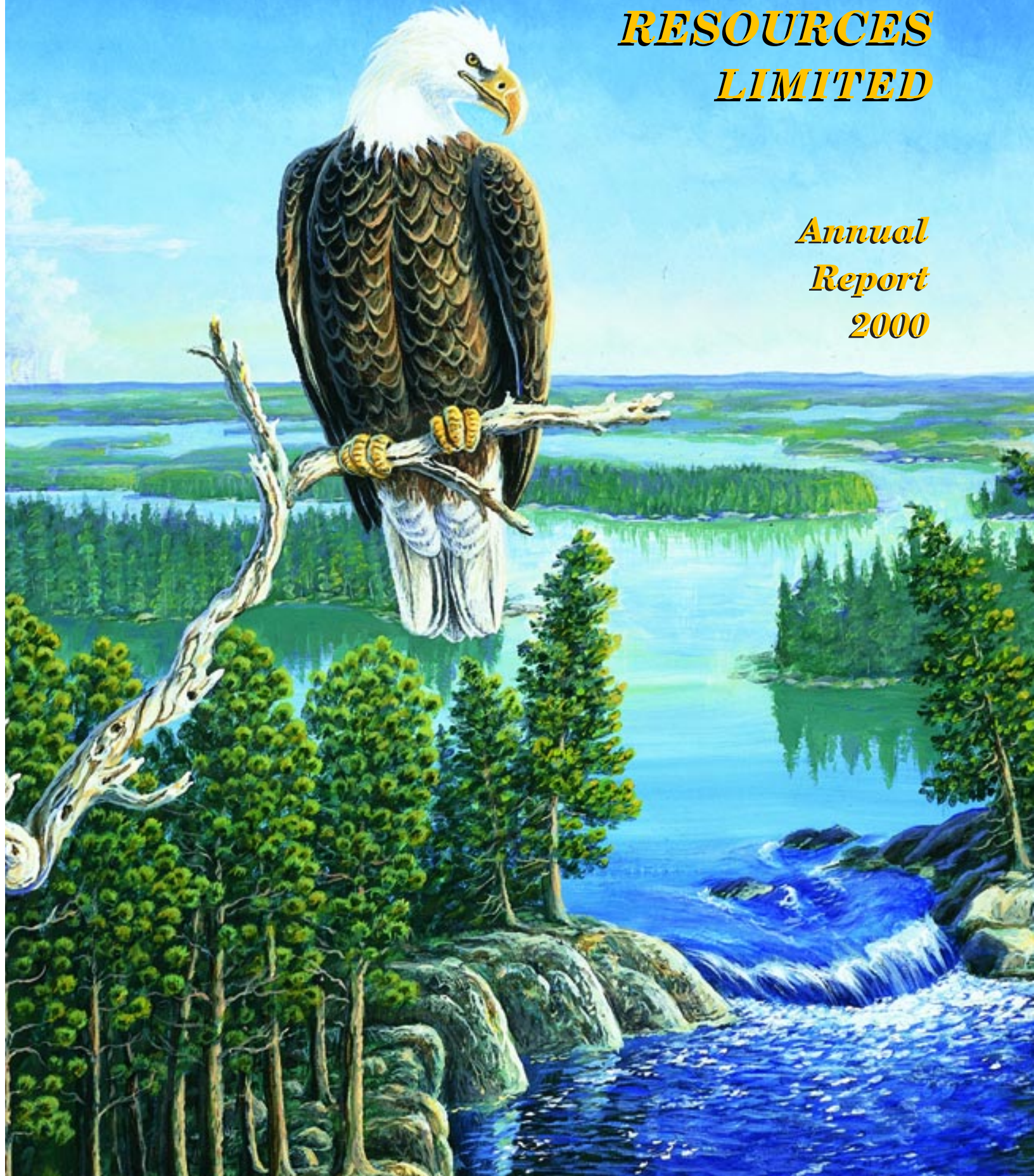


*Our 57th Year*

***METALORE  
RESOURCES  
LIMITED***

*Annual  
Report  
2000*







**“Blazer” is on watch at our new Clear Creek Natural Gas metering site,  
Houghton Township, Ontario, July, 2000.**

• • • •

*Metalore’s*

*North American Wildlife Series*

Original Cover Painting by Native (Ojibwa) Artist,  
Don Ningewance, Souix Lookout, Ontario

*The grace and power of bald eagles is used to symbolize the  
marriage of the earth and sky.*

*When First Nations people hear the distant sound of thunder,  
they believe it is the mating call of Father Sky to Mother Earth.  
As the cloud passes over the earth, it releases its seed  
in the form of rain to renew and sustain life.*

*Don Ningewance*



**Notice anything missing?**

With a banner year just concluded and another one underway, let’s pause for a little serendipity. We haven’t commissioned a name for our beautiful cover painting yet. Would you please help us select a name by placing the name of your choice on the enclosed Proxy form in time for the upcoming Annual Meeting of Shareholders?

# METALORE RESOURCES LIMITED

<i>Officers and Directors</i>	<p>GEORGE W. CHILIAN, <i>President and Managing Director</i> ..... Vittoria, Ontario</p> <p>PATRICIA SHELANDER, <i>Vice-President, Public Relations and Director</i> ..... St. Paul, Minnesota</p> <p>JOHN McVICAR, <i>Secretary and Director</i> ..... Brantford, Ontario</p> <p>ARMEN CHILIAN, <i>Treasurer and Director</i> ..... London, Ontario</p> <p>CHRISTOPHER C. BROWN, <i>Director</i> ..... Dellwood, Minnesota</p> <p>JOSEPH MAKSYMCHUK, <i>Director</i> ..... Brantford, Ontario</p>
<p><i>Executive Office &amp; Natural Gas Division</i></p> <p><i>Mining Division</i></p> <p><i>Production Manager &amp; Hydrocarbon Geologist</i></p> <p><i>Assistant Production Manager</i></p> <p><i>Mining Geologist</i></p> <p><i>Bankers</i></p> <p><i>Accountant</i></p> <p><i>Auditors</i></p> <p><i>Registrar &amp; Transfer Agent</i></p> <p><i>Share Listing &amp; Symbol</i></p> <p><i>Annual Meeting</i></p> <p><i>Website and Email</i></p>	<p>Rural Route #1 ..... Vittoria, Ontario</p> <p>Postal Box 195 ..... Beardmore, Ontario</p> <p>JONATHAN CHILIAN, B.Sc. .... Simcoe, Ontario</p> <p>HAIG CHILIAN ..... Vittoria, Ontario</p> <p>ARMEN CHILIAN, B.Sc. .... London, Ontario</p> <p>ROYAL BANK OF CANADA ..... Simcoe, Ontario</p> <p>HOWARD WALTON ..... Simcoe, Ontario</p> <p>PKF HILL LLP ..... Toronto, Ontario</p> <p>MONTREAL TRUST COMPANY ..... Toronto, Ontario</p> <p>TORONTO STOCK EXCHANGE, "MET" ..... Toronto, Ontario</p> <p>HARBOUR CASTLE ..... Toronto, Ontario September 22, 2000, 4:30 p.m.</p> <p>www.metalorerresources.com                      info@metalorerresources.com</p>

# METALORE RESOURCES LIMITED

## *Annual Letter from the President*

Dear Shareholder:

### NATURAL GAS DEVELOPMENT

On August 20, 1999, the first three Natural Gas wells of our new Clear Creek Field in Houghton Township, twelve miles west of our main Charlotteville operations, were placed "on stream." This marked the commissioning of our first new gas metering station in over twenty years. Now, after nearly a full year of production, the three widely spaced wells have displayed very resilient pressure gradients, indicating there will be exceptional longevity to this new field. No previous production has been obtained by any operator within a three mile radius of our wells in Houghton, so there is excellent potential to expand this virgin pressure field. Accordingly, the location of a fourth step-out/development well has been scheduled for drilling this fall.

We are also pleased to report that our first deep well, Metalore #90, has just been staked out as a dual purpose, wildcat/development step-out from Metalore #89, completed last February<sup>1</sup>. This proposed well and Metalore #89 are also located within the center of a large, virgin pressure section of land that has excellent long term development potential for both the shallow strata (1,200 to 1,400 feet, Silurian) that we are currently producing from and the deeper levels (3,000 to 3,500 feet, Ordovician and Cambrian) that we will be exploring.

During the past month, Natural Gas prices in North America (NYMEX) spiked to all time highs and are being sustained at relatively high levels due to impending possible supply shortages for the coming winter heating season. These higher prices are enabling Metalore to (1) pay off all remaining liabilities, (2) conduct the above gas well development and (3) inaugurate annual dividend payments to Shareholders within the next few months' time.

1. See details in February 19, 2000, Third Quarter Progress Report.

### ETHANOL

Market demand for Ethanol continues to become more secure with the ultimate gradual elimination of MTBE from gasoline and substantial increases in production of vehicles designed for high-level Ethanol blends. The undesirable emissions from diesel trucks and buses have also long been a serious environmental concern and recent developments of relatively low cost diesel fuel additives combined with Ethanol, that significantly reduce these emissions, will likely open up a large new Ethanol market.

As you can observe from our cash flow allocations<sup>2</sup>, our priority over the past year has been to get our financial house in order and concentrate on our core business of Natural Gas Development. With only limited funds available to directly advance this project, we retained an engineering firm in Western Canada, with considerable Ethanol experience, to pursue our concept of Wheat to Ethanol and Co-products. Since November, 1999, this firm has pressed forward with both project review work and the search for strategic alliances designed to enhance project success. This work has confirmed our basic project concept, while experience gained from the development of a similar project by the firm will promote improvement of both products and the process.

Western Canada hard, red, spring wheat has long been recognized as a premium product throughout the world, and there is now a growing premium market for vital wheat gluten (major Co-product of Wheat/Ethanol) from Western Canada. The ongoing crisis in profitable farm operations of Western Canadian grain growers has greatly reinforced the urgent need for projects of our type. We are therefore confident that growing governmental interest and support for such projects will ultimately attract all of the capital necessary to launch construction of our proposed plant.

2. See details in enclosed Financial Statements.



## MINING EXPLORATION

Twenty years ago, I posed a perplexing question to my father: "Dad, we've been working hard all these years, doing everything right and even making a decent profit; how come we just never seem to hit that 'Pot of Gold at the end of the Rainbow?' " My father's stoic advice was, "You have to just keep on doing what you're doing, and sooner or later, you'll hit a bonanza."



"Sooner or later, you'll hit a bonanza."

So we just kept on "doing" what we were doing, drilling for Natural Gas and Minerals, and suddenly, one cold winter day a few years later, it happened. The "Impossible Dream." We "hit" high grade Gold at the Brookbank. Metalore shares rose to \$52 (1987) on the Toronto Stock Exchange, and our dreams soared too, of multiple orebodies – like "Pearls on a String".

And we began stringing the pearls with impressive holes on the Fox Ear and Golden Highway discoveries, until our energetic endeavours were curtailed by the inevitable litigations that seem to haunt gold discoveries.

Now, after a whole decade of hiatus, Metalore's mining explorations have been resumed on an accelerated scale. During the past year, Ontex has spent more than one million dollars, conducted over fifty thousand feet of drilling, completed "state of the art" airborne geophysics across five townships and is continuing non-stop with another two million dollars budgeted for the next two years. Our own Director, Armen Chilian, is in charge of the field work on this expansive project of over 700 claims, whereon Metalore holds a carried 30% to 40% direct plus 9.6% indirect interest. More than fifty potassic anomalies that were as high or even of higher magnitude than the Brookbank were detected by the airborne survey, some associated with known surface exposures of Gold that have never been drilled. While the priority of current drilling is to upgrade the previously established Gold inventories on the Brookbank, Fox Ear and Golden Highway properties, reconnaissance lines are now being cut to tie-in some of the potassic anomalies for exploratory drilling this fall.

Metalore has never been better armed with experienced management and human resources, improved technology and cash flow, and abundant land packages to pursue our endeavours in this new millennium. All of us are quietly excited and enthusiastic about everything that is happening with Metalore and we will continue to follow Dad's advice by "doing" what we do best, and patiently anticipate the next "bonanza".

On behalf of the Board

  
George W. Chilian, President

August 9, 2000

# METALORE RESOURCES LIMITED

## BALANCE SHEET AS AT MARCH 31

	<u>2000</u>	<u>1999</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents .....	\$ 58,495	\$ 182,252
Marketable securities (market value - \$2,520,000) (note 3) ...	1,260,485	1,260,485
Accounts receivable .....	107,809	80,935
Inventory of pipe and supplies, at cost.....	25,650	31,070
	<hr/>	<hr/>
	\$ 1,452,439	\$ 1,554,742
<b>Natural gas properties</b> (note 2) .....	<b>6,168,256</b>	5,734,196
<b>Mining properties</b> (notes 1[c], 3, 4[b] and 4[c]) .....	<b>1,222,795</b>	1,292,009
<b>Renewable fuel (Ethanol) costs</b> (note 1[d]) .....	<b>921,869</b>	910,459
	<hr/>	<hr/>
	\$ 9,765,359	\$ 9,491,406
	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities.....	\$ 123,511	\$ 119,391
Capital taxes payable .....	105,858	81,858
Municipal taxes payable .....	161,082	113,955
	<hr/>	<hr/>
	390,451	315,204
<b>Due to Shareholders</b> (note 4) .....	<b>80,050</b>	553,136
<b>Deferred income taxes</b> (note 1[e]).....	<b>1,364,000</b>	1,145,000
	<hr/>	<hr/>
	1,444,050	1,698,136
<b>Shareholders' equity</b>		
<b>Share capital</b> (note 5).....	<b>2,277,982</b>	2,277,982
<b>Contributed surplus</b> .....	<b>16,000</b>	16,000
<b>Retained earnings</b> .....	<b>5,636,876</b>	5,184,084
	<hr/>	<hr/>
	7,930,858	7,478,066
	<hr/>	<hr/>
	\$ 9,765,359	\$ 9,491,406
	<hr/> <hr/>	<hr/> <hr/>

*See accompanying notes*

Approved on behalf of the Board:  
 Armen Chilian, Director  
 John McVicar, Director

# METALORE RESOURCES LIMITED

5

## STATEMENT OF INCOME AND RETAINED EARNINGS YEAR ENDED MARCH 31

	<u>2000</u>	<u>1999</u>
<b>Revenue</b>		
Natural gas production .....	\$ 1,252,145	\$ 904,473
Royalties .....	2,599	2,011
Interest .....	1,342	2,963
	<hr/>	<hr/>
	1,256,086	909,447
	<hr/>	<hr/>
<b>Expenses</b>		
Production .....	273,946	262,018
Administration .....	91,926	89,440
Royalties .....	124,422	91,862
Depletion .....	94,000	76,000
	<hr/>	<hr/>
	584,294	519,320
	<hr/>	<hr/>
<b>Income before taxes and writedown .....</b>	<b>671,792</b>	<b>390,127</b>
	<hr/>	<hr/>
Writedown of mining claims (note 3) .....	-	5,500,000
	<hr/>	<hr/>
<b>Income (loss) before deferred income taxes .....</b>	<b>671,792</b>	<b>(5,109,873)</b>
<b>Deffered Income taxes .....</b>	<b>219,000</b>	<b>(2,321,000)</b>
	<hr/>	<hr/>
<b>Net income (loss) .....</b>	<b>452,792</b>	<b>(2,788,873)</b>
Retained earnings, beginning of year .....	5,184,084	7,972,957
	<hr/>	<hr/>
<b>Retained earnings, end of year .....</b>	<b>\$ 5,636,876</b>	<b>\$ 5,184,084</b>
	<hr/>	<hr/>
<b>Basic net earnings (loss) per share .....</b>	<b>\$ 0.26</b>	<b>\$ (1.60)</b>
	<hr/>	<hr/>

*See accompanying notes*

### AUDITORS' REPORT

#### To The Shareholders Of METALORE RESOURCES LIMITED

We have audited the balance sheets of **METALORE RESOURCES LIMITED** as at March 31, 2000 and 1999 and the statements of income and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

PKF HILL CHARTERED ACCOUNTANTS  
Toronto, Ontario  
June 22, 2000

# METALORE RESOURCES LIMITED

## STATEMENT OF CASH FLOWS YEAR ENDED MARCH 31

	<u>2000</u>	<u>1999</u>
<b>Operating activities</b>		
Net income (loss) .....	\$ 452,792	\$ (2,788,873)
Add (subtract) items not involving cash:		
Depletion .....	94,000	76,000
Writedown of mining claims .....	-	5,500,000
Deferred income taxes .....	219,000	(2,321,000)
	<hr/>	<hr/>
Cash flow from operations before changes in non-cash working capital	765,792	466,127
	<hr/>	<hr/>
<b>Changes in non-cash working capital items</b>		
Accounts receivable .....	(26,874)	39,771
Inventory of pipe and supplies, at cost .....	5,420	2,200
Accounts payable and accrued royalties .....	4,120	(161,862)
Capital taxes payable .....	24,000	24,056
Municipal taxes payable .....	47,127	42,255
Large corporations and minimal provincial taxes payable .....	-	(42,900)
	<hr/>	<hr/>
Net change in non-cash working capital items .....	53,793	(96,480)
	<hr/>	<hr/>
Cash flows from operating activities .....	819,585	369,647
	<hr/>	<hr/>
<b>Financing activities</b>		
Decrease in bank indebtedness .....	-	(97,493)
Decrease in due to shareholders .....	(473,086)	(195,725)
Decrease in long-term debt .....	-	(790,507)
Sale of mining claims (note 3) .....	-	2,760,000
	<hr/>	<hr/>
Cash flows from financing activities .....	(473,086)	1,676,275
	<hr/>	<hr/>
<b>Investing in capital activities</b>		
Mining exploration costs (notes 1[c], 4[b], and 4 [c]) .....	69,214	(148,214)
Natural gas development costs .....	(528,060)	(366,572)
Renewable fuel (Ethanol) costs .....	(11,410)	(88,884)
Investment in marketable securities .....	-	(1,260,000)
	<hr/>	<hr/>
Cash flows from investing activities .....	(470,256)	(1,863,670)
	<hr/>	<hr/>
<b>Net change in cash and cash equivalents during the year</b>	<b>(123,757)</b>	182,252
Cash and cash equivalents, beginning of year .....	182,252	-
	<hr/>	<hr/>
<b>Cash and cash equivalents, end of year</b> .....	<b>\$ 58,495</b>	<b>\$ 182,252</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Basic cash flow from operations per share</b> .....	<b>\$ 0.44</b>	<b>\$ 0.27</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Note to statements of cash flows</b>		
<b>Cash and cash equivalents consist of the following</b>	<b><u>2000</u></b>	<b><u>1999</u></b>
Cash .....	58,495	31,002
Guaranteed investment certificates .....	-	151,250
	<hr/>	<hr/>
	<b>58,495</b>	182,252
	<hr/> <hr/>	<hr/> <hr/>
<i>See accompanying notes</i>		



# METALORE RESOURCES LIMITED

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2000

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with generally accepted accounting principles, the more significant of which are outlined below.

#### [a] Use of estimates

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

#### [b] Natural gas properties

The company owns and/or controls approximately 40,000 acres of petroleum, natural gas and mineral leases in Norfolk County, Ontario, and follows the full cost method of accounting for natural gas properties whereby all acquisition and development costs relating to the properties are capitalized. These costs are depleted by the unit of production method based on estimated proven drilled gas reserves. The natural gas reserves of the company have been determined by J. C. Sproule and Associates Ltd. in 1968 and A. E. MacKay Petroleum Limited in 1975, 1979 and 1988 and updated by management's estimates to March 31, 2000.

The carrying value, based on a ceiling test calculation, is limited to a recoverable amount as determined by estimating the present value of future net revenue from proven properties based on current prices and costs.

#### [c] Mining properties

The company owns and/or controls in excess of 700 contiguous mining claims in Sandra, Irwin, Walters, Leduc and LeGault townships and in excess of 200 mining claims in Pifher and Meader townships, all in Northwestern Ontario. Acquisition and exploration costs are capitalized relating to mining properties. If exploration activities are followed by production, capitalized costs will be amortized on the unit of production method based on the estimated reserves in the area. If exploration activities are unsuccessful and the area is abandoned, all capitalized costs relating to the area are written-off. Mining properties are assessed annually, or as economic events dictate, for potential writedown (see note 3).

#### [d] Renewable fuel (Ethanol) costs

The company has acquired land and patents and developed processing technology for the purpose of constructing an Ethanol and Wheat Co-Products manufacturing facility. Acquisition and development costs have been capitalized. On the commencement of production, capitalized costs will be amortized over the estimated useful life of the manufacturing facility. General and administrative costs of \$Nil (1999 - \$14,191) were capitalized to Renewable Fuel (Ethanol) costs.

#### [e] Income Taxes

The company follows the tax allocation method of providing for income taxes. No tax on income is payable by the company as the Income Tax Act provides for certain deductions of exploration and development expenses and credits in excess of any current income recorded in the accounts.

### 2. NATURAL GAS PROPERTIES

Natural gas properties consist of the following:

	2000		1999	
	Cost	Accumulated Amortization Depletion	Net	Net
Gas wells, transmission lines and leases	\$8,626,696	\$2,458,440	\$6,168,256	\$5,734,196

General and administrative costs of \$71,229 (1999 - \$75,680) were capitalized to Natural Gas properties.

(cont'd next page)

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TAKE NOTICE that the Annual Meeting of Shareholders of Metalore Resources Limited will be held in the Harbour Castle, Toronto, Ontario on Friday, September 22, 2000, at 4:30 p.m. to:

1. Receive and consider the Annual Financial Statements for the year ended March 31, 2000, the Auditor's Report thereon, and the Report of the President;
2. Elect Directors;
3. Appoint Auditors and authorize the Directors to fix the remuneration therefor;
4. Transact such other business as may properly come before the meeting.

Shareholders desiring to be represented thereat by a proxyholder must deposit their proxies with the Company before the commencement of the Meeting.

DATED at the Town of Simcoe, this 24th day of July, 1999.

By Order of the Board,  
John C. McVicar, Secretary

SHAREHOLDERS WHO ARE UNABLE TO ATTEND THE MEETING IN PERSON ARE REQUESTED TO DATE, SIGN AND RETURN THE ATTACHED FORM OF PROXY

Please tear along perforation.

## METALORE RESOURCES LIMITED Proxy Solicited by Management

The undersigned Shareholder of Metalore Resources Limited hereby appoints George W. Chilian, or failing him, John C. McVicar, or

as proxy with power of substitution, to attend, act and vote for the undersigned at the Annual and Special Meeting of Shareholders of the Corporation to be held on September 27, 1999, at the Valhalla Inn, Thunder Bay, Ontario and at any adjournments thereof, without limiting

- (a) to vote for \_\_\_\_\_ or against \_\_\_\_\_ the election of the Directors;
- (b) to vote for \_\_\_\_\_ or against \_\_\_\_\_ the appointment of Auditors and the authorization of the Directors to fix the remuneration of the Auditors;
- (e) to grant discretionary authority to vote on amendments or variations identified in the Notice of Meeting and on such other business as may properly come before the meeting.

THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED AS SPECIFIED. IF NO CHOICE IS SPECIFIED, THE PROXY WILL BE VOTED "FOR" THE PROPOSED DIRECTORS AND AUDITORS AS PROPOSED IN THE INFORMATION CIRCULAR.

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 2000

Signature: \_\_\_\_\_

#### NOTES:

1. This proxy must be signed by the shareholder or his attorney duly authorized in writing, or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney duly authorized. If the date is not inserted in the space above provided, the proxy shall be deemed to be dated on the day which it was mailed by Corporation to the shareholder.
2. THE SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON, WHO NEED NOT BE A SHAREHOLDER, OTHER THAN THE PERSONS NAMED, AS THE NOMINEE TO ATTEND AND ACT AT THE MEETING OF SHAREHOLDERS AND SUCH RIGHT MAY BE EXERCISED BY INSERTING THE NAME OF SUCH PERSON IN THE BLANK SPACE ABOVE ON THE PROXY FORM.

My choice of a name for the painting of eagles is:

\_\_\_\_\_

Please tear along perforation.

# METALORE RESOURCES LIMITED

## NOTES TO FINANCIAL STATEMENTS (cont'd) YEAR ENDED MARCH 31, 2000

### 3. MINING PROPERTIES

In 1999, the Company sold its option on the controlling interest in 18 Brookbank claims in the Beardmore area of Ontario to Ontex Resources Limited (Ontex). The consideration was \$2,760,000, plus a 1% net smelter return on any future production from the property. The Company also purchased 3,600,000 shares of Ontex at 35 cents per share for \$1,260,000 of the above funds as part of the agreement.

The Company also optioned to Ontex a maximum 60% interest in nearly all remaining claims in Irwin and Sandra townships and a maximum 70% interest in nearly all remaining claims in Walters, Leduc and LeGault townships for a minimum work and expenditure commitment of \$1,500,000 within four years, at no cost to the Company. The title of the claims will remain with the Company until Ontex has made the qualifying expenditures. After four years, the Company will have the right to participate in further work programs to maintain the above referred to interest in all of the claims.

In fiscal 1999, for accounting purposes, management wrote down mining properties by \$5,500,000 (refer note 1[c]).

General and administrative costs of \$4,191 (1999 - \$73,297) were capitalized to mining properties.

Please tear along perforation.

### 4. DUE TO SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

**[a]** The Company has an agreement with Southern Ontario Natural Gas Limited (SONG), a private company controlled by the president, George W. Chilian, to provide technical services for the gas operations for an annual fee of \$78,000 plus 10% of the Company's gas revenue in excess of \$1,000,000 annually. As at March 31, 2000, the Company owed SONG \$35,734 (1999 - \$239,769), non-interest bearing, with no specific terms for repayment, on account of unpaid technical services rendered.

**[b]** The Company also owes the president, George W. Chilian, \$44,316 (1999 - \$313,367), with no specific terms for repayment and bearing interest at current bank prime rates. The 1999 liability was primarily a book entry to account for consideration of 33,100 common shares of Metalore borrowed by the Company from the president to retire a liability of \$332,000 (being 33,100 shares at \$10.03 per share) associated with mining properties. In January 1999, the Company obtained regulatory permission to purchase 33,100 shares from the open market (normal course issuer bid) in order to effect the return of the shares that were borrowed from the president. As at the fiscal year end, all of the 33,100 (1999 - 11,600) shares had been purchased at an average cost of \$5.31 per share for a total of \$175,856 (1999 - \$62,564) which retired this account on the books of the Company. The savings in the lower cost of the shares purchased on the open market amounting to \$156,049 was credited to mining Properties.

**[c]** Interest at current bank prime rates of \$12,123 (1999 - \$80,465, being ten years of accumulated interest) relating to the due to shareholder account [b] has been capitalized primarily to mining properties.

### 5. SHARE CAPITAL

Share capital consists of the following:	<b>2000</b>	<b>1999</b>
<b>Authorized</b>		
4,000,000 common shares		
<b>Issued</b>		
1,745,017 common shares	<b>\$ 2,277,982</b>	<b>\$ 2,277,982</b>

### 6. FINANCIAL INSTRUMENTS

The Company's maximum exposures to credit risk are indicated by the carrying value of its assets. The Company's exposure to interest rate risk is evident from the disclosure in these financial statements. The fair values of financial assets and liabilities are indicated by their carrying values.

### 7. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2000 financial statements.

Please print your name and address and correct any discrepancy below

Please tear along perforation.

## INFORMATION CIRCULAR

### MANAGEMENT SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation by the management of Metalore Resources Limited (the "Corporation") of proxies to be used at the Annual Meeting of Shareholders to be held at the time and place and for the purposes set forth in the foregoing Notice of Annual Meeting. The solicitation will be primarily by mail and the cost of solicitation will be borne by the Corporation.

### APPOINTMENT AND REVOCATION OF PROXIES

The persons designated on the form of proxy are officers of the Corporation. ANY SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT THEM AT THE MEETING, MAY DO SO BY INSERTING THAT PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER PROPER FORM OF PROXY.

A Shareholder executing the enclosed form of proxy has the power to revoke it. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing deposited at the registered office of the Corporation at any time up to and including the last business day preceding the day of the meeting or any adjournment thereof at which the proxy is to be used, or with the chairman of such meeting on the day of the meeting or adjournment thereof.

### VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation has 1,745,000 Common shares, without par value outstanding.

A list of the Shareholders will be prepared which shows the number of shares registered in the name of each Shareholder on August 14, 2000, the record date for determining Shareholders entitled to one vote at the Annual Meeting for each share opposite his/her name on such list, except to the extent that such person has transferred any of his/her shares and the transferee produces properly endorsed share certificates or otherwise establishes that he/she owns the shares, and, not later than 10 days before the meeting, requires that his/her name be included in the list of Shareholders, in which case such person is entitled to vote his/her shares at the Annual Meeting.

To the knowledge of the management of the Corporation, the only person or company that beneficially owns more than 10% of the issued shares of the Corporation is George W. Chilian, President and Managing Director who holds 610,408 shares, representing approximately 35% of the issued voting shares of the Corporation.

### EXERCISE OF DISCRETION OF PROXIES

The shares represented by proxy will be voted in accordance with the information set forth therein. THE PROXY PROVIDED CONFERS DISCRETIONARY AUTHORITY UPON THE PERSONS NAMED THEREIN WITH RESPECT TO AMENDMENTS OR VARIATIONS TO MATTERS IDENTIFIED IN THE NOTICE OF MEETING AND WITH RESPECT TO OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING.

### TREASURY SHARE OPTIONS TO DIRECTORS

On January 5, 1999, the Board of Directors resolved to grant 30,000 shares of treasury stock of the Corporation, to three Directors of the Corporation (namely 10,000 shares each to Christopher C. Brown, John C. McVicar and Patricia Shelander) at \$10 per share, for a period of three years. These options were approved by Shareholders on September 27, 1999.

### STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Toronto Stock Exchange has adopted guidelines to facilitate effective corporate governance (the "Guidelines"). The Guidelines address such matters as the constitution of corporate boards and the functions to be performed by boards and their committees. While the Board considers corporate governance principles to be important to the Corporation's effective operation, the Board has reviewed the Guidelines and concluded that they are generally not well suited to the Corporation. The Board will continue to consider how various provisions of the Guidelines might be adopted by the Corporation.

The Board has overall responsibility for the stewardship of the Corporation and to act with a view to the best interests of the Corporation. The Board plays an active role in monitoring and directing management in its strategic planning process, identification and management of risk and internal control systems. In addition to those matters which by law must be approved by the Board, the Board decides on a variety of matters affecting the Corporation, including major management changes and decisions, executive compensation and budgeting. The Board's expectations of management in this regard are communicated in all meetings with the Managing Director.

The Board has five members, three of whom are "unrelated" to the Corporation within the meaning of Guidelines. However, only one Director is a full-time officer of the Corporation. Accordingly, the Board believes that it has an appropriate degree of independence from management to effectively carry out its mandate.

The small size of the Board results in no need for Board committees other than the Audit Committee. The Audit Committee's mandate includes review and consideration of financial statements and accounting issues and oversight of management reporting and external Auditors. Only one member of the Committee is unrelated, but the Managing Director is the only full-time member of management on the Committee.

The Managing Director and the Vice-President, Public Relations manage relations with Shareholders. Each is available to ensure that all Shareholder concerns and questions are dealt with appropriately.

### INSIDER TRADING POLICY

The Directors of the Corporation have established a formal Insider Trading Policy to ensure compliance with the Securities Act (Ontario) and the rules and regulations of the Toronto Stock Exchange. There are two basic precepts: 1. No insider shall trade the Company's shares 10 days prior to and 5 days after release of any Annual or Quarterly Reports; 2. No insider shall trade when there is Material Information pending that may affect the price of the shares, until such information has been generally disclosed to the public by way of press release.

### INTEREST OF MANAGEMENT & OTHERS IN MATERIAL TRANSACTIONS

The company has an agreement, subject to periodic review, with Southern Ontario Natural Gas Limited, a corporation controlled by George W. Chilian, President of the Company, to provide technical services for the gas operations of the Company for a fee of \$78,000 plus 10% of the revenue in excess of \$1,000,000 annually. At the fiscal year end, \$35,734 was owed to Southern Ontario Natural Gas for this service.

### EXECUTIVE COMPENSATION

During the fiscal year ended March 31, 2000, the Corporation paid its Managing Director the sum of \$79,000 for administrative services and paid the Directors \$1,700 for meeting expenses and administrative services for the fiscal year. The Corporation has four executive officers. The Directors are authorized a remuneration of \$100 per meeting, plus expenses.

### SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation
		Salary	Bonus	Other Annual Compensation (Directors' Meetings)	Options Granted on Treasury Shares of the Company (#)
George Chilian Managing Director	2000	\$79,000	Nil	\$200	Nil
	1999	\$79,000	Nil	Nil	Nil
	1998	\$79,000	Nil	Nil	Nil
Armen Chilian Director & Treasurer	1999	Nil	Nil	\$200	Nil
Christopher C. Brown Director	1999	Nil	Nil	Nil	10,000 shares
John C. McVicar Director & Secretary	1999	Nil	Nil	\$200	10,000 shares
Patricia Shelander Director	1999	Nil	Nil	\$1,100	10,000 shares

THERE WERE NO STOCK OPTIONS EXERCISED DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR.

No officer, Director or employee of the Corporation had any outstanding indebtedness to the Corporation during the year ended March 31, 2000 and no such indebtedness is outstanding on the date hereof.

### ELECTION OF DIRECTORS

The management of the Corporation proposes to nominate the five persons below for election as Directors of the corporation to serve until the next Annual Meeting or until their successors are elected or appointed.

NAME	PRINCIPAL OCCUPATION	BECAME DIRECTOR	SHARES HELD
Armen Chilian <sup>1</sup> (Treasurer & Director)	Consulting Geologist	1987	26,300
George William Chilian <sup>1</sup> (President & Director)	Managing Director of the Corporation	1955	610,408 <sup>2</sup>
Joseph Maksymchuk	Certified Management Accountant, Retired	2000	8,000
John Claire McVicar <sup>1</sup> (Secretary & Director)	Partner, Meen-McVicar, Insurance Brokers	1982	13,150
Patricia Shelander (Vice-President, Public Relations & Director)	Registered Medical Technologist	1970	36,000

<sup>1</sup> Members of Audit Committee

<sup>2</sup> Southern Ontario Natural Gas Limited, a corporation controlled by George W. Chilian holds 293,958 of these shares

### APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the re-appointment of Hill & Company, Chartered Accountants, Toronto Ontario, as Auditors of the Corporation to hold office until the next Annual Meeting of Shareholders and to fix their remuneration.

The undersigned hereby certifies that the contents of this Information Circular and Proxy Statement and the sending thereof have been approved by the Directors of the Company. The information contained herein is given as of July 24, 2000.

John C. McVicar, Secretary



*Exploring  
Americas'  
Frontiers*

© Dan Niswonger 2000

