

## Metanor Resources: The Next Osisko?

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Metanor Resources Inc. (TSX.V:MTO) released an updated 43-101 report in which the author, SGS Geostat Canada Inc., summarizes, "...the exploration and development work at Barry has significantly increased the amount of resources. The mineralization is open in all directions and the property has not been drilled to its full extent."

The report goes on to compare Metanor's potential to that of the Osisko's (TSX:OSK) Malartic Deposit (currently at 8.87 million ounces in the proven and probable gold reserve category) as well as some other substantial low grade gold deposits in the region.

"In the context of larger tonnage with lower grade with an onsite mill, the property has the potential to become a significant low grade high tonnage deposit similar to the Aurizon (Joanna) deposit, Osisko's Malartic, and Detour Gold's Detour deposit.

The gold is in the system, the mineralized fluids have circulated in the major shear. Additional exploration and geological work are required to increase level of knowledge of the mineralization system to better define the high grade zone behaviour in addition to development of additional resources laterally in junction to the latest geophysical survey."

Despite the positive comments in the report, Metanor's share price has languished, losing 36% since touching a high of \$0.71 in September this year. The reasons for that are suggested in the SGS report, in fact, the entire executive summary of the report casts the company's operations at the Barry pit in an unfortunate light, suggesting that, among other negatives, "The actual cost associated to the transportation of ore to the Bachelor mill reduces the potential of the Barry property. It significantly increases the cut-off grade compared to an onsite mill."

But the list of 6 recommended corrective measures cited by the report appear relatively minor, as reflected in the estimate implementation cost assessed by SGS Geostat of \$250,000.

Metanor appears to be addressing the concerns expressed in the report nonetheless, as is evident in the hiring of Pascal Hamelin to direct operations at the Bachelor Mine. Hamelin has nearly 20 years of progressive and relevant experience in mining operation and project management of both surface and underground mining operations, acquired mainly in the Sudbury mining region in the Stoble, McCreedy East, Copper Cliff North and Garson Mines belonging to INCO.

Other positive developments for Metanor include the discovery of a new potential near-surface gold zone about 2 kilometers west of the Bachelor Lake Mill. Grab samples greater than 10 g/t were found near the road leading to the mill. This new mineralized zone is composed of quartz veins in an East-West orientated shear zone.

Three samples assayed as follows:

Sample # 867355: 11.05 grams per tonne gold;

Sample # 867356: 11.03 grams per tonne gold;

Sample # 867359: 14.80 grams per tonne gold.

The Barry gold deposit is located in the Urban-Barry greenstone belt approximately 65 km southeast of the Bachelor Lake mine. Numerous forestry roads link Barry to the Bachelor mine, facilitating ore transport. This acquisition will enable Metanor to become a gold producer in 2007 by open-pit mining the Barry gold deposit and milling the ore at the Bachelor Lake mine's milling facility.

An article [published last week at MarketWatch](#) waxed particularly bullish on Metanor, pointing out, among other things, that;

“Sprott Asset Management has an equity position in MTO.V and for good reason -- with two projects of significance that together are expected to take Metanor Resources to mid-tier producer status (between 150,000 oz - 200,000 oz Gold per annum) within 2.5 years the time to pay attention is now while MTO.V is on sale (trading close to book value). Metanor Resources has both proven Gold production capability and strong resource growth on both fronts.

MTO.V currently has >1,600,000+ oz of Gold in all categories at four of their properties and is expected to at least double the resource at Barry with the current 25,000m drill campaign on now. Metanor Resources' 100% owned gold milling facility is readily capable of producing a projected ~60K oz gold per annum once the high grade underground ore at Bachelor Lake is accessed, has infrastructure replacement value of ~\$150M, and sits geographically as the only mill located within 200 km in a gold rich district that possesses additional resources exceeding 1.5M oz.

Metanor has amassed properties within this area, near their Bachelor Lake Gold Mine & Mill and the Barry open pit, and will play a central role mining the resources in this region for decades. With only 144,410,739 shares outstanding and currently trading under CDN\$0.60/share, the current valuation appears to present exceptional opportunity.”

So all-in-all, the low share price juxtaposed against the cautiously optimistic 43-101 report could present quite the opportunity for less risk-averse investors. The SGS 43-101 report sums it up succinctly:

“The Barry project geology has the potential to become an important gold deposit and SGS Geostat recommends the continuation of the development of the Barry project.”