Metanor Resources Inc.

March 21, 2014

TSX Venture – MTO: C$0.22 – 12 Month Target: C$0.50 - $0.70, (US Listing: MEAOF) (Frankfurt: M3R)

Company successfully reached commercial Gold production at Bachelor – initial cash costs are US$766/oz
Gold production stabilized at over 4,000 oz/month, targeting over 6,000 oz Gold/month in the near future
Continued drilling success expected to dramatically increase mineable resources and extend mine life in 2014

Background: In November, 2013, Metanor reached a milestone that few mineral resource companies achieve – reaching commercial Gold production at Bachelor Mine and mill. Since, 2006, when Metanor acquired the remaining 50% interest in the project (to 100%) and becoming operator, this has been its core objective. As a past producing operation, the plan was to leverage the mill / infrastructure at Bachelor to restart mining. In 2011, MTO completed a positive Pre-Feasibility on Bachelor as a stand-alone asset, using the resource estimate as calculated in 2005. In June 2012, the Company completed its bulk sampling campaign. From that point, it became a matter of permitting and completion of all the many mine development activities required to reach commercial mine status.

In 2013, MTO also completed an extensive definition drilling program in order to precisely define the stopes for mining over the next 12 months (with 9,164 m from Sep/13 – Dec/13 alone). This has been successful in defining stope boundaries and grades (for efficient mining operations, as is now the case) and will continue as an integral part of ongoing operations in any underground mine.

Investment Synopsis: The achievement of commercial production has clearly solidified trading in MTO stock. With that as a base and with better access for underground drilling made possible by this new mine development, MTO has increasingly focused on increasing resources and reserves for a longer mine life and higher enterprise value. This drilling has been highly successful in 2013: ❶ verifying extensions to the Main, A, and B veins (not formerly developed in the west due to the property boundary), ❷ locating the continuity of the western extensions of the vein systems (a deformation shift 300' south), ❸ confirming the extension to depth of the Main vein (eastern part of the mine), Underground drilling begins on levels 8 and 14 during calendar Q1/2014, ❶ targeting the Main vein at depth *below the known actual indicated resources* (from level 14) and ❷ the Hewfran sector further west between level 12 and 6 (drilled from level 8). Immediately, the program has been a success below 14 (now established to level 18). These results, combined with prior exploration efforts, opens up very real potential for very significant increases to resource in 2014, potentially doubling or tripling them. Given that historic mines in the Abitibi Greenstone belt have produced for decades, continually finding additional resources at depth, recent events bode well for the very long term. Additional upside is provided by new underground exploration programs (horizontal drilling to attempt to locate new, parallel vein structures, evidence of which is provided at surface. Bottom line, this is a very well run, low cost mining operation (low AISC) with very significant exploration upside which can be expected to be realized during 2014.

Illustrative Gross Value Assuming Increase in Mineable Resources				
Assumed Total Ounces		500,000	750,000	1,000,000
Revenue (net of 20% participation)	$1,350	590,000,000	885,000,000	1,180,000,000
- Assumed All in Sustaining Costs	$920	460,000,000	690,000,000	920,000,000
Gross Pretax Cash Flow		**130,000,000**	**195,000,000**	**260,000,000**
Gross Pretax Cash Flow ($Cdn)		**144,444,444**	**216,666,667**	**288,888,889**

Value Drivers

- **Well Run, Efficient Operations**. Metanor reached commercial Gold production at Bachelor and recently announced cash operating costs of US $766 (Feb 28 news). Given the significant amount of capitalized development, All-In-Sustaining-Costs (AISC) are expected to be low at ~US$920/oz based on current operating parameters once at full capacity.
- **Exploration Upside**. With mining operations well in hand, Metanor is being successful in executing its new priority #1 – increase mineable resources. It has located the displacement of the main zone 100m to the west and successfully intersected the main zone at depth. The obvious inference is that this zone continues from depth and may well link up with the known resources at Hewfran (from level 14 virtually to surface at Hewfran) – & possibly double / triple resources (see diagram p.6). MTO will attempt to prove this up in 2014. Strong additional potential exists from a new program to drill laterally at depth (both Northward & Southward at depth) to locate new vein structures that are expressed at surface. In addition, underground drilling between Bachelor and Hewfran should allow additional resources to be located. Further to the north, historical gold showings merit follow up. Given mining experience in the area (going to depths of several thousand feet) additional depth potential will be tested over time. There is no shortage of exploration potential at Bachelor.
- **Potential Acquisition / 2nd Mining Operation**. There is an abundance of mining properties within 100 km of Bachelor, and Bachelor has the only mill in the area. As Bachelor has successfully ramped up to a comfortable operating level, with an easy ability to expand milling operations, an acquisition / strategic partnership is something that makes sense over the short, medium, and long term and should be expected to add significant value. With stable mining and milling operations now in hand, Metanor can now execute on this strategy.

Share Data ($Cdn)

Recent Price:	$0.24
52-week Price Range:	$0.07 - $0.28
Shares Outstanding:	267.3 million
Fully Diluted Shares:	~280 million

Capitalization ($Cdn):

Market Capitalization:	$66.8 million
Net Working Capital (12/31/2013):	($8.2) million

Corporate Information:

President, CEO:	Ghislain Morin
Website:	www.metanor.ca

Several Potential Value Catalysts in 2014 – Potential $125-$175+m mkt cap, $0.50-$0.70 / share.

- Increasing Bachelor production & resources / reserves.
- Identification of parallel vein structures at Bachelor.
- Acquisition of an additional mining property near Bachelor. [Figures calculated at US$1300 gold]

BACHELOR GOLD MINE (100% owned)
(in production, current 200,000 P&P oz)
Abitibi Greenstone Belt, Quebec
(6,721.06 hectares)

Background

Bachelor Gold Property includes two blocks that have historically had different ownership.

1. **Bachelor claims**. This eastern block has had a lengthy exploration history and is a past producer from 1982 until 1989 (958,368 tons of ore @ 0.136 oz/t Au for a total of 131,029 oz refined gold). Metanor acquired these claims in 2004, which had an option to Halo Resources. Halo Resources successfully completed their work commitment with a major underground drilling program (69 holes, 13,346 m) and resource estimate in *2005* (this estimate was used in the *2011* PreFeasibility Study). Metanor purchased Halo's interest in 2006 (bringing its' ownership to 100%) and became operator.
2. **Hewfran claims**. This western block comprises 38 claims. Metanor acquired the right to acquire the property from Aur Resources Inc. (now Teck), conditional to a work commitment of $1.6M. Metanor satisfied this commitment and consolidated the property interests in *2007*.

2005 Resource Estimate

Underground Mineral Resource				
		Bachelor	**Hewfran**	**Total**
Measured	Tonnes	177,898	14,696	192,594
	Grade (g/t)	8.83	8.50	8.80
	Oz of gold	50,487	4,018	54,504
Indicated	Tonnes	465,928	183,069	648,997
	Grade (g/t)	7.63	7.14	7.49
	Oz of gold	114,329	42,024	156,352
Total Measured + Indicated	Tonnes	643,826	197,765	841,591
	Grade (g/t)	7.96	7.24	7.79
	Oz of gold	164,815	46,042	210,857
Inferred	Tonnes	207,517	218,630	426,148
	Grade (g/t)	6.76	6.30	6.52
	Oz of gold	45,083	44,283	89,366

Reported using 3.43 grams per tonne cut-off.

The mine site included surface infrastructures, hoist room, shaft house, mill, tailing pond, and core shack. The infrastructure was considered to be in generally good condition but required modifications and rehabilitation to work underground for future exploration programs. In 2007, Metanor embarked on an aggressive program to place Bachelor back into production, with a plan to use mill feed from the Barry deposit, located 114 km to the southeast. This deposit had been acquired in 2006 at little cost and had 35,500 oz Au of indicated and 67,600 oz Au inferred resources (269,000 t @ 4.1 g/t, 450,000 t @ 4.68 g/t respectively – these were 43-101 compliant resources). The Barry deposit was used as a temporary interim source of ore to test equipment at Bachelor mill before the Bachelor underground comes online. Additionally, it was envisioned that cash flow from this program would help pay for underground development at the Bachelor mine along with underground exploration to identify, delineate and mine additional resources.

The mill was completely renovated and put into operation in January 2008. The grinding capacity was increased by the addition of a new ball mill the same year, raising the throughput to 700 tonnes per day. The compressor room and compressors were also completely overhauled. A rod mill was commissioned in February 2010 increasing grinding capacity to over 1,000 tonnes per day. Major work has been completed to upgrade the original tailings ponds to current regulation. A camp facility was built to house personnel approximately two km from the mine, with potential for expansion. The assay laboratory is on site. The site is equipped with automated back-up diesel generators. The hoisting infrastructure was refurbished in 2009. Currently the site is fed by 4 MVA from Hydro Quebec and is sufficient for the current plan. In short Bachelor became a turnkey, completely functional millsite.

The Barry deposit fulfilled its original purpose, in part, as a temporary interim source of ore to test equipment at the Bachelor mill as Metanor readied to mine the known Bachelor resource. Barry sourced ore was terminated due to high transportation cost, gold price below $ 1000, and lower grade -- full attention was turned to mining high-grade underground Bachelor.

In January 2011, Stantec Consulting Ltd. completed a Prefeasibility Study for the Bachelor property utilizing resources as calculated by InnovExplo Inc. in a 2005 43-101 tech report. The site mine engineering team prepared a mineral reserve on a stope by stope basis and prepared an operating and capital cost associated with this reserve. Stantec audited this work. GENIVAR provided metallurgical data for the report.

2011 Mineral Reserves

Underground Mineral Reserves				
		Bachelor	**Hewfran**	**Total**
Proven	Tonnes	178,359	14,734	193,093
	Grade (g/t)	8.36	8.05	8.33
	Ounces of gold	47,930	3,814	51,743
Probable	Tonnes	467,135	183,543	650,679
	Grade (g/t)	7.23	6.76	7.10
	Ounces of gold	108,538	39,895	148,433
Total Proven-Probable	**Tonnes**	**645,494**	**198,278**	**843,772**
	Grade (g/t)	**7.54**	**6.86**	**7.38**
	Ounces of gold	**156,467**	**43,710**	**200,177**

The ore resources are largely located beneath the last current mine level (Level 12). Opening two levels below Level 12 would allow nearly all of the available ore resources to be recovered. The resources remaining below Level 14 would then be tested and evaluated by diamond drilling.

The project schedule to achieve full commercial production was as follows:

- Deepen the shaft 163.37 metres (536 ft);
- Develop two new operating levels and infrastructure;
- Complete a 5,000 tonne bulk sample;
- Ramp up production in; and
- Achieve full commercial production, averaging 5,000 oz per month

CURRENT STATUS

In January, 2014, Metanor announced that it produced **4,514 ounces** of gold during the month of December, which brings the total production for the quarter ending Dec. 31, 2013, at 12,751 ounces of gold. The ounces produced in December came from the development activities on levels 14, 13, 12, 11, 10 and 8, as well as from stopes on levels 13, 12, 11 and 10, for a total of 21,106 tonnes of ore at a feed grade of 6.82 grams per tonne with a 97.5-per-cent recovery. Metanor now has the benefit of accessing several levels concurrently, which allows for continuous production at optimal levels (i.e. it can cease mining at certain levels to prepare more stopes, or for more lateral development, etc.).

Metanor was continuing with development activities on all levels mentioned above. Also in December, Metanor began the development toward the ore zones on level 10.

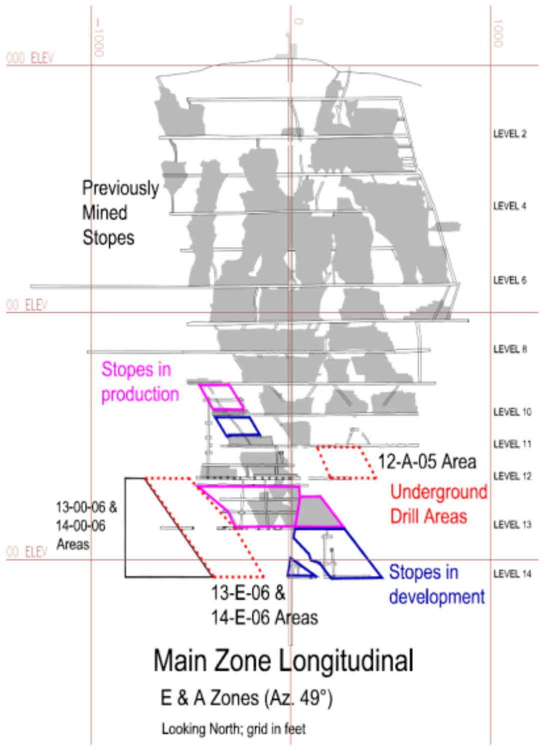
On February 13, 2014, Metanor announced that the underground team developed a record 690 metres of drifts and sublevels during the month of January alone, allowing for the opening of many stopes on different levels. As a result, the mine had eight active stopes during the month of January, allowing for a constant feed to the mill.

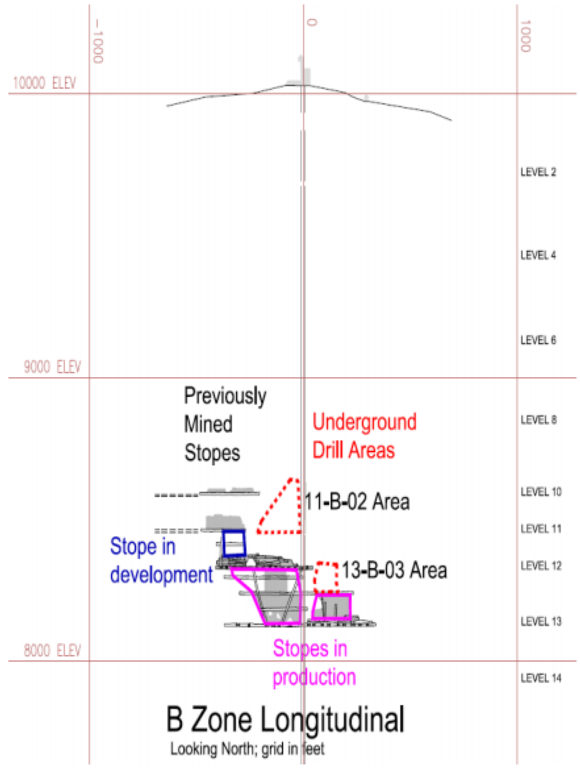
The production history since September, 2013 is as follows:

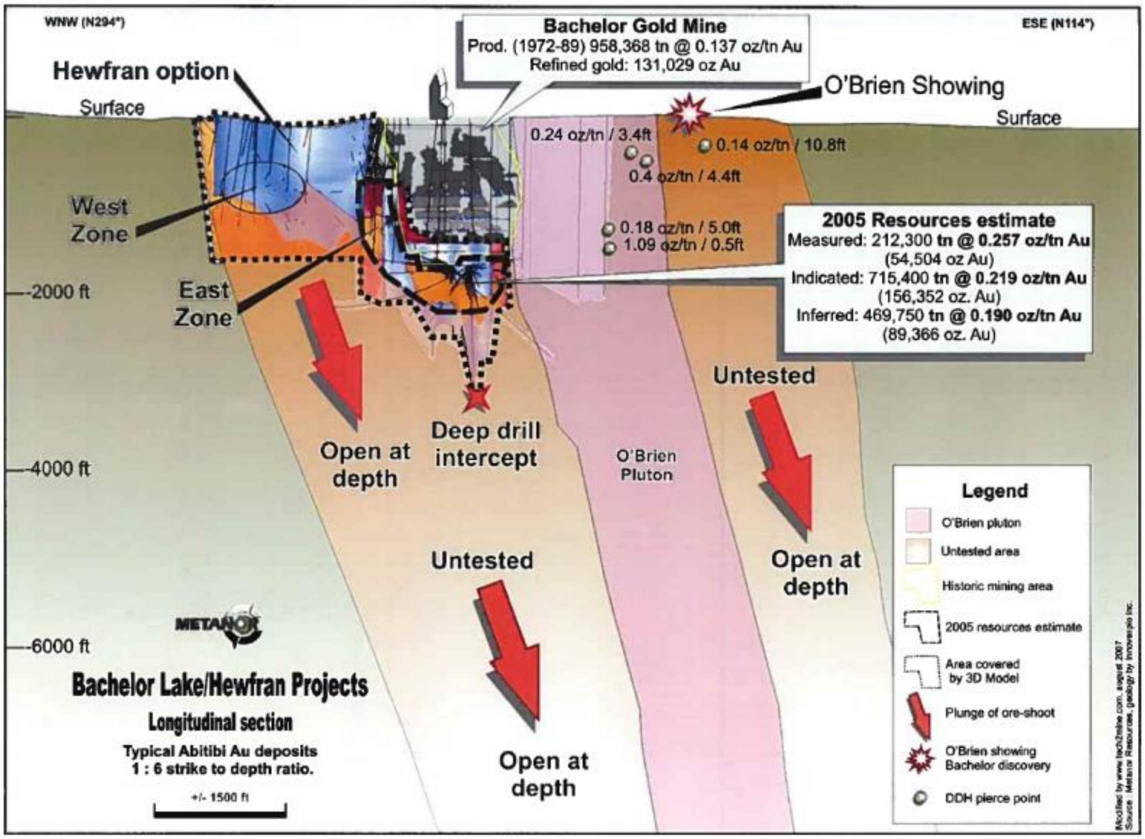
Production Ramp Up	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
Tonnes Mined	16,848	21,223	20,313	21,106	21,407	18,612
Feed Grade	6.14	6.15	6.52	6.82	6.06	7.31
Recovery	97.2%	97.3%	97.5%	97.5%	96.6%	96.8%
Ounces Produced	**3,231**	**4,082**	**4,154**	**4,514**	**4,028**	**4,234**

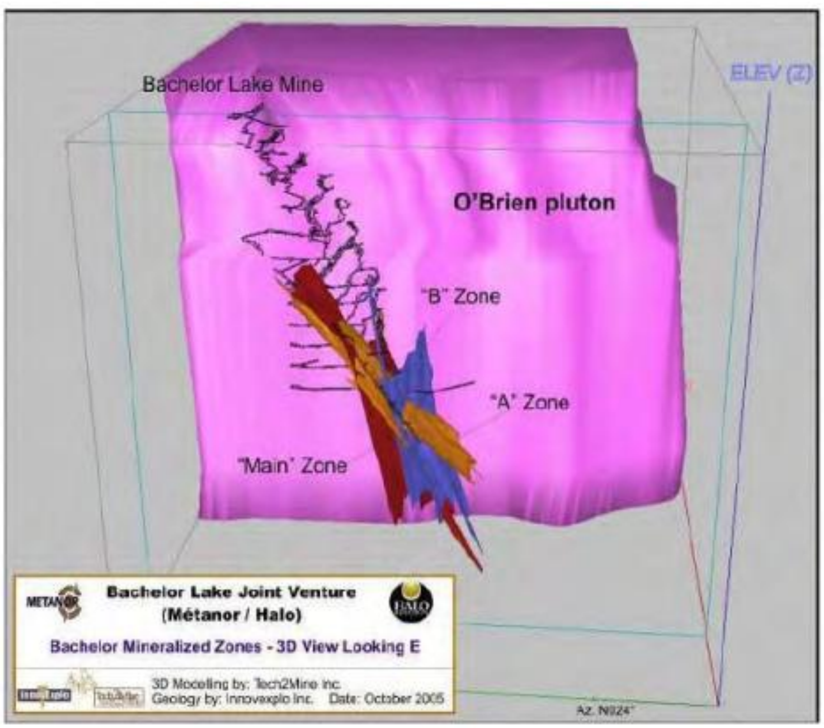
The higher grade in February is the result of the mining of two stopes with higher grades and the execution of a rigorous dilution control program (note that the production was lower in February owing mainly to the short 28-day month).

Clearly, Metanor has reached a comfortable production rate of approximately 675 tonnes per day, or about which is about 85% of capacity.









EXPLORATION – THE FUTURE OF THE BACHELOR MINE

In calendar Q4, 2013, Metanor continued with definition drilling to define the stopes (boundaries and grades) for mining over the coming 12 months. A total of 9,164 m of definition drilling was completed during that quarter alone. It was announced that over the coming quarters, the company would continue to drill on level 6, 10, 11, 12, 13 and 14 as part of this ongoing program.

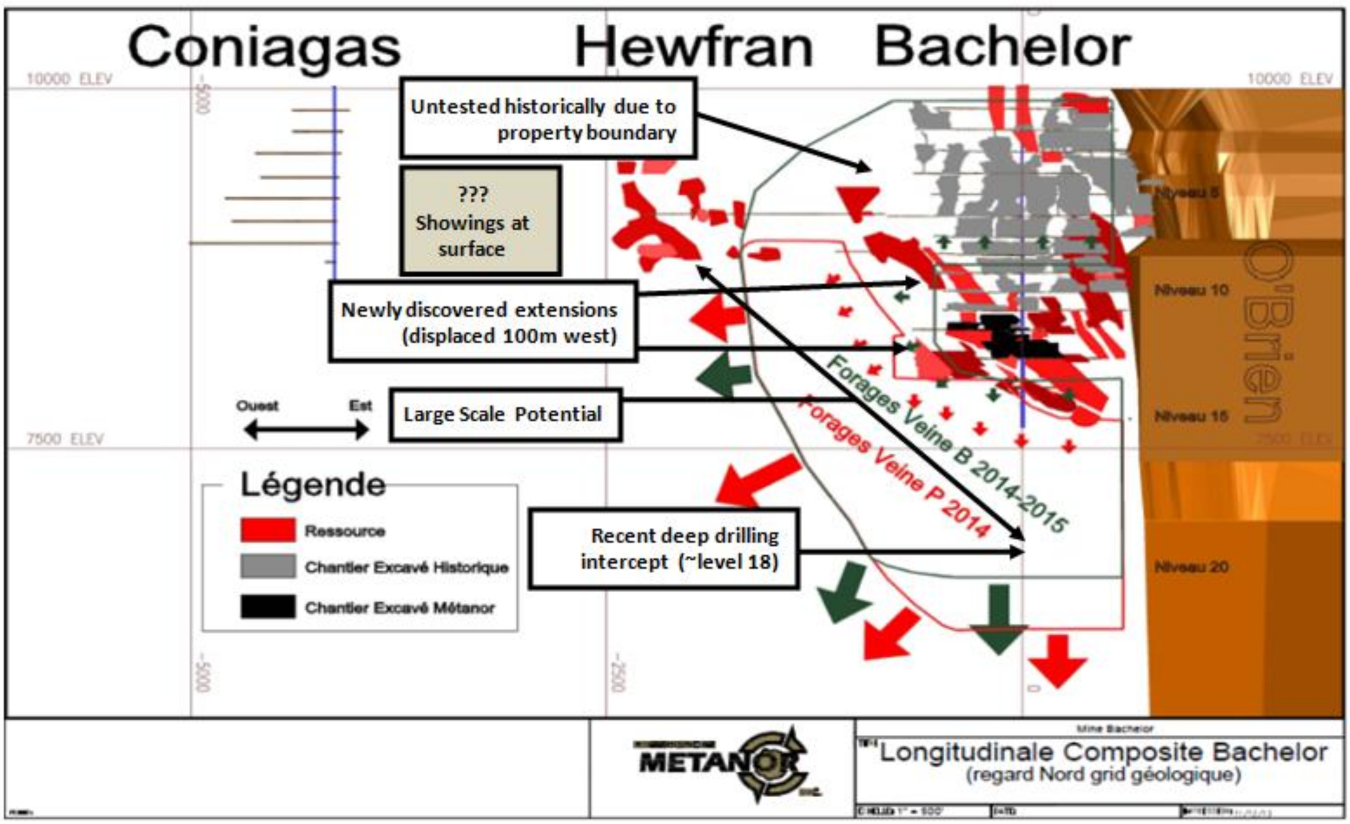
As the mine reached commercial production, in addition to the ongoing operation, Metanor increasingly turned its attention to locating new resources and reserves, to extend the mine life. For example, in 2013, Metanor was successful in;

- Verifying extensions to the Main, A, and B veins (not formerly developed in the west due to the property boundary).
- Locating the continuity of the western extensions of the vein systems (a deformation shift 300' south) – this is very important for several reasons (see below).
- Confirming the extension to depth of the Main vein (eastern part of the mine).

Exploration drilling is now built around these successes, and underground was to begin on levels 8 and 14 during the first quarter of 2014.

- On level 14, the drill program was to target the Main Vein at depth to confirm the expansion of the ore body below the known actual inferred resources.
- On level 8, the program is to target the Hewfran sector further west between levels 12 and 6.

Again, this has been a success, confirming the presence at depth of the Main vein (Feb 20 news). This offered encouragement to drill deeper, which again has been a success, intersecting the extension of the main vein 244 m below level 14 (around level 18). Combined with previous results (which resulted in new resources being identified), this recent result at depth opens up very real potential for very significant increases to mineable reserves in 2014.



Important Notes to Diagram:

1. Shading (gray) –mined (1980s)
2. Shading (black) – Metanor mining (2012 – 2014)
3. Shading (light red) – Main Vein (Veine Principale)
4. Shading (dark red, western sections) –E Vein (newly discovered main vein, displaced 100m to the west).
5. Shading (dark red, eastern sections) –A Vein
6. Deep drilling located the Main Vein @ around level 18 – due to orientation of the vein structures, known reserves and resources at Hewfran, & known displaced vein structures now located, strong potential for a continuous vein structure from depth to Hewfran for significant resource increase.
7. Resource is open at depth

Current Efforts

With these results in hand, Metanor is pressing forward on several fronts:

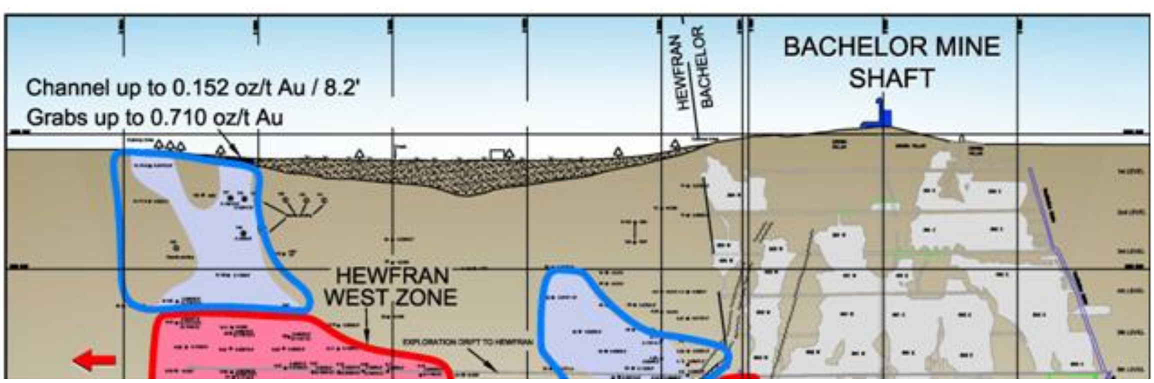
- On level 14, additional drilling at depth to establish continuity and expand the envelope.
- On level 8, drill the area between Bachelor and Hewfran.

If this drilling is successful, it should allow Metanor to double or more the current resource during this year.

ADDITIONAL EXPLORATION EFFORTS

During the current year, Metanor also expects to test 3 highly critical and prospective targets, each of which also offers very significant potential for additional ounces.

- **Additional parallel veins**. From surface at Bachelor, it is known to have gold showing north of the main vein. Therefore, Metanor intends to drill several horizontal holes from underground to test for these subparallel structures. These would be oriented north and south (i.e. with reference to the diagram above, these would be oriented inward and outward of the page as viewed). If these are located at depth, this would obviously open up huge potential. Now that it is known that the resource is displaced at depth approximately 100m (300'), it is now thought that the drilling from surface to locate these vein structures at depth missed the mark by this displacement (i.e. it was "behind" them).
- **Hewfran Area**. As noted, historically the Hewfran property was under separate ownership. The area from the known resource at Hewfran to the boundary with Bachelor has been drill tested before, with little result possibly because of the structure offset. It can now be tested from underground with much more precision, now that the orientation is known (note – in may ways drilling from underground can be much more targeted, as the precise orientations of the structures are known, once found).
- **West of Hewfran, Toward Coniagas**. Further west, toward the Coniagas past producing, high grade zinc mine, there are known gold showings (i.e. Agar #1, Agar #2). These showings were noted in the 2005 tech report as is also owned by Metanor. These targets may be tested in a future drill program.



IMPORTANT NOTE ON CASH COSTS

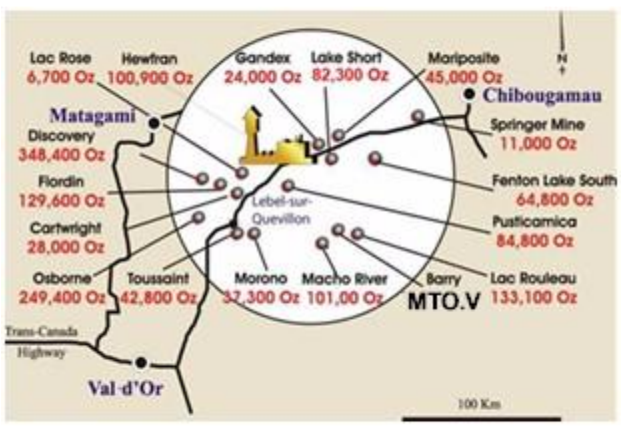
Metanor recently reported on February 28, 2014 financial results for its initial period as a commercial gold producer at the Bachelor gold mine and mill. The company reported $766 (U.S.) cash costs per ounce. This clearly shows an efficient operation that delivers excellent recovered grades. However, the good news goes beyond the cash cost argument and extends to the all in sustaining costs (AISC). At Bachelor, these additional costs are expected to be quite low, amounting to approximately $200k per month for sustaining capital and approximately $100k per month for exploration drilling (development drilling is included in operating costs), and 350k for the admin G&A. Thus, at a current run rate of 4,000 ounces per month, this would add about $50 / oz. for sustaining capital and $25 / oz for exploration drilling, for a total of about $910 - $950 /oz. AISC. This is excellent when compared to its peer group.

In terms of explaining these figures, there are several factors to consider:

- Shape of the deposit (sub vertical which allows gravity to work effectively)
- Long hole mining technique.
- Very good rock competency (i.e. inspection of the 25 year old stopes as part of compiling past tech reports showed excellent integrity after those many years).
- Past capitalization of the costs of drift development (opening up all the current levels and drifting prior to commercial production was capitalized).
- Low dilution and good in-situ grade.

ADDITIONAL POTENTIAL FOR ACQUISITIONS IN THE AREA

As has been pointed out in the past, there continues to be potential for adding ounces from any number of deposits within a reasonable distance from Bachelor. Of note, 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. Below is a sampling of known smaller gold deposits that warrant attention:



EMPHASIS ON PROFITABILITY & GROWTH

Metanor now has 3 priority goals:

1. **Life of Mine** – Ensuring the longevity of the Bachelor Mine – successful mining combined with increasing resources and reserves.
2. **Balance Sheet** – Ensuring that operations are profitable on an all in basis in order to bring the company into a positive working capital position.

3. **<u>Growth Through a Second Mine</u>** – Either acquire another mining operation within 100km or develop another mine internally.

FINANCIAL POTENTIAL

Shown below is an illustrative financial potential of the mining operation in terms of the gross pretax cash flow, assuming various levels of mineable resources. This would exclude the effect of a major capital program to develop any additional infrastructure required (i.e. shaft deepening). Importantly, these calculations include the effect of the Sandstorm gold participation (20% of production is sold to Sandstorm at $500 / oz). Bear in mind that Metanor now has available non-capital losses of over $50 million to shield future income.

Illustrative Gross Value Assuming Increase in Mineable Resources				
Assumed Total Ounces		500,000	750,000	1,000,000
Revenue (net of 20% participation)	$1,350	590,000,000	885,000,000	1,180,000,000
- Assumed All in Sustaining Costs	$920	460,000,000	690,000,000	920,000,000
Gross Pretax Cash Flow		**130,000,000**	**195,000,000**	**260,000,000**
Gross Pretax Cash Flow ($Cdn)		**144,444,444**	**216,666,667**	**288,888,889**

SUMMARY – BACHELOR MINE

All signs at the Bachelor operation bode well for the future

- Current mining operations are efficient and future performance appears relatively predictable as a steady state operation.
- Operating costs are relatively low by industry standards.
- Exploration drilling has been highly successful.
- The operating team at Bachelor has an excellent understanding of the shape and orientation of the veins, which *<u>now</u>* facilitates relatively low risk exploration for additional resources.
- Recent successes show strong potential for a doubling or tripling of resources in 2014.
- Given past mining experience in the prolific Abitibi Mining Camp, the mines in this area can go to significant depths (i.e. thousands of feet) and thus far the deposit at Bachelor appears to be continuing at depth to offer similar potential.
- There is strong potential for growth through acquisition.

VALUATION SUMMARY

The value drivers and potential catalysts mentioned in this report harbor near-term potential to result in C$125-$175 million market cap for MTO.V, translating to C$0.50 - $0.70 per share. The aforementioned target was calculated at US$1300 gold. However, if a gold price of $1600 per ounce is used, these numbers increase to C$0.75 and $1.00 respectively due to share price sensitivity to underlying commodity prices.

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Aside:

This report focuses on Metanor's flagship Bachelor mine and mill. It is not intended to be a complete overview of Metanor Resources Inc. nor does it provide a complete listing of Metanor's projects.

Other noteworthy deposits in Metanor's portfolio include the Barry Gold Project (100% owned), Dubuisson Property (100% owned), and Nelligan Property (70% owned). The Barry Gold Project represents a significant asset and readers should be aware of its details;

Barry Gold Project, Quebec (located ~65 km from Bachelor, 114 km by road): The 100% owned Barry property resource estimate now sits at 309,500 oz Gold of Indicated Resources (7,701,000 t at 1.25 g/t Au) and 471,950 oz gold of Inferred Resources (10,411,000 t at 1.41 g/t Au) and is wide open for large resource growth expansion. The current 1km strike at Barry is potentially 13km, there are in excess of 150 anomalies outside the pit area. The Barry open pit is located ~9 km from the Windfall property presently owned by Eagle Hill Exploration. Metanor has found the gold system at Barry and only needs to now track it. The Barry deposit is a potential 10M+ ounce target; the independent international professional geological firm SGS Geostat has identified Metanor's Barry deposit as comparable in potential to rival other multi-million ounce deposits such as Osisko's Malartic gold deposit & Detour Gold's Detour deposit.

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