

# Uraniumletter INTERNATIONAL

the international independent information and advice bulletin for uranium resource investments

Special Situation – January 2011 Update

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## International Montoro Resources Inc. (Cdn\$ 0.12)

TSX.V : IMT  
Frankfurt : O4T  
OTC : IMTFF.Pk

H+L prices (12 months): Cdn\$ 0.18 – 0.03

Net issued shares : 53.7 million

Fully diluted shares : 64.2 million

Market capitalization : Cdn\$ 6.4 million

**Next price target: Cdn\$ 0.20**

### Company profile

International Montoro Resources (“IMT”) will be focusing on its new **REE** property acquisitions in the **Rocky Mountain Rare Metals Belt**, as well as advancing its 100%-optioned **Serpent Lake** and **Elliot Lake REE Uranium Project** in northern Ontario.

In January and February 2010, the Company acquired a total land package of 2,268 hectares (**Chuchinka Property**) in British Columbia, contiguous to the Wicheeda Project, where in late October 2009 significant rare earth element mineralization was reported.

In August 2010, IMT and sister company Belmont Resources (BEA – TSX.V) entered into an Option Agreement with Rare Earth Metals (RA – TSX.V), whereby RA can earn a 75% interest in the IMT/BEA Partridge River Property (23 claim units in the historical Letitia Lake – Red Wine rare earth metals camp of west-central Labrador.

RA already controls a total of 851 claim units totalling 212 square kilometres in the emerging rare earth metal belt.

On November 24, 2010, IMT announced that it had acquired a 100% interest in 12 minerals claims prospective of REEs in 2 separate claim blocks covering approximately 4,654 hectares located northwest of Spectrum Mining’s Wicheeda discovery in the Carbo area of north-eastern British Columbia.

The Carbo area is currently undergoing massive staking campaigns and land acquisitions heavily concentrated in the recently named Rocky Mountain Rare Metals Belt.



IMT also holds two claim blocks with Belmont Resources (50/50) in the Central Mineral Belt in Labrador.

The Company is continuing development with Belmont Resources (50/50) of its **Crackingstone** – 982 hectares and **Orbit** – 11,109 hectares uranium properties in the Uranium City District, northern Saskatchewan.

### **Overview of projects**

#### ➤ **Serpent Lake REE and Uranium Project, Elliot Lake, northern Ontario**

The Elliot Lake Mining camp, once known as the “uranium capital of the world”, has produced more than 300 million pounds of U<sub>3</sub>O<sub>8</sub> from stratigraphically-bound deposits that demonstrated remarkable consistency over an extensive area.

IMT’s Serpent River Lake Property encompasses 1,840 hectares. It is located approximately 13 kilometres east of the town of Elliot Lake and it straddles the unconformity between Archean greenstones and younger Huronian sediments.

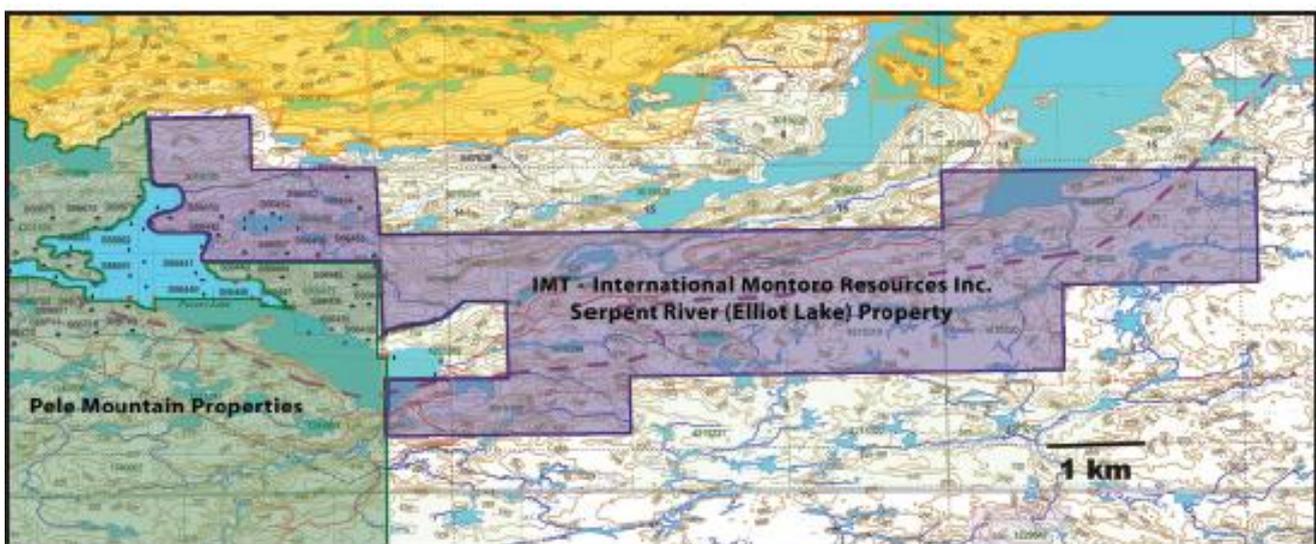
In 1977, Rio Algom outlined a historical resource at the Serpent River Property estimating the Pecors East Zone (non NI 43-101 compliant) containing an Indicated resource of 20 million tons grading 0.034% U<sub>3</sub>O<sub>8</sub> (14.8 million pounds u<sub>3</sub>O<sub>8</sub>), with the potential to expand the zone through additional drilling.

In January 2008, an airborne “VTEM” electromagnetic survey (first ever) was flown by IMT in cooperation with neighbours Pele Mountain & Verbina Resources. Preliminary plots of this data have revealed the existence of at least eight conductors underlying the sediments. These are top priority drill targets.

In November 2009, IMT returned for re-assay numerous samples from certain drill intersections and confirmed the presence of elevated rare earth elements (REE) in conjunction with uranium in the quartz pebble conglomerates (QPC).

Six holes spanning an area of about 550 metres by 300 metres returned TREE (total REE plus Y-Yttrium) results as high as 0.3067% shedding another light on the Elliot Lake camp.

Elliot Lake was a global producer of the Yttrium during the 1980s as a by-product of uranium production.



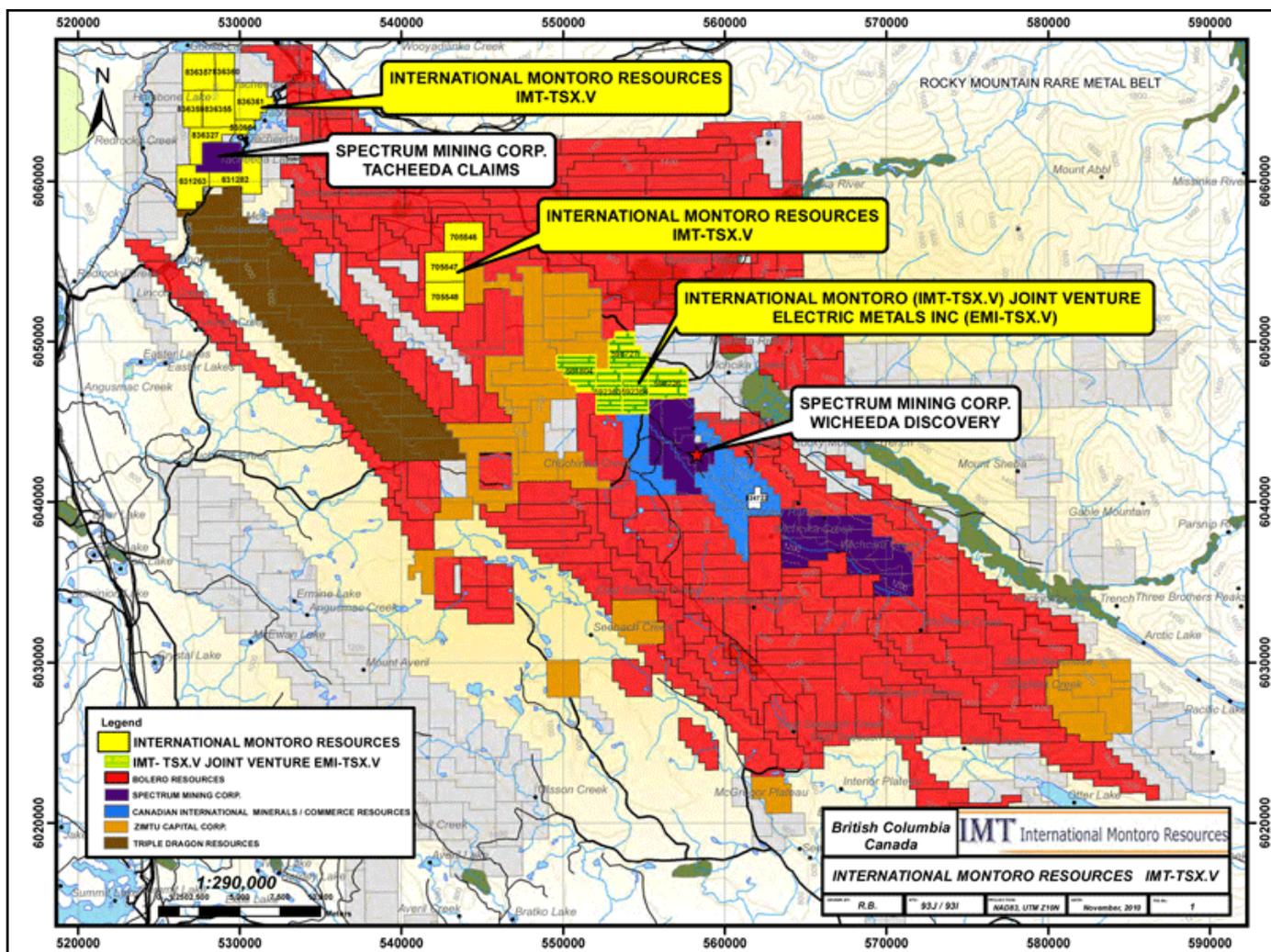
In March 2010, IMT announced that it had reviewed a summary of field work published by the Ontario Geological Survey (“OGS”) on and around its Serpent River Property. The Open File report shines additional light on a strong geophysical anomaly on the Property located in Joubin and Gaiashk townships, Ontario. The area was selected for mapping by the OGS because of renewed uranium exploration in the area and because previous published mapping of Proterozoic rocks in the area dates mainly from the late 1950s and early 1960s.

The OGS comments specifically on a large airborne magnetic anomaly outlined by a Geotech VTEM-electromagnetic survey conducted by IMT, Pele Mountain Resources (GEM – TSX.V) & Verbina Resources in 2008 and acquired by the OGS in 2009. A large portion of this magnetic anomaly is contained within IMT's Serpent claims and is coincident with a regional gravity high.

In March 2010, IMT announced that more core drilling commenced drilling on the Serpent River Property for an estimated 15-20 drill holes totalling approximately 3,000 metres. This second phase drilling was targeted to explore a new style of mineralization not previously recognised in the Elliot Lake area and it is a significant target upon which to focus the Company's efforts. The drill core will be assayed for both the uranium and REE contents.

➤ **Chuchinka Rare Earth Property, British Columbia**

In January 2010, IMT acquired the 1,818.6 hectares (4 claims) rare earth Chuchinka Property contiguous to and adjoining Spectrum Mining's recently reported rare earth discovery, located 80 kilometres northeast of Prince George, BC.



In late October 2009, Spectrum Mining, a private company, reported significant rare earth element mineralization on its Wicheeda carbonatite-syerrite breccia intrusive complex rare earth discovery. Highlights included a 48.64 metre interval which averaged 3.5% rare earth elements (REE), and a 144 metre interval which averaged 2.20% REE in three separate drill holes.

In 2009, eleven NTW diamond drill holes totalling 1,835 metres were drilled in the Main Zone from 2 new drilling platforms at Wicheeda.

Several other companies have joined the search or an extension of the Wicheeda rare earth discovery. Commerce Resources (CCE – TSX.V) and Canadian International Minerals (CIN - CNSX) also reported encouraging results in their 2009 rock, silt and soil sampling program, including a new anomaly that exceeded the detection limit of greater than 1% cerium, indicative of light rare earth content, and 309 ppm gadolinium, indicating the presence of heavy rare earths. Zimtu Capital (ZC – TSX.V) also owns claims adjoining the Montoro claims to the north and west.

IMT has paid the vendors of the Chuchinka Project the sum of Cdn\$ 50,000. The Company will issue to the vendors an aggregate 1 million shares at Cdn\$ 0.05 per share and 1 million warrants exercisable for a period of two years at a price of Cdn\$ 0.10 in the first year, within five days of TSX approval and will issue to the vendors a further 500,000 units within six months after RSX approval.

Early March 2010, IMT completed the acquisition of an additional claim block totalling 449 hectares contiguous to and adjoining Spectrum Mining's Wicheeda Project, bringing the total land package to 2,268 hectares.

The Company paid Cdn\$ 6,250 cash and one issuance of 200,000 common shares and 100,000 warrants exercisable at Cdn\$ 0.15 for a period of two years.

In June 2010, IMT announced the signing of an Option Agreement with **Electric Metals** (EMI.A – TSX.V). The Agreement provides EMI with the option to earn a 75% interest in the Chuchinka Property by paying IMT Cdn\$ 240,000, issuing 700,000 common shares of EMI to IMT and incurring Cdn\$ 425,000 in exploration expenditures over 3 years.

The property is subjected to a 2% Net smelter Return royalty, 1% of which can be bought back for Cdn\$ 1 million.

On November 17, 2010, IMT announced the receipt from EMI of complete airborne geophysical survey data provided by Aeroquest Surveys flown over the Chuchinka REE Property. The program consisted of 654 line kilometres of AeroTEM helicopter-borne, time domain electromagnetic plus radiometric surveying flown at high resolution 50 metre line spacing. The survey covered a 29.4 km<sup>2</sup> and was successful in mapping the magnetic and conductive properties of the geology.

Several magnetic and electromagnetic anomalies were identified within the northwest extension of the structural belt that contains the Wicheeda REE mineralization. This data will be interpreted by an independent geophysical expert in order to prioritize exploration work on these targets and define geochemical sampling areas and prospective sites for drilling.

### ➤ **Rocky Mountain Rare Metals Belt properties – northeastern British Columbia**

On November 24, 2010, IMT announced that it had acquired a 100% interest in 12 mineral claims prospective of REEs in 2 separate claim blocks covering approximately 1,500 acres (4,654 ha), located northwest of the "Wicheeda" REE discovery in the new Tacheeda Lake camp in the "Carbo" area of north-eastern British Columbia.

The first claim block is located on trend to the northwest of Montoro's "Chuchinka" claims which are contiguous to Spectrum Mining Corp's "Wicheeda" REE discovery and Canadian International Minerals' Carbo Project. It comprises 3 mineral claims totalling 3,331 acres (1,348 ha).

The second claim block surrounds an area owned by Spectrum Mining and is referred to as the Tacheeda Lake area. This second claim group is comprised of 9 mineral claims totalling 8,170 acres (3,306 ha) containing a 231 acre (93 ha) claim called "open pit" that previously produced limestone, now potentially associated with REE discoveries in this area.

The Carbo area of north-eastern BC is currently undergoing a massive staking campaign and land acquisitions heavily concentrated in the recently named Rocky Mountain Rare Metals Belt, as a result of positive exploration work in the area including: soil, silt and rock sampling, diamond drilling and airborne surveying surrounding Spectrum Mining's "Wicheeda" discovery.

According to Spectrum Mining's paper presented at the 5<sup>th</sup> Annual Minerals South Conference & Trade Show in October 2009, Spectrum completed 11 diamond drill holes totalling 1,835 metres on the "Main Zone" at Wicheeda.

All 11 drill holes intersected significant rare earth mineralization of which the best drill intercepts were a 48.64 metre interval that returned 3.55% REE, a 72.0 metre interval that returned 2.92% REE and a 144 metre interval that returned 2.20% REE in three separate holes.

The 2009 drilling suggests that mineralization remains open in all directions, including to the north of Wicheeda where IMT's Chuchinka property is located.

IMT can acquire the properties by making staged cash payments totalling Cdn\$ 50,000 and issuing 2.0 million units over a period of a year. Each unit is comprised of one common share of the Company and one share purchase warrant entitling the holder to purchase one additional share of the Company for a period of one year from the issuance at a price of Cdn\$ 0.15 per share.

➤ **Partridge River claims, west-central Labrador**

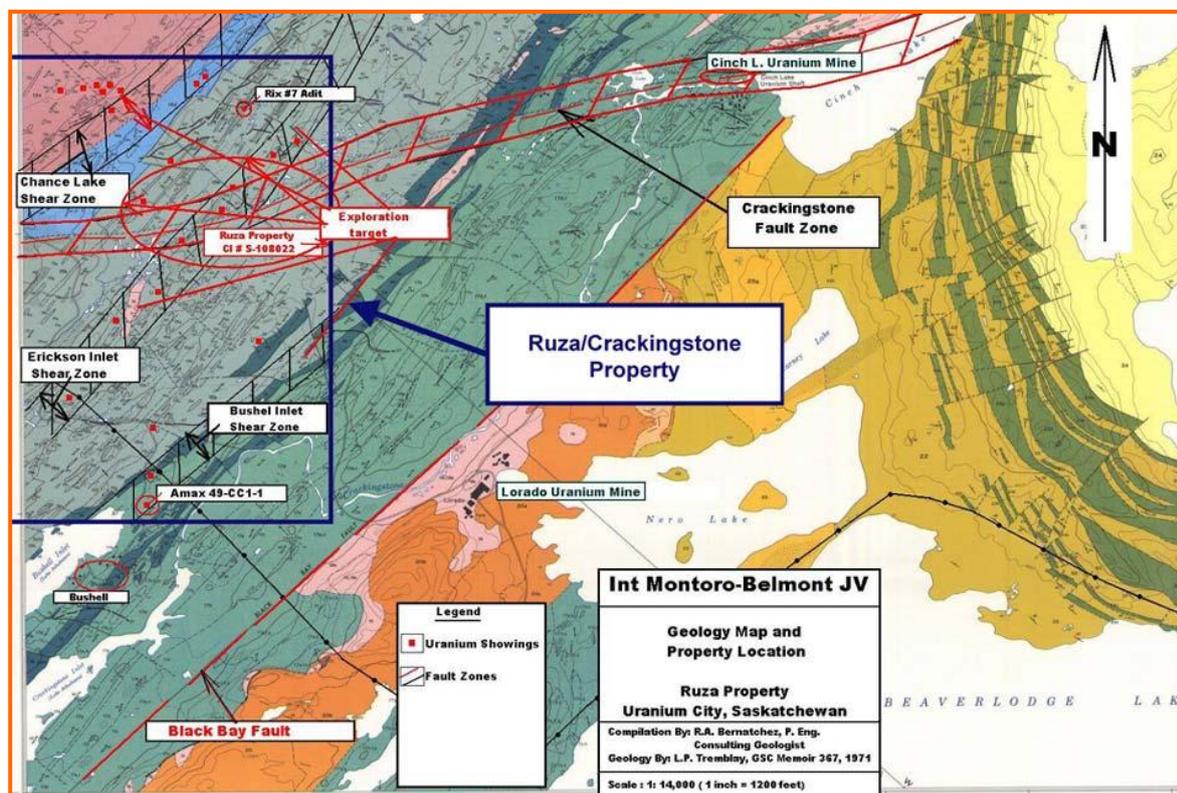
In August 2010, IMT and sister company Belmont Resources (BEA – TSX.V) entered into an Option Agreement with Rare Earth Metals (RA – TSX.V), whereby RA can earn a 75% interest in the IMT/BEA Partridge River property (23 claim units) in the historical Letitia Lake – Red Wine rare earth metals camp of west-central Labrador. RA already controls a total of 851 claim units totalling 212 square kilometres in the emerging rare earth metal belt.

The agreement provides RA with the option to earn a 75% interest in the Partridge River Property by paying IMT/BEA Cdn\$ 50,000, issuing 250,000 common shares of RA to IMT/BEA and incurring Cdn\$ 250,000 in exploration expenditures over 3 years.

RA will be the operator during the earn-in option. Once vested after 3 years, the Property would then be operated as a joint venture.

➤ **Crackingstone and Orbit Lakes properties, Uranium City, Saskatchewan**

In April 2006, IMT and Belmont Resources (BEA - TSX.V) acquired the 750-hectare Crackingstone River Property and in April 2007 and adjacent 232 ha (Onnie Lake) claim, 8 km southwest of Uranium City in the historic Uranium City/Beaverlodge district.



From 1953 to 1982, 16 deposits were brought into production, of which 15 were underground operations and the Gunnar Mine an open pit operation. The average grade of some of the past producers was as follows: the Ace and Fay Mine 0.28% U<sub>3</sub>O<sub>8</sub> (30 million pounds, 0.19% at the Verna-Bolger Mine (15.3 million pounds), 0.20% U<sub>3</sub>O<sub>8</sub> at the Rix-Smitty Mine (1.13 million pounds), 0.186% U<sub>3</sub>O<sub>8</sub> at the Gunnar Mine (19.25 million pounds) and 0.26% U<sub>3</sub>O<sub>8</sub> at the Cinch Lake Mine (739,000 pounds).

The Uranium City area boasts historical production of over 70.5 million pounds of U<sub>3</sub>O<sub>8</sub>, in the northwestern margin of the Athabasca Basin.

A number of uranium occurrences were discovered on the Crackingstone Property in the early 1950s. Further exploration in the 1960s extended the known uranium zones. Historical data (non NI 43-101 compliant) reported assays of up to 12.57% U<sub>3</sub>O<sub>8</sub>.

An onsite property review confirmed the previous discovered showings, and also the presence of uranium mineralization within fractures enclosed by three northeast striking shear zones.

In the fall of 2006, IMT and Belmont staked an additional 11,109 hectares, the Orbit Property, to further cover the main Crackingstone fault and some northeast trending extensions. Historically, 12 uranium showings had been documented on the Orbit claims, several of which had been drilled and two of which had inclined shafts developed to a depth of some 50 feet. Saskatchewan Geological Society reports the uranium assay values on the work ranged from 0.1% to 3.43% U<sub>3</sub>O<sub>8</sub>.

The Orbit claims (11,859 hectares) adjoin a large claim block to the south owned by CanAlaska Uranium (CVV - TSX.V).  Cameco (CCO –TSE), holds a block of claims to the west of the Property, and numerous other junior companies are developing uranium claims in the Uranium City District.

In September 2007, the IMT/Belmont Joint Venture completed an extensive sampling and ground geophysical program on the Crackingstone and Orbit properties. The August and September program has evaluated numerous showings from which channel samples were taken. All samples registered good to very strong counts per second (cps) ranging from 1,000 to over 65,350 cps. Uranium yellow staining (uranophane) was observed at 7 of the showings. The geological mapping and prospecting has shown strong correlation between uranium mineralization and structural features such as fault and shear zones.

## **Management**

**Gary Musil, President/CEO/Director**, has more than 30 years of management and financial consulting experience and has served as an officer and director on numerous public companies since 1988. This experience has resulted in his overseeing the financial aspects and expenditures on exploration projects in Peru, Chile, Eastern Europe (Slovak Republic), and British Columbia, Ontario, Quebec and New Brunswick (Canada). Prior to this, he was employed for 15 years with Dickenson Mines and Kam-Kotia Mines as a Controller for the producing silver/lead/zinc mine in the interior of British Columbia Canada. Mr. Musil currently serves as an Officer/Director on several TSX Venture Exchange public companies.

**Brent Griffin, CFO/Director, BSc. Geo**, is a graduate of U.B.C. with a BSc. in geology. He has been with Noranda Exploration, The Geological Survey of Canada and Similkameen Mining in various exploration related positions.

**Bruce Bried, Director, P.Eng**, has over thirty years of management responsibilities and experience in the mining industry in various capacities in Engineering, Reclamation and Operations. His significant experience in the last ten years has been VP Operations for Endeavour Silver, General Manager of Kinross Gold USA, Lupin Mine, Homestake Mining as General Manager of the Lead Mine in South Dakota and the Snip Mine in British Columbia. Prior to that he was the Mine Superintendent at Eskay Creek in British Columbia and Chief Engineer and Mine Superintendent at Teck-Corona (Homestake) Operating Corporation's David Bell Mine in Marathon, Ontario.

**Roger Agyagos, Secretary/Director**, has a Diploma in Management Systems from BCIT. Since 1995 he has provided office management and financial consulting services to various private and public companies. Mr. Agyagos has been a director of Montoro since January 1998.

## **Finance**

In February 2010, IMT completed a 7.0 million non flow-through unit financing at a price of Cdn\$ 0.05 per unit for total gross proceeds of Cdn\$ 350,000. Each unit consists of one common share and one warrant for the further purchase of one common treasury share at a price of Cdn\$ 0.10 for a period of 12 months.

In addition, the Company closed the selling of 635,000 flow-through units at a price of Cdn\$ 0.075 per unit for total gross proceeds of Cdn\$ 47,625. Each unit will consist of one flow-through common treasury share and one warrant for the further purchase of one non flow-through common share at a price of Cdn\$ 0.10 for a period of 12 months.

In March 2010, IMT issued 2.09 million units at Cdn\$ 0.05 per unit for gross proceeds of Cdn\$ 125,640. The unit consists of one common share and one common share purchase warrant. One warrant will entitle the holder to purchase one additional common share of the Company for one year at a price of Cdn\$ 0.12 per share, thereafter two share purchase warrants will be required to purchase an additional common share of the Company at a price of Cdn\$ 0.15 in year two.

### **Investment recommendation:**

IMT is focusing on advancing its new **REE** property acquisitions in the Rocky Mountain Rare Metals Belt in north-eastern British Columbia and its 100%-owned **Elliot Lake Uranium Project** in northern Ontario, where in November 2009 also the presence of rare earth elements (REE) was confirmed.

In addition, the Company is continuing development with Belmont Resources (50/50) of its Crackingstone and Orbit uranium properties in the Uranium City District in northern Saskatchewan.

IMT also holds 100% interest in the Cup Lake / Donen Uranium Project in south-central British Columbia and two claim blocks (50/50 Belmont) in the Central Mineral Belt in Labrador.

In January and February 2010, the Company acquired a total land package of 2,268 hectares (**Chuchinka Properly**) in British Columbia, contiguous to the Wicheeda Project, where in late October 2009 significant rare earth element mineralization was reported.

In August 2010, IMT and Belmont entered into an option agreement with Rare Earth Metals whereby RA can earn a 75% interest in the Partridge River Property in west-central Labrador.

Considering the promising prospects of its Elliot Lake uranium/rare earth elements Project and this year's acquired properties in the Rocky Mountain Rare Metals Belt, at a current market capitalization of just Cdn\$ 6.4 million, in our view, IMT offers a significant speculative investment potential.

Our next price objective is Cdn\$ 0.20.