

Metanor Resources Inc. TSX Venture – MTO, (US Listing: MEAOF) (Frankfurt: M3R)

November 5, 2014

Metanor Resources Inc. is a Canadian gold producer that commenced commercial gold production on December 1, 2013 at its 100% owned flagship Bachelor mill and mine located along the prolific Abitibi Greenstone belt in mining-friendly Quebec. The mill currently operates at ~700 TPD yielding >50,000 oz gold per annum. Bachelor is a rich underground mine with grades upwards of 26 g/t gold with an average grade of 7.38 g/t gold (fully diluted using long hole). The Bachelor mill is uniquely positioned sitting geographically as the only mill located within 200 km in a gold rich district.

Operationally sound gold producer -- ‘We estimate Metanor operated at approx. \$13 million EBITDA for the full year’:

Analysis of Metanor’s latest year-end financials, ending June 30, 2014 (released October 27, 2014), reveals an operationally sound gold producer hitting its stride. Metanor commenced official commercial gold production status on December 1, 2013 -- accounting principles mandate the financials reflect revenues for only the months of production since attaining designated ‘producer’ status, thus only 7 months of operations are reflected yet it must (harshly so) account for one full-years burden of admin expenses with no revenue against it (the 5 months of revenue and costs (to operate) for the period prior to producer status are capitalized to plant & equipment on the balance sheet). Extrapolating the numbers, earnings before interest, taxes, depreciation (& depletion), and amortization (EBITDA) -- it appears Metanor operated at ~\$13 million EBITDA for the full year (using basic extrapolated data and assumptions, i.e. amortization at \$1.21 million per month, ~\$23.5M revenue and \$19M costs to operate for the 5 months prior (source: note 7 page 28 of the financials), etc...). Even more impressive is the last quarter (Q4 2014 (April, May, June)) **we estimate Metanor yielded ~\$4.5 million EBITDA in that quarter alone**. On a straight accounting basis, key highlights of that last quarter’s financials reflect the most current operational performance metrics of Metanor:

- Gold sales of 12,468 ounces on gold production of 13,083 ounces.
- Net Income of \$ 1,078,441 for the quarter.
- Milled 61,905 tonnes of ore at a feed grade of 6.8 g/T and a recovery of 96.9%.
- Cash Cost of \$873 per ounce sold in Q4 (US\$786/oz at an exchange rate of US\$0.90/CA\$1.00).
- Sustaining cost of CND\$1,051 per ounce sold (US\$946/oz using an exchange rate of US\$0.90/CND\$1.00).
- All-In cost of \$1,123 per ounce sold in Q4 (US\$ 1,010/oz at an exchange rate of US\$0.90/CA\$1.00).

De-risked: Metanor’s operations have had site visits from qualified analysts this year and received accolades from several noteworthy seasoned mining experts, all have noted the Metanor management team as having “*substantially de-risked the project through performance in production*” (source 1, source 2) – Metanor’s latest financials affirm their analysis.

Note on all-in-sustaining-costs (AISC) and use of funds: For comparison, some of the latest published figures on worldwide average AISC across the spectrum of gold producers globally is US\$1,018/oz, this places Metanor (at \$1,010/oz) smack in the middle of the pack. On a cash flow basis Metanor is steady-flat (averaging \$5 - 6 million cash and gold on hand) as its highest and best use of excess funds to date has been to reinvest capital into growing the resource -- the Company is still drilling and watching its cash, it has indicated it intends to drill 65,000 meters (definition and exploration at Bachelor) for the 2014-2015 year. Metanor has the option to hold-back on drilling to adjust for critical moves in the underlying commodity if need be, it has an ample buffer to react accordingly. Debt-wise to the province of Quebec, as of November 2014, Metanor only has four monthly payments of \$466,666 left plus a final payment in March of \$200K. This will leave Metanor with only one ~\$10 million convertible debenture outstanding. Clearly Metanor is currently sitting relatively well in a tough market.

Valuation commentary:

Initial price target is ‘Book Value’

MTO.V is extremely undervalued compared to its book value of \$0.1952/share, the current share price is near \$0.075/share (with 296,557,733 shares outstanding the current market capitalization is ~\$22.3 million). A logical initial share price target for MTO.V stock is \$0.20/share (its current book value), Metanor is currently trading at less than half its current book value and this is after it wrote-down ~\$10 million of assets last year. As gold retrenches, and strengthens, MTO.V harbors potential to leverage to a multiple of book value and a multiple of earnings. MTO.V is currently trading at a fraction (near 1/4) of its infrastructure (replacement) value alone, ignoring the ~1.6 million oz global gold resource in all categories (on all properties), and ignoring the large resource growth potential. MTO.V also offers a significant latent tax savings windfall value for a future acquirer with a loss-carry-forward on the books of ~\$40 million, the impact could generate \$12 million - \$15 million in tax credits.



Share Data as of November 4, 2014 (\$Cdn)

Recent Price:	\$0.075
52-week Price Range:	\$0.065 - \$0.28
Shares Outstanding:	296.5 million
Fully Diluted Shares:	~330 million

Capitalization (\$Cdn):

Market Capitalization:	\$22.3 million
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Corporate Information:

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

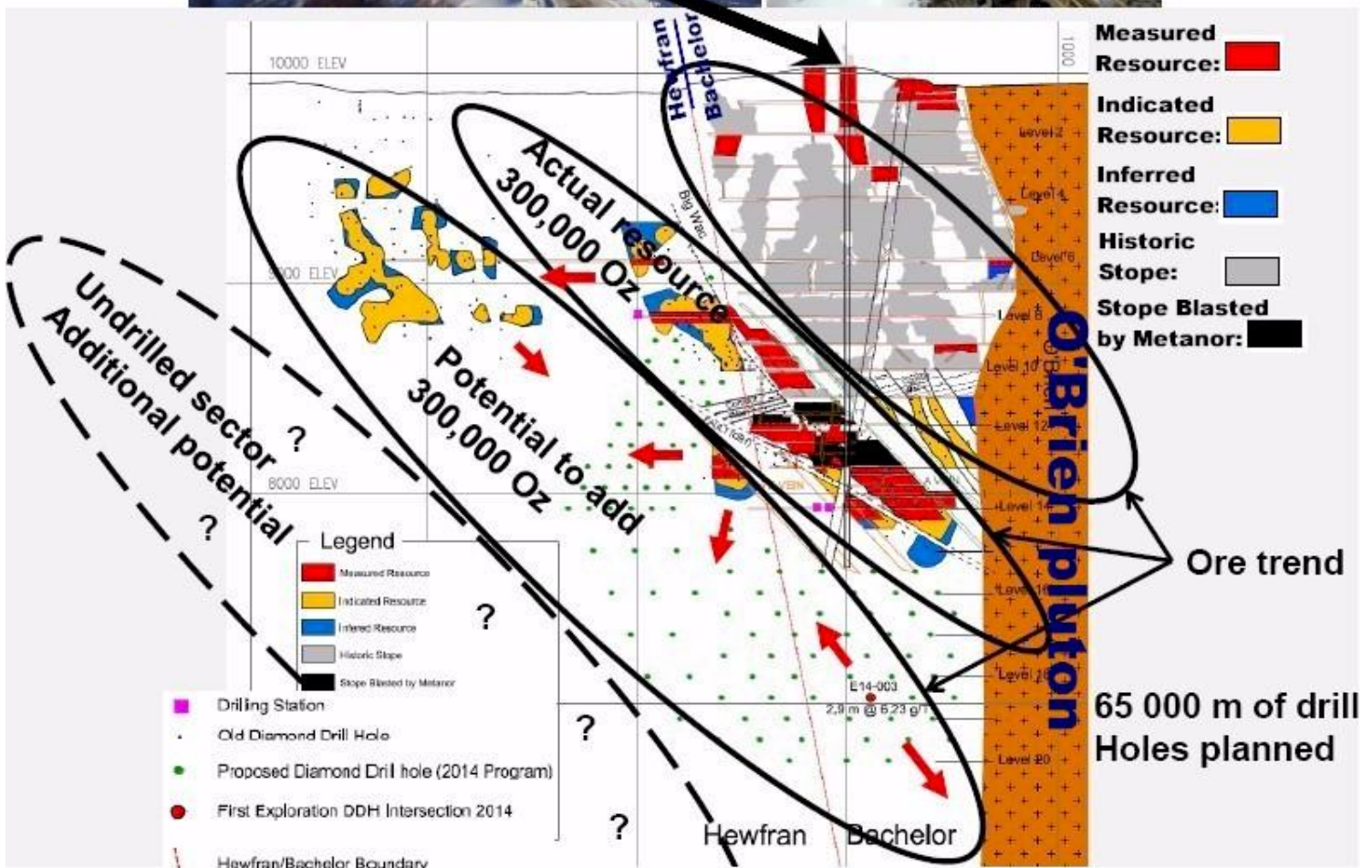
A 30% increase in the price of physical Gold could easily translate to a 200+% increase in the share price of MTO.V.

Symptomatic of the out of favor general market climate for gold mining equities, MTO.V is essentially trading at liquidation value, despite being well run. When sector rotation does occur, first movers positioned in MTO.V appear poised to be richly rewarded. Production metrics aside, the Company also has large upside catalyst potential on the horizon from ① exploration upside, ② potential acquisition/strategic moves, ③ second mining operation.

BACHELOR GOLD MINE & MILL

100% owned • 200,000 P&P oz (2011) • Abitibi Greenstone Belt, Quebec • 6,721.06 hectares

Metanor's Bachelor mine was built alongside a pluton discovered on its property (a granite intrusion understood to be the main driver of gold). Metanor currently has resources at Bachelor in all categories of ~300,000 oz Au (see page 3 for breakdown) and is open in all directions at depth with a plan/target to upgrade toward 1,000,000 oz. The shaft at the Bachelor Gold Mine has been sunk to 2,400 feet so as to access known resources at that level, however it is believed the gold runs much deeper and Metanor is in a position to identify 1.5+ million ounces going forward. The two main veins at the Bachelor Lake Gold Mine run parallel and are 75 feet apart at an 80 degree angle. There appears no shortage of high-grade gold, successful miners in the Abitibi area typically have a few years of production lined up ahead of time and just keep going for decades, adding as they go, Metanor is the same. Greenstone belts run deep, there are mines at 8,000 – 10,000+ feet such as area miners Aur Resources (now Teck Cominco), Agnico-Eagle and Sigma. The gold grade at the Bachelor property increases at depth and the strike is open in all directions at the 2,400 foot mark. The company has deep-hole intercepts at ~3,500 ft.



Bachelor Gold Property includes two claim blocks (Bachelor & Hewfran) 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. 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. A large part of Hewfran is untested historically due to the property boundary and holds immense potential. The area from the known resource at Hewfran to the boundary with Bachelor has been drill tested before, with difficulty because of the structure offset -- it can now be tested from underground with much more precision, now that the orientation is known. In many ways drilling from underground can be much more targeted, as the precise orientations of the structures are known, once found.

2011 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

2011 Underground Mineral Reserves

		Bachelor	Hewfran	Total
Proven	Tonnes	178,359	14,734	193,093
	Grade (g/t)	8.36	8.05	8.33
	Oz 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
	Oz 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
	Oz of gold	156,467	43,710	200,177

Metanor has opened levels 12, 13, and 14, facilitating access to nearly all of the available ore reserves. The resources remaining below Level 14 are successfully being tested and evaluated by diamond drilling.

RECENT EXPLORATION AT BACHELOR

Metanor has encountered exploration success in 2014 at Bachelor that has lead to the extension of both the <> vein and <<A>> vein:

- See August 15, 2014 news release entitled "[Metanor Expands its "B" Vein Above Level 10 by Intersecting 22.75 g/t Over 2.3 Meters at Bachelor](#)".
- See March 31, 2014 news release entitled "[Metanor Extends its "A" Vein by Intersecting 9.5 g/t Over 10.1 Meters at Bachelor](#)".

Large new discovery potential: Important to note is that Metanor also has large new discovery potential at multiple targets on its ground (besides immediately adjacent the existing mine), with potential in both gold and base metals. One example would be 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.

CURRENT GOLD PRODUCTION STATUS

Metanor has reached a comfortable production rate of ~675 tonnes to 700 tonnes per day, or about which is about 85% to 87.5% of current capacity and the Company maintains its projections for the current fiscal year at 50,000 ounces of gold. The production capacity can be increased with relatively nominal capital outlay, however such a step is likely best taken when market conditions for the underlying commodity are stronger.

Metanor is leveraged to the price of gold, able to sell 80% of its Bachelor Mine sourced gold at spot prices with the balance sold to Sandstorm as per Gold Participation Agreement (GPA). Metanor is NOT restricted by its GPA from processing gold sourced from outside Bachelor.

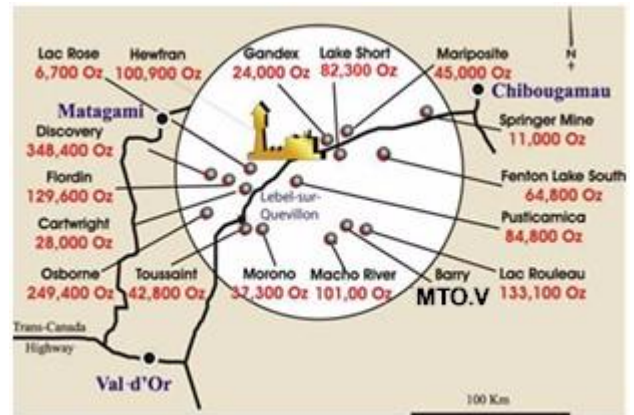
SUMMARY – BACHELOR MINE

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 *now* facilitates relatively low risk exploration for additional resources.
- Recent successes show strong potential for a doubling or tripling of resources in 2015 should Metanor pursue a resource update.
- 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.

ADDITIONAL POTENTIAL FOR ACQUISITIONS IN THE AREA

There is considerable 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. To the right is a sampling of known smaller gold deposits that warrant attention:



EMPHASIS ON PROFITABILITY & GROWTH

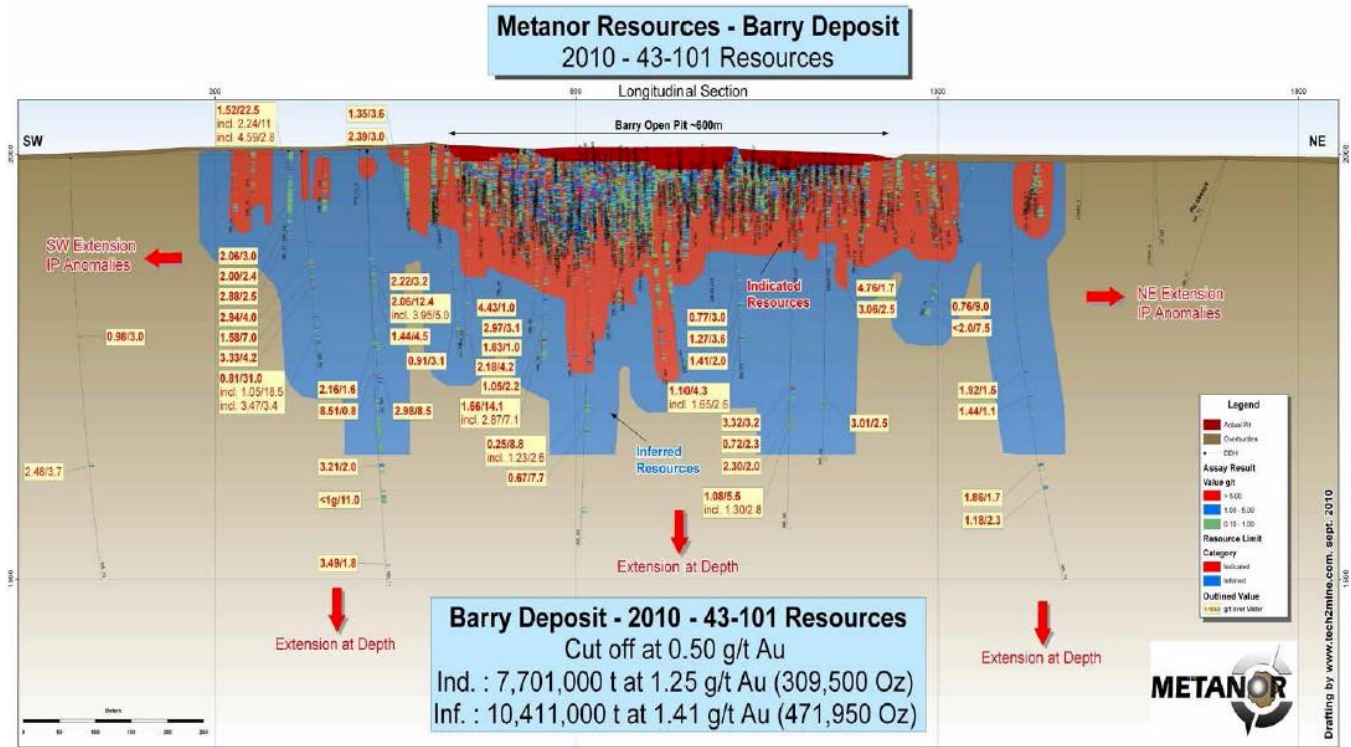
Metanor now has 3 priority goals:

1. **Life of Mine** – Ensuring the longevity of the Bachelor Mine – successful mining combined with increasing resources and reserves.
2. **Balance Sheet** – Minimize/pay off debt and ensure that operations are profitable on an all-in basis in order to maintain the company on a positive working capital position.
3. **Growth Through a Second Mine** – Either acquire another mining operation within 100km or develop another mine internally.

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 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. The 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 strike at Barry is 1km. There are in excess of 150 anomalies across 13km outside the pit area. The Barry open pit is located ~9 km from the Windfall property presently owned by Eagle Hill Exploration. ##

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