



***METALORE
RESOURCES
LIMITED***

***2001
ANNUAL REPORT***

Our 58th Year

FIFTH DAY RISING

“On the fifth day God created the great whales and an abundance of living creatures in the sea and God saw that it was Good.” from Genesis 1:20.

Native artist, Don Ningewance, has ingeniously captured the epic creation scene of *“The Fifth Day”*. The objective of Metalore’s painting this year is to provide Shareholders with an artistic glimpse of earth’s early marine environment - and complement the painting with a master geologist’s description* of the origin of petroleum and natural gas on our planet.

“The sedimentary cycle of petroleum begins with life in the seas, presumably with minute plants and animals, and proceeds through deposition of organic matter along with black marine muds, burial of black shales by overlying sediments, conversion of the organic material to petroleum and gas, migration of these fluids to traps in porous rock, and perserval of the traps and included hydrocarbons free from intense folding, faulting or strong metamorphism. There is, however, much that is still unknown about the sedimentary cycle and origin of petroleum.”

All REGISTERED Shareholders who attend the Annual Meeting this year will be entitled to receive a free, limited edition, numbered copy of this beautiful painting.

* *“The Formation of Mineral Deposits”*, pgs. 172-173, Dr. Alan M. Bateman, Yale University, 1951.

METALORE RESOURCES LIMITED

| | |
|--|---|
| <p><i>Officers and Directors</i></p> | <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>JOSEPH MAKSYMCHUK, <i>Director</i> Brantford, Ontario</p> |
| <p><i>Executive Office & Natural Gas Division</i></p> <p><i>Mining Division</i></p> <p><i>Production Manager & 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 & Transfer Agent</i></p> <p><i>Share Listing & 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>COMPUTERSHARE TRUST Toronto, Ontario</p> <p>TORONTO STOCK EXCHANGE, "MET" Toronto, Ontario</p> <p>WESTIN HARBOUR CASTLE Toronto, Ontario September 28, 2001, 4:30 p.m.</p> <p>www.metalorerresources.com info@metalorerresources.com</p> |

METALORE RESOURCES LIMITED

Annual Letter from the President

Dear Shareholder:

MINING EXPLORATION PROGRESS

Two and one-half years ago, Metalore negotiated an agreement¹ for the working option and/or sale of nearly all of our claims then held in the Beardmore area of Ontario to Ontex Resources Limited. Ontex has maintained a concerted, on-going program of exploration on these properties ever since that time, including a rather staggering 114,000 feet of diamond drilling on the Irwin Township properties alone. This mega-project is continuing unabated, and highlights from a recently released report by Ontex on the summary of these results are as follows:

Drilling on the Fox Ear property has increased the mineral resource by 25% along the main contact shear (probable extension of the Brookbank contact). Results are referenced in the schedule below.

Drilling on the Cherbourg property has increased the mineral resource on the Golden Highway by 15%. These results are also referenced in the schedule below. This zone continues to show structural strength, having a consistent southerly dip, with values ranging from -1 to 30+ grams Au/tonne in the main silicified shear. Some distance further to the west and "on strike" of the Golden Highway (in the Patter Lake/Knox Lake area), another zone, known as the Springer showing, is also scheduled for power stripping on surface in preparation for drilling this fall.

Ontex has retained the independent firm of John P. Thompson and Associates to prepare detailed resource calculations from drilling results thus far on several zones (in compliance with National Instrument 43-101), which are summarized in the schedule below.

| SUMMARY OF ALL MINERAL RESOURCES TO DATE as of July 1, 2001 (2.0 g/t Au Cut-off Grade) | | | | | | | |
|--|------------------|--------------|-------------------|------------------|--------------|-------------------|--|
| Zone | INDICATED | | | INFERRED | | | INDICATED & INFERRED COMBINED |
| | Tonnes (metric) | Grade g/t Au | Contained Oz gold | Tonnes (metric) | Grade g/t Au | Contained Oz gold | Totals of Indicated and Inferred Oz gold |
| Brookbank | 1,325,000 | 7.4 | 314,000 | 931,000 | 7.0 | 209,000 | 523,000 |
| Cherbourg | 153,000 | 6.6 | 32,300 | 288,000 | 6.1 | 56,900 | 89,000 |
| Irwin Contact | 45,000 | 5.1 | 7,400 | 53,000 | 4.3 | 7,300 | 14,700 |
| Irwin Breccia | – | – | – | 77,000 | 5.1 | 13,000 | 13,000 |
| Fox Ear | 143,000 | 4.2 | 19,200 | 273,000 | 4.0 | 35,000 | 54,200 |
| TOTALS | 1,612,000 | 5.8 | 372,900 | 1,622,000 | 5.4 | 321,200 | 694,100 |

A new discovery on the Fox Ear property, south of the main contact shear (dubbed the Workshop showing) has yielded encouraging results from surface prospecting and initial shallow diamond drilling and has been placed on the priority list for further work. While surface sampling generated only nominal values in the 3 gram Au/tonne range, initial shallow drilling encountered values in excess of 13 grams Au/tonne. This is particularly important since the trademark of the Brookbank has been to yield better values and widths at depth. This shear zone has now been traced intermittently on surface for nearly 4,000 feet, and at this writing is being uncovered by power stripping, along with a second parallel zone, further to the south, as yet unnamed. Areas along the Workshop shear that exhibit dilative structures are being identified by Armen Chilian, Project Geologist for early drilling.

In regard to further earn-in considerations with Metalore, Ontex has contracted for a detailed surface exploration program consisting of 65 miles of linecutting, ground geophysics (magnetic and electro-magnetic) and geological mapping on selected areas of Irwin, Walters and Leduc Townships. These grids have been targeted where multi-phase anomalies were identified by state-of-the-art airborne geophysical surveys, flown late in 1999, and followed up with geological mapping and reconnaissance prospecting last year. Thus far, Ontex has expended more than the one million dollars required to earn-in a 60% interest in Metalore's Irwin and Sandra Township claims, and they have the option to expend a further one-half million dollars to earn-in a 70% interest in our claims in Walters, Leduc and LeGault Townships. Ontex recently increased its working capital by an additional 1.44 million dollars with a flow through share offering and has ample funds for the continuance of exploration on the above properties.

1. Refer to Note 4. "Mining Properties" in the attached Financial Statements.

BANNER YEAR FOR NATURAL GAS

High Water Marks have been achieved with our Natural Gas Production over the past year, and these records are on schedule to be broken again in the current year. Our Interim Report to Shareholders, dated February 16, 2001, predicted,

“Metalore’s nine month performance (recorded herein) will be eclipsed by a new all-time (37 years) high for Fiscal 2001, and (barring any unseen eventualities) the record of 2001 should again be surpassed by another new all-time high for Fiscal 2002.” The Report further stated that, *“We had locked in premium prices for a substantial portion of our production all the way ahead to April, 2002.”*

Thus, Metalore’s forward market hedging strategy continues to be handsomely rewarded. We have also secured a larger natural gas storage capacity and continue to supplement our inventory of gas held in storage for future deliveries. This places Metalore in the advantageous position of being able to maintain normal levels of production on a year around basis while providing us with the ability to sell higher volumes of gas on any upward price swings and/or spikes that occur on both the short and long term markets.

Our improved gas revenues have enabled us to solidly put our financial house in order. At this writing, basically all of our liabilities have been retired and our cash flow surplus will allow us to appropriately increase the dividend to Shareholders this year (as planned) and to pursue normal course exploration and development activities.

We are also pleased to report that Metalore finally² received the permit late in June, 2001 to drill our first deep formation Wildcat well. During the early stage drilling of this well, Metalore #90, we encountered a substantial horizon of gas at the Silurian level, measuring significantly above the average flow and pay zone thickness of our Silurian wells in the adjacent Charlotteville Field. A pivotal decision had to be made. We diligently designed a pragmatic casing program which would have allowed us to efficiently facilitate a dual producing well, from both the shallower Silurian zone (1,300 feet) and the potential, deeper Ordovician and/or Cambrian zones (2,500 to 3,500 feet); however, the regulatory process lacked the flexibility for us to implement the revised casing program. Consequently, with an excellent “bird-in-hand” we elected to complete the well as a single zone, Silurian producer. Independent

Calculations of Proven Drilled, Proven Undrilled and Probable Natural Gas Reserves in the Silurian on our Charlotteville operations are sufficient to sustain the current level of production for more than 50 years. This does not include any reserves (which have not been calculated) at our newest Clear Creek and Crown Forest Fields. We plan to tie-in #90 with the pipeline to #89 and initiate production from this new Crown Forest Field sometime this fall.

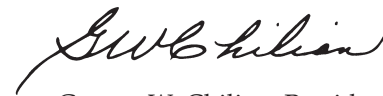
In due course, we will continue to pursue the deep horizon wildcat play with each step-out from #90 as the development of this promising new Silurian reservoir progresses.

SPECIAL PROJECTS

With all of the hype on energy shortages and the increased cost of fossil fuels over the past several months, Metalore has received several serious enquires from principals, as well as financiers, about revisiting our previously researched proposal to establish a Wheat to Ethanol and Co-products manufacturing facility.

The prospect of acquiring a *Renewable Fuel* source would certainly fit and complement our objectives for long term growth in the Energy Sector, particularly considering that our Natural Gas Reserves, though still substantial by current standards, are *non-renewable*. We will continue to diligently monitor any opportunities of merit in this category.

On behalf of the Board



George W. Chilian, President
August 14, 2001

2. Metalore applied for this permit on October 13, 2000. Another permit, applied for in April, 2001, has still not been issued.

METALORE RESOURCES LIMITED

BALANCE SHEET AS AT MARCH 31

| | 2001 | 2000 |
|---|---------------|--------------|
| ASSETS | | |
| Current assets | | |
| Cash | \$ 49,333 | \$ 58,495 |
| Marketable securities, at cost (note 4) | 1,260,485 | 1,260,485 |
| Accounts receivable | 343,941 | 107,809 |
| Inventory of pipe and supplies, at cost | 36,490 | 25,650 |
| | 1,690,249 | 1,452,439 |
| Natural gas properties (note 3) | 6,634,279 | 6,168,256 |
| Mining properties (notes 2[c], 4, and 5[c]) | 1,270,686 | 1,222,795 |
| Renewable fuel (Ethanol) costs (note 2 [d]) | 924,666 | 921,869 |
| | \$ 10,519,880 | \$ 9,765,359 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable and accrued royalties | \$ 165,359 | \$ 390,451 |
| Due to shareholders (notes 5[a] and 5[b]) | 121,610 | 80,050 |
| Future income taxes (notes 1 and 2[e]) | 1,475,000 | 1,364,000 |
| | 1,596,610 | 1,444,050 |
| Shareholders' equity | | |
| Share capital (note 6) | 2,277,982 | 2,277,982 |
| Contributed surplus | 16,000 | 16,000 |
| Retained earnings | 6,463,929 | 5,636,876 |
| | 8,757,911 | 7,930,858 |
| | \$ 10,519,880 | \$ 9,765,359 |

See accompanying notes

Approved on behalf of the Board:

Armen Chilian, Director

John McVicar, Director

METALORE RESOURCES LIMITED

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STATEMENT OF INCOME AND RETAINED EARNINGS YEAR ENDED MARCH 31

| | 2001 | 2000 |
|--|--------------------|--------------------|
| Revenue | | |
| Natural gas production | \$ 1,710,689 | \$ 1,252,145 |
| Royalties | 5,111 | 2,599 |
| Interest - net | (2,769) | 1,342 |
| | <hr/> 1,713,031 | <hr/> 1,256,086 |
| Expenses | | |
| Production | 299,856 | 273,946 |
| Administration | 108,126 | 91,926 |
| Royalties | 170,017 | 124,422 |
| Depletion | 101,000 | 94,000 |
| | <hr/> 678,999 | <hr/> 584,294 |
| Income before future income taxes | 1,034,032 | 671,792 |
| Future income taxes (notes 1 and 2[e]) | 111,000 | 219,000 |
| Net income | 923,032 | 452,792 |
| Retained earnings, beginning of year | 5,636,876 | 5,184,084 |
| Dividends paid | (95,979) | - |
| Retained earnings, end of year | <hr/> \$ 6,463,929 | <hr/> \$ 5,636,876 |
| Basic net earnings per share | <hr/> \$ 0.53 | <hr/> \$ 0.26 |

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, 2001 and 2000 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 Canadian 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, 2001 and 2000 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PKF HILL CHARTERED ACCOUNTANTS
Toronto, Ontario
June 20, 2001

METALORE RESOURCES LIMITED

STATEMENT OF CASH FLOWS YEAR ENDED MARCH 31

| | 2001 | 2000 |
|---|----------------|----------------|
| Operating activities | | |
| Net income | \$ 923,032 | \$ 452,792 |
| Add items not involving cash: | | |
| Depletion | 101,000 | 94,000 |
| Future income taxes | 111,000 | 219,000 |
| Cash flows from operations before changes in non-cash working capital | 1,135,032 | 765,792 |
| Changes in non-cash working capital items: | | |
| Accounts receivable | (236,132) | (26,874) |
| Inventory of pipe and supplies, at cost | (10,840) | 5,420 |
| Accounts payable and accrued royalties | (225,092) | 75,247 |
| Net change in non-cash working capital items | (472,064) | 53,793 |
| Cash flows from operating activities | 662,968 | 819,585 |
| Financing activities | | |
| Increase (decrease) in due to shareholders | 41,560 | (473,086) |
| Dividends paid | (95,979) | - |
| Cash flows from financing activities | (54,419) | (473,086) |
| Investing in capital activities | | |
| Mining exploration costs (notes 2[c] and 5[c]) | (47,891) | 69,214 |
| Natural gas development and exploration costs | (567,023) | (528,060) |
| Renewable fuel (Ethanol) costs | (2,797) | (11,410) |
| Cash flows from investing activities | (617,711) | (470,256) |
| Net increase (decrease) in cash during the year | (9,162) | (123,757) |
| Cash, beginning of year | 58,495 | 182,252 |
| Cash, end of year | \$ 49,333 | \$ 58,495 |
| Basic cash flows from operations per share | \$ 0.65 | \$ 0.44 |

Note to statement of cash flows

| | | |
|---------------|----------|-----------|
| Interest paid | \$ 5,822 | \$ 10,781 |
|---------------|----------|-----------|

See accompanying notes

METALORE RESOURCES LIMITED

NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2001

1. RETROACTIVE CHARGE IN ACCOUNTING POLICY

Effective April 1, 2000, the company adopted the recommendations of the Canadian Institute of Chartered Accountants with respect to accounting for income taxes. Under the recommendations, the liability method of tax allocation is used, based on differences between the financial and tax basis of reporting assets and liabilities. Previously, the deferral method was used, based on differences in the timing of reporting income and expenses in financial statements and tax returns. The recommendations were applied retroactively. The effect of the recommendations on the opening 2001 financial statement was insignificant and, therefore, no adjustment has been made.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

[a] Use of estimates

The preparation of 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 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 Charlottville, Walsingham and Houghton townships 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 in Charlotteville Township 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, 2001.

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 in excess of 400 contiguous mining claims in Walters, Leduc and LeGault townships and holds a 40% interest in 200 claims in Sandra and Irwin townships. All of the above claims are in Northwestern Ontario and subject to a working option agreement with Ontex Resources Limited (Ontex) (note 4). The company also owns/controls mining claims in Pifher and Meader townships 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.

[d] Renewable fuel (Ethanol) costs

The company has 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.

[e] Future income taxes

Income taxes are calculated using the liability method of tax allocation accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future income tax liabilities or assets. Future income tax liabilities or assets are calculated using the substantively enacted tax rates and laws that are expected to be in effect in the periods that the temporary differences are expected to reverse. The effect of changes in rates is included in earnings in the period which includes the substantive enactment. 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.

(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 Westin Harbour Castle, Toronto, Ontario on Friday, September 28, 2001, at 4:30 p.m. to:

1. Receive and consider the Annual Financial Statements for the year ended March 31, 2001, 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 3rd day of August, 2001.

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

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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 28, 2001, at the Westin Harbour Castle, Toronto, 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 _____ 2001

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.

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METALORE RESOURCES LIMITED

NOTES TO FINANCIAL STATEMENTS (cont'd) YEAR ENDED MARCH 31, 2001

3. NATURAL GAS PROPERTIES

Natural gas properties consist of the following:

| | 2001 | | 2000 |
|--|-------------|---|-------------|
| | <u>Cost</u> | <u>Accumulated Amortization Depletion</u> | <u>Net</u> |
| Gas wells, transmission lines and leases | \$9,193,719 | \$2,559,440 | \$6,634,279 |
| | | | \$6,168,256 |

General and administrative costs of \$120,384 (2000 - \$71,229) and production costs of \$224,727 (2000 - \$253,269) were capitalized to Natural Gas properties.

4. 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. 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 market value of these shares at year end was \$1,168,000 (2000 - \$2,520,000). The market value at June 20, 2001 is \$972,000.

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 combined 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.

General and administrative costs of \$11,158 (2000 - \$4,191) and production costs of \$23,150 (2000 - \$47,290) were capitalized to mining properties.

5. 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, 2001, the Company owed SONG \$102,343 (2000 - \$35,734) which is non-interest bearing, with no specific terms for repayment.

[b] The Company also owes the president, George W. Chilian, \$19,267 (2000 - \$44,316) with no specific terms for repayment and bearing interest at current bank prime rates.

[c] Interest at current bank prime rates of \$2,248 (2000 - \$12,123) relating to the due to shareholder account

[b] has been capitalized primarily to mining properties.

6. SHARE CAPITAL

Share capital consists of the following:

| | 2001 | 2000 |
|-------------------------|--------------|--------------|
| Authorized | | |
| 4,000,000 common shares | | |
| Issued | | |
| 1,745,017 common shares | \$ 2,277,982 | \$ 2,277,982 |

7. 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.

8. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2001 financial statements.

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Please print your name and address and correct any discrepancy below

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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 16, 2001, 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 593,308 shares, representing approximately 34% 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 the options to purchase 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, \$102,343 was owed to Southern Ontario Natural Gas for this service.

EXECUTIVE COMPENSATION

During the fiscal year ended March 31, 2001, the Corporation paid its Managing Director the sum of \$91,200 for administrative services and paid the Directors \$700 for meetings and expenses 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) | Existing Options on Treasury Shares of the Company (#) |
| George Chilian Managing Director | 2001 | \$91,200 | Nil | Nil | Nil |
| | 2000 | \$79,000 | Nil | Nil | Nil |
| | 1999 | \$79,000 | Nil | Nil | Nil |
| John C. McVicar Director & Secretary | 2001 | Nil | Nil | \$200 | 10,000 shares |
| | 2000 | Nil | Nil | \$900 | -- |
| | 1999 | Nil | Nil | \$200 | -- |
| Patricia Shelander Director & Vice-President, Public Relations | 2001 | Nil | Nil | \$200 | 10,000 shares |
| | 2000 | Nil | Nil | \$900 | -- |
| | 1999 | Nil | Nil | \$1,100 | -- |

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, 2001 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 ¹ (Treasurer & Director) | Consulting Geologist | 1987 | 26,300 |
| George William Chilian ¹ (President & Director) | Managing Director of the Corporation | 1955 | 593,308 ² |
| Joseph Maksymchuk (Director) | Certified Management Accountant, Retired | 2000 | 8,000 |
| John Claire McVicar ¹ (Secretary & Director) | Partner, Meen-McVicar, Insurance Brokers | 1982 | 13,150 |
| Patricia Shelander (Director & Vice-President, Public Relations) | Registered Medical Technologist | 1970 | 36,000 |

¹ Members of Audit Committee

² 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 August 3, 2001.

John C. McVicar, Secretary



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