metavolcanic unit shows disseminated sulphides (almost exclusively pyrite). The mineralization occurs in close spatial proximity to the pyrite. Metanor has delineated 4 zones of interest during its substantial work at Barry (nearly 40,000 meters over 3 years). These zones are known as the Main Zone, Zone 43, 45 and 48. **All zones overlap with geophysical anomalies (IP; anomaly due to pyrite/sulphides). Interestingly, there are many more anomalies along the 13km corridor identified by Metanor. This provided the necessary exploration framework to drastically expand the deposit. While drilling has targeted some of these anomalies, considerable more work is required.**

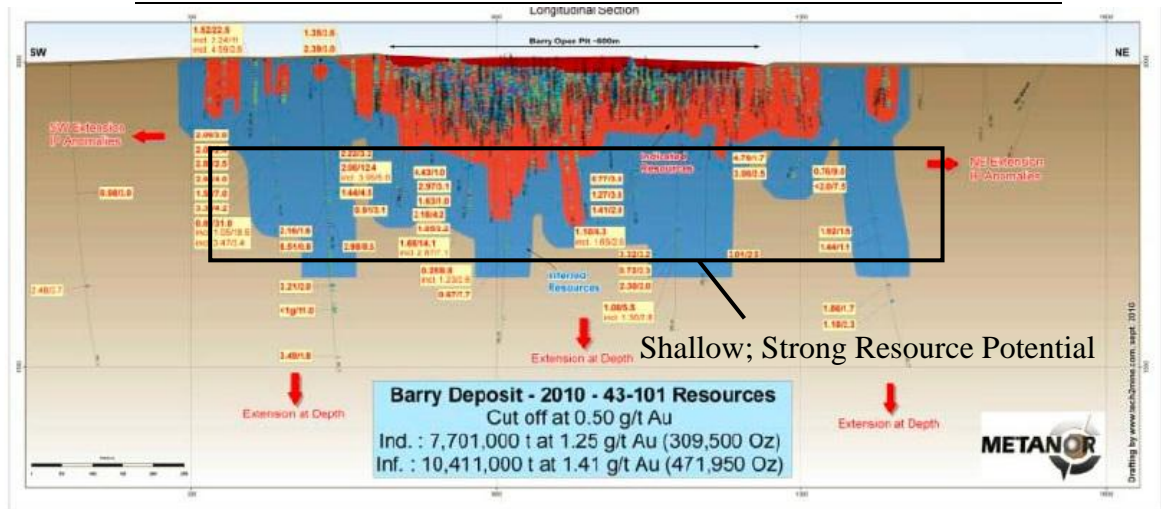
Figure 19: Mineralized Zones at Barry



RESOURCES

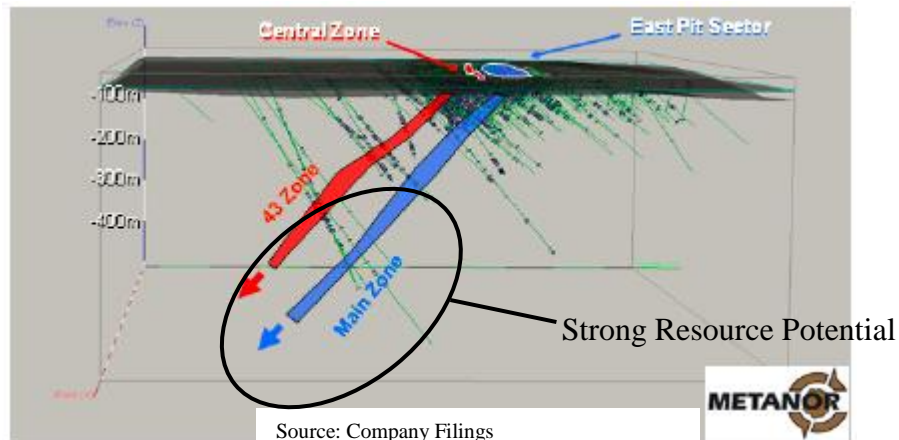
The actual mineral envelopes vary in size from half a meter up to 30 meters and have shallower dip than the contacts. The deposit remains open at depth; only a few holes reach a vertical depth of 100 meters. The current mineralization has been mapped for 500 meters on surface with a width of 150 meters. The last resource estimate was updated by SGS Canada Inc. in 2010. At a cut-off of 0.5 g/t, SGS Geostat concluded that the Barry deposit contains 309,500oz Au indicated and 471,950oz Au inferred with an average grade near 1.3 g/t. Importantly, this represents a substantial increase from the original resource estimate when Metanor purchased the project. Only a total of 35,500oz indicated (269,000t @ 4.10g/t Au) and 67,600oz inferred (450,000t @ 4.68g) were identified by the previous operator. The deposit still remains open in all directions and considerable more work is required to discover the extent of mineralization.

Figure 20: Longitudinal Cross section of Barry Deposit



Source: Company Filings

Figure 21: Cross section of Barry Deposit

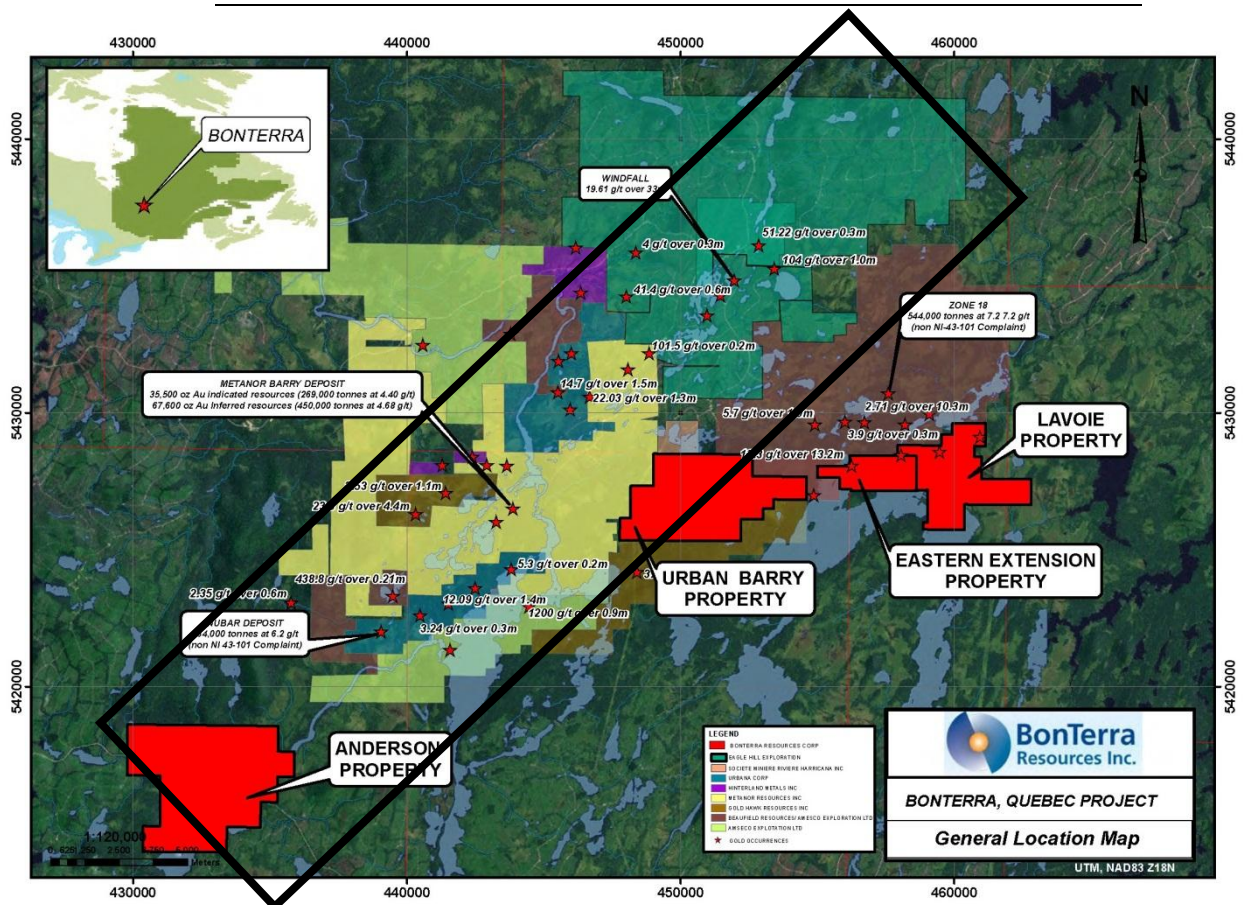


Source: Company Filings

REGIONAL GEOLOGY

As can be seen in Figure 20 and 21, there remains great exploration potential along both lateral extensions and drilling at depth. Furthermore, the large interest demonstrated by other companies such as Bonterra Resources (TSX-V: BTR) and Eagle Hill Exploration (TSX-V: EAG) may help in defining the importance of Barry within a new regional trend. Figure 22 represents all adjacent properties to Metanor. The resource estimate presented for Barry is not the most recent one. **Interestingly, two non 43-101 compliant resources show similar grades and tonnage to Barry prior to Metanor’s large resource re-evaluation (Nubar deposit and Zone 18).** With gold showings across the length of the mineralized corridor, Metanor could be within a new important gold trend. While various reports have mentioned similarities between Barry and world class deposits found by Osisko and Detour, it is still too early to confirm such bluesky potential however the prospect remains strong.

Figure 22: Adjacent Properties



Source: Company Filings and Industrial Alliance

MINING TECHNIQUE

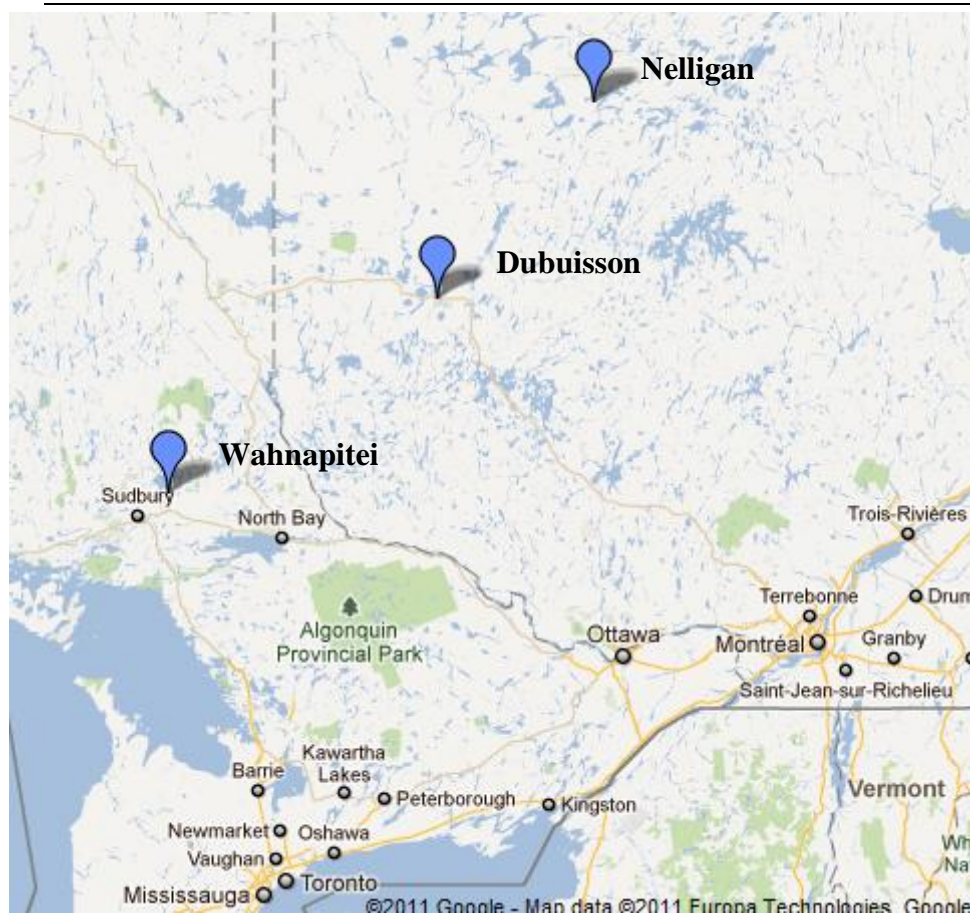
While the deposit was actively mined for a short period of time, it was remanded to exploration status. This was quickly followed by the drilling which increased the deposit (see Resource). The substantial increase in resource also brought with it a decrease in the average grade. While the grade remains above 1 g/t, it proved uneconomical to transport the ore by truck to the mill. As Metanor is keen on restarting production at Barry, two techniques are currently being evaluated to concentrate the ore and increase the grade.

- **Nichromet Extraction:** While ongoing sampling and processing have run into difficulty, improvement in the metallurgical process could allow the program to be restarted. Nichromet hoped to extract gold through a close circuit using halogens. While the process is potentially environmentally neutral, many questions remain as the Nichromet continues work as its pilot plant.
- **Conventional Concentrator:** Currently the most likely alternative for Metanor. As a component of the gold resource is found as free gold, a simple concentrator could achieve a desirable grade for transportation to the Bachelor Lake Mill. However, while the process is simple, it is considerably more expensive to construct and would require new power lines to be built from the substation at Bachelor Lake.

APPENDIX 1: COMPANY PROFILE

Metanor is a small-tier gold producing mining company based in Val d'Or, Quebec. The Company focuses on the Barry open pit mine which is currently in production and the restoration of the Bachelor Lake Mine also located in Northern Quebec. Metanor has secured financing for its restoration project and is on schedule to start commercial production within a year. The Company has land claims near Val d'Or forming the Dubuisson property where it also explores for gold. Metanor also owns a land package near Sudbury Ontario; the Wahnapitei property. Finally, Metanor prospects for gold at the Nelligan property. Exploration at the three other properties is limited or remains at the grassroots stage.

Figure 23: Property Location



Source: Company Filings and Google

DUBUISSON

Location: Quebec, within city limits of Val d'Or, 500 meters from provincial highway 117.

Metals: Gold

Stage: Exploration, resource estimate available

Description: A standard quartz-carbonate-pyrite vein system associated with shear zones and brittle extensional fractures is the main host for gold across the property. The property was shortly exploited from 1933 to 1937 with a total production of 15,000oz Au. Following exploration work, including 5,838 meters of drilling, conducted between 2001 and 2003, 26,150oz Au (Measured + Indicated, 166,076 tons at 4.82g/t Au) were delineated. The mineralized zone has been identified to a depth of 600 meters and remains open.

WAHNAPITEI

Location: Ontario, near Sudbury

Metals: Gold, cobalt, nickel

Stage: Exploration

Description: Quartzite package cross-cut by gabbroic dyke with mineralization along contact. A small, shallow drilling campaign conducted in the late 1980s and re-assayed by Metanor confirmed the presence of enrichment in gold with minor cobalt and nickel. Best intercepts were 1.7 meters at 8 g/t Au, 0.361% Co and 0.238% Ni.

NELLIGAN

Location: Quebec, near Bachelor Lake

Metals: Gold

Stage: Grass-root

Description: Very early stage exploration property located near Bachelor Lake where-by Metanor may earn up to 70% interest in the property by undergoing exploration. The property has only been surface sampled with some chips returning values of 582 g/t Au over 0.53 meters. Part of the mineralized horizon is believed to share characteristic to the "A" vein of the Bachelor Lake System.

APPENDIX 2: COMPARABLES TABLES

Company	Ticker	Flagship Project(s)	Mining Technique	Ownership	Location	EV (US\$ M)	EV/Tot Gold Eq Reserve (US\$/oz)	EV/Tot Gold Eq Resource (US\$/oz)	P/E
Junior and Mid-tier Producers									
SEMAFO INC.	SMF	Mama, Samira, Kiniero	Open Pit	100%	West Africa	2563.8	910.0	386.7	27.4
HIGH RIVER GOLD MINES LTD	HRG	Several Projects	Underground/Open Pit	Variable Ownership	West Africa, Russia	1105.3	320.8	208.3	9.9
AVON GOLD CORP.	AVR	Tabakoto and Segla	Open Pit	80%	Mali	1026.6	1125.6	424.6	16.4
JAGUAR MINING INC.	JAG	Sabara, Tumalina, Pacencia	Underground	100%	Brazil	715.8	168.0	229.6	26.6 *
CHINA GOLD INTERNATIONAL LTD	CGG	Chang Shan Hao	Open Pit	96.50%	China	961.7	254.2	241.8	19.6
PETAQUILLA MINERALS LTD	PTQ	Molejon	Open Pit	100%	Panama	158.3	N/A	144.3	N/A
ENDEAVOUR MINING INC.	EDV	Youga	Open Pit	90%	Burkina Faso	128.1	122.9	45.6	4.0
ALAMOS GOLD INC.	AGI	Mulatos Mine	Open Pit	100%	Mexico	1895.7	794.2	356.1	28.8
AURICO GOLD INC.	AUQ	Several Projects	Underground/Open Pit	100%	Mexico	1974.4	724.3	366.6	27.0
LA MANCHA RESOURCES INC.	LMA	Multiple Projects	Underground/Open Pit	Variable Ownership	Australia, Sudan, Ivory Coast	282.0	460.2	98.7	11.4
RICHMONT MINES INC.	RIC	Beaufor, Island Gold	Underground	100%	Ontario, Quebec	361.6	985.3	167.5	21.9
CLAUDE RESOURCES INC.	CRJ	Seabee	Underground	100%	Saskatchewan	357.0	1012.3	177.5	30.9
PRIMERO MINING CORP.	P	San Dimas	Underground	100%	Mexico	382.2	161.5	45.9	111.3 *
BRIGUS GOLD CORP.	BRD	Black Fox	Underground/Open Pit	100%	Ontario	370.9	192.6	108.6	N/A
WESDOME GOLD MINES LTD	WDO	Multiple Projects	Underground	100%	Ontario	292.7	917.6	506.4	99.3
ST ANDREW GOLDFIELDS LTD	SAS	Holt, Hislop, Holloway	Underground	100%	Ontario	246.5	370.2	75.2	66.0
METANOR RESOURCES INC	MTO BASE	Bachelor Lake	Underground	100%	Quebec	59.2	295.5	204.7	N/A
METANOR RESOURCES INC	MTO BULL	Bachelor Lake	Underground	100%	Quebec	59.2	N/A	98.6	N/A
Average						559.32		213.45	20.47

Company	Project (s)	Date	Gold Price (US\$)	Acquired Project/Company Stake	Acquirer	Deal Value (US\$M)	Deal Value/In-Situ Gold Eq oz (US\$/oz)	Deal Value/ M&H Gold Eq oz (US\$/oz)	Deal Value/ P&P Gold Eq oz (US\$/oz)
Project Acquisition									
Western Goldfields Inc.	Multiple	03-Apr-09	920	100%	New Gold Inc.	355	40.38	40.38	63.95
Auzex Resources Ltd.	Bullabulling	19-Sep-11	1790	50%	CGG Resources Plc.	55	42.31	21.15	N/A
GoldStone Resources Inc.	Multiple	16-Aug-11	1789	100%	Premier Gold Mines Ltd.	98	54.94	54.94	N/A
Pediment Gold Inc.	San Antonio	19-Oct-10	1369	100%	Argonaut Gold Inc.	102	81.99	81.99	N/A
Globestar Mining Inc.	Cerro de Mainon Mine	06-Oct-10	1315	98%	Perilya Ltd.	194	144.00	N/A	144.00
Richfield Ventures Corp.	Blackwater Project	04-Apr-11	1434	100%	New Gold Inc.	550	144.74	144.74	N/A
Crayd Resources Corp.	Multiple	19-Sep-11	1790	100%	Agnico-Eagle Mines Ltd.	275	216.88	216.88	N/A
West Timmins Mining Inc.	Timmins West Gold Mine	27-Aug-09	944	100%	Lake Shore Gold Corp.	285	269.40	269.40	351.02
Average						76	124.33	118.50	144.00

Company	Ticker	Flagship Project(s)	Ownership	Metals	Stage	Primary Asset Location	EV (C\$M)	EV/Tot Gold Eq Resources (C\$/oz)	M&I-H Gold Eq Resources (Moz)
Junior Exploration Companies									
TIMBERLINE RESOURCES CORP	TBR.V	Lookout Mountain	100%	Au	Exploration	Nevada	42.3	86.	0.49
MIDWAY GOLD CORP	MDW.V	Spring Valley	40%/100%	Au	Resource Definition	Nevada	251.6	60.9	4.13
MAUDORE MINERALS LTD	MAO.V	Contois	100%	Au	Resource Definition	Quebec	102.7	85.5	1.2
LEXAM VG GOLD INC	LEX.TO	Various	60-100%	Au	Resource Definition	Ontario	100.5	71.8	1.4
TRELA WNEY MINING AND EXPLORATION	TRR.V	Cote Lake	100%	Au	Resource Definition	Ontario	463.0	110.2	4.2
KIMBER RESOURCES INC	KBR.TO	Monterde	100%	Au+Ag	Resource Definition	Mexico	122.5	100.4	.22
TOREX GOLD RESOURCES INC	TXG.TO	Morelos	100%	Au	Resource Expansion	Mexico	408.8	123.1	3.32
ARGONAUT GOLD INC	AR.TO	San Antonio, La Colorada	100%	Au +Ag	Pre-feasibility	Mexico	471.9	166.2	2.84
SULLIDEN GOLD CORP LTD	SUE.TO	Shahuindo	100%	Au + Ag	Feasibility	Peru	370.5	108.8	3.41
GREYSTAR RESOURCES LTD	GSL.TO	Angostura	100%	Au +Ag	Feasibility	Columbia	148.9	45.5	3.27
Average							95.84		3.14

APPENDIX 3: FINANCIAL STATEMENTS**FYE Jun 30**

Statement of Cash Flow				
in thousand of dollars	FY 2010	FY 2009	FY 2008	FY 2007
Net Income	-7,858	-5,992	-5,809	-2,072
Depreciation	80	79	30	44
Deferred Income Taxes	-1,115	-1,200	-1,155	-122
Operating Gains/Losses	2	2	1,262	7
Decrease in Receivables	483	-275	-270	-144
Decrease in Prepaid Expenses	-236	-58	18	-132
Increase in Payables	-754	1,506	1,110	442
Other Non-Cash Items	4,288	2,683	2,223	456
Net Cash from Continuing Operations	-5,110	-3,256	-2,592	-1,521
Net Cash from Discontinued Operations	-	-	-	-
Cash from Operating Activities	-5,110	-3,256	-2,592	-1,521
Sale of Property, Plant, Equipment	20,794	16,352	15	6
Sale of Long Term Investments	4,286	1,807	-	-
Purchase of Property, Plant, Equipment	-5,251	-3,307	-24,401	-6,788
Other Investment Changes, Net	-24,271	-29,022	-2,920	275
Cash from Investing Activities	-4,442	-14,171	-27,305	-6,508
Issuance of Debt	104	2,903	3,184	110
Issuance of Capital Stock	12,181	15,955	9,814	28,083
Repayment of Debt	-644	-212	-954	-17
Other Financing Charges, Net	-1,110	-1,219	-972	-1,806
Cash from Financing Activities	10,531	17,426	11,073	26,371
Net Change in Cash	978	-	-18,824	18,342
Cash at Beginning of Year	-	-	18,824	482
Cash at End of Period	978	-	-	18,824

FYE Jun 30

Balance Sheet

in thousand of dollars

	FY 2010	FY 2009	FY 2008	FY 2007
Current Assets				
Cash and Equivalents	978	-	-	18,824
Accounts Receivable	2,011	1,907	-	-
Other Receivables	959	955	4,053	678
Receivables	2,970	2,862	4,053	678
Inventories, Other	-	-	815	-
Inventories	-	-	815	-
Prepaid Expenses	436	201	142	160
Other Current Assets	-	3,755	-	-
Total Current Assets	4,385	6,818	5,010	19,662
Fixed Assets, Total	60,633	48,237	41,270	15,330
Gross Fixed Assets	60,633	48,237	41,270	15,330
Accumulated Depreciation	-3,734	-1,808	-328	-126
Net Fixed Assets	56,899	46,429	40,942	15,204
Other Non-Current Assets	2,734	6,996	3,135	1,030
Total Non-Current Assets	59,634	53,426	44,077	16,234
Total Assets	64,018	60,244	49,087	35,896
Liabilities				
Accounts Payable	4,674	4,135	5,054	1,674
Short Term Debt	5,626	180	212	57
Other Current Liabilities	-	-	44	900
Total Current Liabilities	10,299	4,315	5,310	2,631
Long Term Debt	205	6,295	2,722	46
Other Non-Current Liabilities	2,387	2,132	1,735	-
Capital Lease Obligations	-	-	255	-
Total Non-Current Liabilities	2,592	8,427	4,712	46
Total Liabilities	12,892	12,743	10,023	2,677
Common Shareholder's Equity	51,127	47,501	39,065	33,219
Additional Paid in Capital	73,989	62,576	48,136	37,758
Retained Earnings	-24,620	-16,762	-10,770	-4,961
Other Equity Adjustments	1,758	1,687	1,698	422
Total Capitalization	51,332	53,796	41,787	33,265
Total Equity	51,127	47,501	39,065	33,219
Total Liabilities & Shareholder's Equity	64,018	60,244	49,087	35,896
Cash Flow	-7,779	-5,913	-5,779	-2,028
Basic Weighted Shares Outstanding	116,638	83,733	65,891	30,626

FYE Jun 30

Income Statement

in thousand of dollars

	FY 2010	FY 2009	FY 2008	FY 2007
Income				
Operating Revenue	-	-	-	-
Adjustments to Revenue	-	-	26	1
Cost of Revenue	-	-	-	-
Gross Operating Profit	-	-	-26	-1
Selling/General/Admin Expense	-4,780	-4,231	-5,813	-2,269
EBITDA	-4,780	-4,231	-5,839	-2,269
Depreciation & Amortization	-80	-79	-30	-44
Operating Income	-4,860	-4,310	-5,869	-2,313
Interest Income	31	-	212	143
Other Income, Net	279	-810	-26	-7
Total Income Before Interest Expense (EBIT)	-8,111	-6,473	-6,897	-2,177
Interest Expense	-862	-719	-67	-16
Income Before Tax	-8,973	-7,192	-6,964	-2,194
Income Taxes	1,115	1,200	1,155	122
Minority Interest	-	-	-	-
Net Income from Continuing Operations	-7,858	-5,992	-5,809	-2,072
Net Income from Total Operations	-7,858	-5,992	-5,809	-2,072
Normalized Income	-4,297	-4,638	-4,595	-2,072
Special Income/Charges	-3,561	-1,353	-1,214	-
Total Net Income	-7,858	-5,992	-5,809	-2,072
Basic EPS from Total Operations	-0.07	-0.07	-0.09	-0.07
Diluted EPS from Total Operations	-0.07	-0.07	-0.09	-0.07

Metanor Resources - Capital Structure (as of March 31, 2011)

	Number	Strike Price (C\$)	Date of Expiry	Proceeds from IIM
Shares Outstanding	201,686,865			
Options	175,000	0.50	22-Mar-12	87,500
	75,000	0.60	22-Sep-12	45,000
	285,000	1.00	28-Nov-12	285,000
	30,000	1.00	06-Oct-13	30,000
	440,000	1.00	21-Jan-14	440,000
	30,000	0.97	17-Mar-14	29,100
	150,000	0.60	26-Jan-15	90,000
	50,000	0.70	05-Oct-15	35,000
	375,000	0.50	29-Nov-16	187,500
	100,000	0.80	28-May-17	80,000
	175,000	0.67	30-Aug-17	117,250
	5,000	0.68	17-Sep-17	3,400
	35,000	0.82	10-Jan-18	28,700
	28,000	0.80	23-Jan-18	22,400
	1,995,000	1.00	03-Feb-18	1,995,000
	100,000	0.87	30-Jun-18	87,000
	20,000	0.48	15-Sep-18	9,600
	59,000	0.59	16-Feb-19	34,810
	35,000	0.49	14-May-19	17,150
	175,000	0.43	01-Jul-19	75,250
	100,000	0.41	02-Sep-19	41,000
	120,000	0.66	28-Sep-19	79,200
	100,000	0.57	17-Jan-20	57,000
	59,000	0.50	18-Feb-20	29,500
	2,125,000	0.70	31-Mar-20	1,487,500
	500,000	0.70	11-Apr-20	350,000
	75,000	0.70	18-Jul-20	52,500
	35,000	0.56	02-Sep-20	19,600
	65,000	0.50	22-Sep-20	32,500
	272,250	0.32	02-Sep-21	87,120
Sub-Total	7,788,250			5,935,580
Warrants	881,806	0.50	12-Dec-11	440,903
	6,739,517	0.65	12-Dec-11	4,380,686
	2,000,000	0.65	8-Jan-12	1,300,000
	6,865,221	0.40	17-Feb-12	2,746,088
	9,946,200	0.40	3-Mar-12	3,978,480
	2,850,000	0.65	5-Mar-12	1,852,500
	60,000	0.65	29-Mar-12	6,093,751
	9,375,001	1.00	15-May-12	1,250,000
	1,250,000	1.00	20-Jun-12	312,500
	312,500	1.00	19-Jul-12	4,045,834
	4,045,834	0.40	17-Feb-13	1,582,800
	3,957,000	0.40	3-Mar-13	1,582,800
Sub-Total	48,283,079			29,566,342
FD Shares Outstanding	257,758,194			

LEGAL DISCLOSURE

Investment Recommendation Rating System

Top Pick: The stock represents our best investment ideas, the greatest potential value appreciation.

Strong Buy: The stock is expected to deliver a return exceeding 13% over the next 12 months.

Buy: The stock is expected to deliver a return between 9% and 13% over the next 12 months.

Hold: The stock is expected to deliver a return between 5% and 9% over the next 12 months.

Sell: The stock is expected to deliver a return lower than 5% over the next 12 months.

Speculative Buy: Stock bears significantly higher risk that typically cannot be valued by normal fundamental criteria. Investment in the stock may result in material loss.

Distribution of Ratings, as of September 30th, 2011

Rating	Coverage Universe
Top Pick	4%
Strong Buy	39%
Buy	14%
Speculative Buy	18%
Hold	0%
Tender	0%
Not Rated	25%
Sell	0%
	100%

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