



The Journal of Canadian Emerging Resource Companies

## The Inflection Point of a Stock: Metanor Resources a Soon-to-be-Producer in Mining Friendly Quebec.

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Metanor Resources' (TSX-V: MTO) 15,000 metre definition diamond drilling campaign is on schedule to begin in June 2011 at the Bachelor Lake Mine. Fully permitted, with recent financings totaling more than \$36 million, the advanced stage exploration company is edging closer to its goal of bringing Bachelor Lake and its mill into production in 2012.

According to a press release issued April 26<sup>th</sup> "... the shaft sinking process is now over 60% complete including the development of 2 of the 3 shaft stations (Level 13 and 14) along with over 280 feet of shaft completed with less than 256 feet remaining. The shaft sinking is scheduled to be completed by the end of July and the project maintains the target of completing the bulk sample this Fall and publishing a feasibility study.

The 15,000 metre definition diamond drilling campaign at Bachelor is scheduled to begin in June 2011. This campaign will begin on surface while the shaft sinking is being executed, and move to the two new levels 13 and 14 when the sinking is completed. The results of the completed portion in this drilling campaign will be inserted into the Feasibility Study.

The project team and its independent consultants also updated the NI 43-101 Technical Report for the Bachelor Lake Project with additional information. This additional information is mostly of a technical nature. The initial project economics, resources, and reserves all remain unchanged. A copy of the new report has been filed on Sedar and is available at [www.sedar.com](http://www.sedar.com).

Serge Roy, Chairman & CEO and Ghislain Morin, President & COO both stated: "We are extremely pleased with the progress at the Bachelor Lake Gold Project as we are well on our way to complete the Bulk Sample before year-end."

### The Inflection Point of a Stock

Metanor's large portfolio and strategically staked properties, juxtaposed with its \$0.24 share price, make for an investor's dream. The company boasts 6 properties with a total gold resource of over 1.6 million ounces (NI 43-101 all categories) and intends to ramp up to 60,000 ounces annual production beginning in 2012 with the Bachelor Lake Mine.

Investors will be making comparisons to Metanor's undervalued share price and its inflection point of bringing the value of its projects and production numbers to its share price. Historically, when a company makes the stride from explorer to producer, there tends to be a disconnect in the share price and the insitu value. Once the market catches on to this disconnect, an inflection point is often seen as matching project value to market cap. Making the trek from explorer to producer.

Some companies who have done so with success are Aurizon Mines (TSX: ARZ), Semafo (TSX: SEM) and Osisko (TSX: OSK). With all of these companies it was a matter of being a junior



The Journal of Canadian Emerging Resource Companies company lying below the radar of its inflection point of matching the value of their stock to their project value. Notably, It was only in 2002 that Semafo was a mining company with a 53 million dollar market cap, Semafo is now a multi billion dollar company. It took Semafo until 2006 to produce 94, 800 ounces of Au per year. Metanor with a market cap of 48 million will produce 60 000 ounces per year as of 2012. Is Metanor Resources the next Semafo, Aurizon or Osisko? Currently Aurizon is teetering and has breached the billion dollar market cap threshold, Semafo is a 2.5 billion dollar company and Osisko is 5.3 billion dollars deep.

### **Bachelor Lake**

Back in 2004, Metanor started with the Dubuisson Property. Built up by Serge Roy and Ghislain Morin, the Dubuisson Property now has half a million ounces on it. However, with a good dose of forward thinking and a healthy splash of common sense, they felt it would be advantageous to find a property with a mill on it, to allow for faster production and to create cash flow. Bachelor Lake joined the portfolio and that's when things got interesting.

The Bachelor Lake property is located in the Le Sueur Township approximately 225 kilometres northeast of Val-d'Or, a major full service centre of mining and economic activity in northwestern Québec. The mine site is located 3.5 kilometres southeast of the village of Desmaraisville. The community is serviced by bus and truck transport, and is connected to the provincial power grid and telecommunication systems.

The property consists of 177 claims and 2 mining concessions covering an area of 4,837.56 hectares. The mine site includes surface infrastructures, hoist room, shaft house, mill (1,200 tons per day), tailing pond, and core shacks. Further, the replacement cost of Metanor's infrastructure is between \$150-200M with no long term debt.

Fully funded, fully permitted and with a fully functional 1,200 tpd mill in place, where the operation including the underground mine, run's strictly off of electricity. In the day of high gas prices this is a value add that very few miners have the luxury of, making Metanor a low cost producer. Metanor is eager to restore Bachelor Lake to a low cost production status as soon as possible. In the mean time, any savvy investor should see the disconnect between value and share price, making the inflection point of the company value to share price by today's market standard's imminent.

### **3<sup>rd</sup> Party Validations**

A serious aid in achieving this, as well as a major boost in company confidence and finances, came in the form of a US\$20 million gold sale agreement with Sandstorm Resources Ltd. (TSX-V: SSL) in January 2011. As per the agreement announced January 17<sup>th</sup> 2011, Sandstorm effectively pays \$1,037 US/ounce for 20% of the initial mine life production of 186,122 ounces, then \$500 US/ounce for their 20% life of mine production.

This injection of cash means the 15,000 metre diamond drill campaign on Bachelor Lake will begin in June 2011, and production plans for 2012 are a very achievable goal for Metanor.

Stantec Inc. (TSE:STN) stands alongside Sandstorm as 3<sup>rd</sup> party validations for Bachelor Lake. The professional consulting service for infrastructure and facilities projects states that Bachelor Lake has a robust IRR of 85% and a 10 month payback. A Pre-Feasibility Study completed by



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Stantec in December 2010 outlines an average annual production of 60,000 ounces. The total revenue is projected to be \$215 million, with total unit operating costs projected at \$103.45 per tonne. They also expect the initial 3 year mine life to more than double due to prospectivity at depth and along strike.

**Barry Deposit**

Plans are also in the Metanor pipeline to commence the next phase of drilling on the Barry gold deposit in a bid to target anomalies (some larger than the existing pit 18Mt - 781,450 oz) and the extensions to substantially increase the existing resources.

The Barry gold deposit is located in the Urban-Barry greenstone belt approximately 65 kilometres southeast of the Bachelor Lake mine. Numerous forestry roads link Barry to the Bachelor mine, facilitating ore transport.

From 2007 to 2010, with only 20,000 metres drilling, Metanor increased the resource tonnage on Barry by 1,240% and contained ounces rose by 336%. The property presently has a resource of 18 million tonnes - 781,450 ounces with only 50,000 metres of diamond drilling. In perspective, junior explorers Osisko (TSX-V: OSK) conducted an enormous drill campaign of approximately 800,000 metres of diamond drilling to arrive at their resource. Game set and match; Metanor Metanor is currently investigating the possibility of strategic partners for Barry **Worth Its Weight In Gold**

While we're on the topic of compare and contrast, Metanor has a market cap. of \$48 million and, as of morning May 13<sup>th</sup> 2011, a share price of \$0.24. With over 1.6 million ounces proven up in all categories and production aspirations of 60,000 oz annually, I think we can safely say the company is undervalued.

For example, Crazy Horse Resources (TSX-V: CZH) is digging for gold in the Philippines with a market cap. of \$61 million, share price of \$1 and only 1.5 million ounces of gold proven up. Edgewater Exploration (TSX-V: EDW), based in Canada but with property in Spain, has a tiny market cap. of \$56 million, a share price of \$0.80 but again, a resource of only 1.2 million ounces. Doing the math, Metanor comes out on top, every time.

Property	Resource Category	Tonnes	Grade (g/t)	Contained Gold (oz)
Bachelor Lake	Measured & Indicated	841,591	7.79	210,857
<b>43-101</b>	Inferred	426,148	6.52	89,366
Hewfran	Indicated	110,100	6.47	22,900
	Inferred	206,900	5.66	37,656
Barry	Indicated	7,701,000	1.25	309,500
<b>43-101</b>	Inferred	10,411,000	1.41	471,950
Dubuisson	Indicated	166,076	4.82	26,150
<b>43-101</b>	Inferred	3,245,222	4.15	432,995



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	<b>Total Measured &amp; Indicated</b>		<b>569,407</b>
	<b>Total Inferred</b>		<b>1,031,967</b>
<b>Total Targeted Area Surrounding Bachelor Lake Mine</b>	<b>8,900,000</b>	<b>5.3</b>	<b>1,500,000</b>

*Summary of resources*

**What's Next**

No doubt about it, Metanor has its hands full at the moment and it looks like they plan on keeping it that way. With the sink shaft over 73% complete on Bachelor Lake, they'll continue to develop the higher grade underground, as well as identifying and upgrading the potential gold resources at depth. The 15,000 metre diamond drill campaign will begin in June and hopes are that this will extend the mine life to 7 - 9 years. Then of course there's the big one; production on Bachelor Lake in 2012 aiming to produce 60,000 ounces annually.

Work will continue on the Barry gold deposit as the company intends to complete IP coverage and continue its extensive drill program, all the while consolidating and expanding gold resources in and around the Bachelor Lake Mill. With 1,601,374 ounces of resources on their current portfolio, and the potential of a further 1.5 million ounces in a radius of 100 kilometres of the mill (historical resources not compliant with NI 43-101), Metanor Resources is proving to be the one to watch. Adding Metanor Resources to your watch list or speaking to the company directly is suggested for gold junior investors looking to reap the rewards of what looks to be an imminent inflection point of share price catching up to project value.

Follow the company's progress at [www.metanor.ca](http://www.metanor.ca)

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