

METALORE RESOURCES LIMITED

P.O. BOX 422, SIMCOE, ONTARIO N3Y 4L5 PHONE: (519) 428-2464

SIX MONTHS' PROGRESS REPORT

To Our Shareholders et al.

Metalore's Natural Gas Development continues to flourish in spite of cratering hydrocarbon prices. Our forward market *hedging* policy has enabled us to maintain revenues at high levels (as verified by the attached financials), with the majority of our production having been sold way ahead to November, 2002, at *premium* prices. Therefore, Metalore is on course to achieve another record year. Accordingly, as anticipated, your Board of Directors has declared a Dividend of seven cents (7¢) Canadian Funds to be paid on all common shares of Record November 19, and payable December 10, 2001. (This will be converted and paid in United States Funds to all Shareholders with addresses in the United States.)

The recent successful completion of Metalore wells #90 and SONG #8 has significantly extended the dimensions of both our new Crown Forest (Walsingham Township) and Clear Creek (Houghton Township) Gas Fields and provided us with additional volumes of gas for immediate delivery whenever warranted by market conditions. As previously reported (2001 Annual Report), our #90 well was initially planned as a deep Ordovician and Cambrian Wildcat (4,000 feet), but was retained as a superior Silurian well (1,300 feet) and was not carried down to the deeper levels. Another deep Wildcat is presently on the drawing board to tap these lower formations.

Metalore completed four diamond drill holes on geophysical targets on one of our wholly owned mining prospects in Northwestern, Ontario, during the month of August, 2001. This nominal program was facilitated at minimal cost (approximately \$30,000) by utilizing the drill and camp infrastructure of Pifher Resources Inc. that was currently operating in the vicinity. Further nominal diamond drilling is scheduled to be undertaken next year. Steady Progress is also being made by Ontex Resources Limited on the five township, several hundred claim, precious metal properties optioned from Metalore in the Beardmore Area.

November 19, 2001

George W. Chilian, President

METALORE RESOURCES LIMITED

SECOND QUARTER FINANCIALS

For the six months ended September 30, 2001 with comparative figures for the six months ended September 30, 2000
(subject to audit adjustments at year end)

STATEMENT OF INCOME AND RETAINED EARNINGS

	<u>2001</u>	<u>2000</u>
Revenue	\$	\$
Natural Gas Sales & Royalties	<u>980,037</u>	<u>723,066</u>
Expenses		
Production expenses	118,166	103,147
Administrative expenses	58,202	56,202
Royalties	93,100	68,685
Amortization, depletion	<u>50,000</u>	<u>47,000</u>
	<u>319,468</u>	<u>275,034</u>
Net income before taxes	660,569	448,032
Income taxes		
Income taxes (deferred)	<u>211,380</u>	<u>136,200</u>
Net income	449,189	311,832
Retained Earnings, beginning of period	6,463,929	5,636,876
Retained earnings end of period	<u><u>6,913,118</u></u>	<u><u>5,948,708</u></u>
Earnings per share	0.26	0.18

METALORE RESOURCES LIMITED

SECOND QUARTER FINANCIALS

For the six months ended September 30, 2001 with comparative figures for the six months ended September 30, 2000
(subject to audit adjustments at year end)

STATEMENT OF CASH FLOWS

	<u>2001</u>	<u>2000</u>
CASH PROVIDED BY	\$	\$
(EXPENDED)		
Operations		
Net Income	449,189	311,832
Amortization, depletion	50,000	47,000
Deferred income taxes	<u>211,380</u>	<u>136,200</u>
Cash flow from operations before change in non-cash working capital	710,569	495,032
Change in non-cash working capital	<u>(201,343)</u>	<u>(199,796)</u>
Cash provided by operating activities	<u><u>509,226</u></u>	<u><u>295,236</u></u>
Investments		
Natural gas development	(358,240)	(233,854)
Renewable fuel costs - Ethanol	(1,017)	(171)
Mining exploration	<u>(77,218)</u>	<u>(18,201)</u>
	<u>(436,475)</u>	<u>(252,226)</u>
Increase (decrease in cash)	72,751	43,010
Cash beginning of period	49,333	58,495
Cash end of period	<u><u>122,084</u></u>	<u><u>101,505</u></u>
Cash flow per share	0.41	0.28

METALORE RESOURCES LIMITED

SECOND QUARTER BALANCE SHEET

At September 30, 2001 with comparative figures at
September 30, 2000 (subject to audit adjustments at year end)

ASSETS

	<u>2001</u>	<u>2000</u>
Current Assets	\$	\$
Cash & cash equivalents	122,084	101,505
Marketable securities	1,440,485	1,260,485
Accounts receivable	266,044	165,373
Inventory of pipe & supplies	36,490	25,650
	<u>1,865,103</u>	<u>1,553,013</u>
Natural gas properties	6,942,520	6,328,110
Mining properties	1,347,904	1,260,997
Renewable fuel (Ethanol) costs	925,682	922,040
	<u>11,081,209</u>	<u>10,064,160</u>

LIABILITIES & SHAREHOLDERS' EQUITY

Current liabilities

Accounts payable & accrued liabilities	187,729	316,388
Municipal taxes payable	0	141,082
	<u>187,729</u>	<u>457,470</u>

Deferred income taxes	<u>1,686,380</u>	<u>1,364,000</u>
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Shareholders' equity

Share capital	2,277,982	2,277,982
Contributed surplus	16,000	16,000
Retained earnings	6,913,118	5,948,708
	<u>9,207,100</u>	<u>8,242,690</u>
	<u>11,081,209</u>	<u>10,064,160</u>

Current Ratio (assets / liabilities)	9.9 to 1	3.4 to 1
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