

METALORE RESOURCES LIMITED

P.O. BOX 422, SIMCOE, ONTARIO N3Y 4L5

Quarterly "Letter" to Shareholders

Dear Shareholder:

FINANCIAL POSITION

We are continuing to strengthen our financial position by investing more of our Natural Gas Profits into liquid assets (mainly high yield income trusts and bonds). As you may observe in the attached financials, our nine month revenue, cash flow and net earnings per share are up significantly over the corresponding previous periods. Natural Gas prices have been sustained at elevated levels for an unprecedented period of time and this will again enable us to comfortably finance all of our mining exploration and hydrocarbon development from production revenue for the foreseeable future. We will also maintain our long standing policy of protecting Shareholders' Equity.

MINING EXPLORATION

Our extensive Cedartree properties* host the shorelines of seven pristine lakes: Cedartree, Flint, Steven, Little Steven, Shingwak, Sunfish and Purewater (the latter two named by the writer). We have extended our operational grid lines by a further six kilometers, primarily to survey (geophysics) the underwater continuations of several conductors detected on land last summer. This work can only be done now from the ice during winter conditions.

* 100% interest in 156 claim units totaling 6,240 acres.

Although the entire region (over 100 square miles, including Cedartree, Dogpaw and Kakagi Lakes) has yet to yield an important economic mineral deposit, the widespread occurrences of elevated gold values in every type of rock lithology (from mafic to felsic intrusives, extrusives and flows) bears a remarkable similarity to the occurrences of gold in diverse rock types at Timmins/Porcupine, Canada's most notorious Gold Belt.

Our third, most comprehensive drill program, on the drawing board for 2004, will be to (1) attack the cluster of high intensity airborne anomalies that are now accessible via our newly constructed bridge and access road, (2) follow up on important drill intercepts of the past two seasons and (3) probe other untested targets enroute. Mediocrity will not be acceptable. Our determined mandate is to come up with *more than one* economically viable mineral deposit (precious metals and/or volcanogenic massive sulfides). We have the property and the tools. We have the financial and human resources, the expertise, experience and the zeal. And we have the courage to drill it *boldly*... where no one has drilled before. We must seize this moment in time. The *potential* of our opportunity right now is *unlimited!* And we will do it together.

Yours faithfully,
George W. Chilian, *President*,
METALORE RESOURCES LIMITED

February 19/04

METALORE RESOURCES LIMITED

THIRD QUARTER FINANCIALS

For the nine months ended December 31, 2003 with comparative figures for the nine months ended December 31, 2002

(unaudited)

STATEMENT OF INCOME AND RETAINED EARNINGS

	<u>2003</u>	<u>2002</u>
Revenue	\$	\$
Natural Gas Production	1,214,600	1,111,069
Royalties	3,662	2,905
Investment & Interest Income	10,873	7,075
	<u>1,229,135</u>	<u>1,121,049</u>
Expenses		
Production expenses	211,072	205,165
Administrative expenses	99,189	93,503
Royalties	114,450	104,711
Amortization, depletion	75,000	72,000
	<u>499,711</u>	<u>475,379</u>
Income before taxes	729,424	645,670
Future income taxes *	<u>145,880</u>	<u>194,350</u>
Net income	583,544	451,320
Retained Earnings, beginning of period	7,913,344	7,224,346
Deduct dividends paid	<u>(131,625)</u>	<u>(98,597)</u>
Retained earnings end of period	<u><u>8,365,263</u></u>	<u><u>7,577,069</u></u>
Earnings per share	0.330	0.260
Cash flow per share	0.460	0.410
Dividends per share	0.075	0.060

* Reflects reduction in Federal Income Tax Rate.

METALORE RESOURCES LIMITED

THIRD QUARTER FINANCIALS

For the nine months ended December 31, 2003 with comparative figures for the nine months ended December 31, 2002
(unaudited)

STATEMENT OF CASH FLOWS

	<u>2003</u>	<u>2002</u>
CASH PROVIDED BY	\$	\$
(EXPENDED)		
Operations		
Net Income	583,544	451,320
Amortization, depletion	75,000	72,000
Future income taxes *	<u>145,880</u>	<u>194,350</u>
Cash flow from operations before change in non-cash working capital	804,424	717,670
Change in non-cash working capital	<u>(28,690)</u>	<u>2,899</u>
Cash provided by operating activities	<u>775,734</u>	<u>720,569</u>
Dividends		
Dividends Paid	(131,625)	(98,597)
Investing Activities		
Natural gas development	(197,672)	(311,479)
Mining exploration	(319,928)	(259,273)
Marketable Securities - acquisitions	<u>(232,626)</u>	<u>0</u>
	<u>(750,226)</u>	<u>(570,752)</u>
Increase (decrease) in cash	(106,117)	51,220
Cash beginning of period	<u>153,942</u>	<u>212,993</u>
Cash end of period	<u><u>47,825</u></u>	<u><u>264,213</u></u>

* The investment of 4,200,000 shares in Ontex Resources Limited had a quoted market value of \$1,900,000.

METALORE RESOURCES LIMITED
THIRD QUARTER BALANCE SHEET

At December 31, 2003 (unaudited)
with comparative figures at March 31, 2003 (audited)

ASSETS		
	December	March
	<u>2003</u>	<u>2003</u>
Current Assets	\$	\$
Cash & cash equivalents	47,825	153,942
Marketable securities	316,305	83,679
Accounts receivable	220,664	242,138
Inventory of pipe & supplies	34,400	34,400
	<u>619,194</u>	<u>514,159</u>
Long Term Investment (at cost) *	1,440,000	1,440,000
Natural gas properties	10,725,460	10,527,788
Mining properties	2,191,464	1,871,536
Renewable fuel (Ethanol) costs	927,811	927,811
Accumulated amortization	<u>(2,850,440)</u>	<u>(2,775,440)</u>
	<u><u>13,053,489</u></u>	<u><u>12,505,854</u></u>
LIABILITIES & SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable		
& accrued liabilities	163,672	133,234
Due to shareholders	39,692	120,294
	<u>203,364</u>	<u>253,528</u>
Future income taxes	<u>2,135,880</u>	<u>1,990,000</u>
	2,339,244	2,243,528
Shareholders' equity		
Share capital	2,332,982	2,332,982
Contributed surplus	16,000	16,000
Retained earnings	8,365,263	7,913,344
	<u>10,714,245</u>	<u>10,262,326</u>
	<u><u>13,053,489</u></u>	<u><u>12,505,854</u></u>
Current Ratio (assets / liabilities)	3.0 to 1	2.0 to 1

* The investment of 4,200,000 shares in Ontex Resources Limited had a quoted market value of \$1,900,000.

METALORE RESOURCES LIMITED

THIRD QUARTER FINANCIALS

For the three months ended December 31, 2003 with comparative figures for the three months ended December 31, 2002

(unaudited)

STATEMENT OF INCOME AND RETAINED EARNINGS

	<u>2003</u>	<u>2002</u>
Revenue	\$	\$
Natural Gas Production	442,236	402,384
Royalties	1,458	1,315
Investment & Interest Income	5,557	5,380
	<u>449,251</u>	<u>409,079</u>
Expenses		
Production expenses	84,596	87,439
Administrative expenses	37,428	36,384
Royalties	42,351	37,779
Amortization, depletion	25,000	24,000
	<u>189,375</u>	<u>185,602</u>
Income before taxes	259,876	223,477
Future income taxes *	<u>51,970</u>	<u>67,270</u>
Net income	207,906	156,207
Retained Earnings, beginning of period	8,288,982	7,519,459
Deduct dividends paid	<u>(131,625)</u>	<u>(98,597)</u>
Retained earnings end of period	<u>8,365,263</u>	<u>7,577,069</u>
Earnings per share	0.120	0.090
Cash flow per share	0.160	0.140
Dividends per share	0.075	0.060

* Reflects reduction in Federal Income Tax Rate.

METALORE RESOURCES LIMITED

THIRD QUARTER FINANCIALS

For the three months ended December 31, 2003 with comparative figures for the three months ended December 31, 2002

(unaudited)

STATEMENT OF CASH FLOWS

	<u>2003</u>	<u>2002</u>
CASH PROVIDED BY	\$	\$
(EXPENDED)		
Operations		
Net Income	207,906	156,207
Amortization, depletion	25,000	24,000
Future income taxes *	51,970	67,270
	<hr/>	<hr/>
Cash flow from operations before change in non-cash working capital	284,876	247,477
Change in non-cash working capital	(17,863)	32,604
Cash provided by operating activities	<hr/>	<hr/>
	267,013	280,081
	<hr/>	<hr/>
Dividends		
Dividends Paid	(131,625)	(98,597)
	<hr/>	<hr/>
Investing Activities		
Natural gas development	(13,130)	(13,661)
Mining exploration	(150,069)	(75,637)
Marketable Securities - acquisitions	(181,426)	0
	<hr/>	<hr/>
	(344,625)	(89,298)
	<hr/>	<hr/>
Increase (decrease) in cash	(209,237)	92,186
Cash beginning of period	257,062	172,027
	<hr/>	<hr/>
Cash end of period	<hr/>	<hr/>
	47,825	264,213

METALORE RESOURCES LIMITED

NOTES TO INTERIM FINANCIAL STATEMENTS

For the Third Quarter ended December 31, 2003

1. Significant Accounting Policies

The financial statements of the Company have been prepared by management in accordance with generally accepted accounting principles in Canada for interim financial statements. The financial statements have, in management's opinion, been properly prepared using judgement within reasonable limits of materiality. These interim financial statements do not include all the note disclosures required for annual financial statements and therefore, should be read in conjunction with the Company's audited annual financial statements for the year ended March 31, 2003. The significant accounting policies follow that of the most recently reported annual financial statements.

2. Accounting Estimates

The preparation of interim financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates.