

**METALORE RESOURCES LIMITED****SECOND QUARTER FINANCIALS (REVISED)**

For the three months ended September 30, 2002 with comparative figures for the three months ended September 30, 2001

(unaudited)

**STATEMENT OF INCOME AND RETAINED EARNINGS**

	<u>2002</u>	<u>2001</u>
<b>Revenue</b>	\$	\$
Natural Gas Production	308,404	386,723
Royalties	988	1,393
Investment & Interest Income	402	Nil
	<u>309,794</u>	<u>388,116</u>
<b>Expenses</b>		
Production expenses	46,915	48,383
Administrative expenses	28,281	29,590
Royalties	27,167	34,055
Amortization, depletion	24,000	25,000
	<u>126,363</u>	<u>137,028</u>
<b>Net income before taxes</b>	183,431	251,088
<b>Future income taxes</b>	<u>55,210</u>	<u>80,350</u>
<b>Net income</b>	128,221	170,738
Retained Earnings, beginning of period	<u>7,391,238</u>	<u>6,742,380</u>
<b>Retained earnings end of period</b>	<u><u>7,519,459</u></u>	<u><u>6,913,118</u></u>
<b>Earnings per share</b>	0.07	0.10

**METALORE RESOURCES LIMITED****SECOND QUARTER FINANCIALS (REVISED)**

For the three months ended September 30, 2002 with comparative figures for the three months ended September 30, 2001

(unaudited)

**STATEMENT OF CASH FLOWS**

	<u>2002</u>	<u>2001</u>
<b>CASH PROVIDED BY (EXPENDED)</b>	\$	\$
<b>Operations</b>		
Net Income	128,221	170,738
Amortization, depletion	24,000	25,000
Future income taxes	55,210	80,350
Cash flow from operations before change in non-cash working capital	207,431	276,088
Change in non-cash working capital	<u>(86,021)</u>	<u>(332,850)</u>
Cash provided by operating activities	<u>121,410</u>	<u>(56,762)</u>
<b>Investments</b>		
Natural gas development	(125,808)	(182,293)
Renewable fuel costs - Ethanol	0	0
Mining exploration	<u>(164,525)</u>	<u>(64,949)</u>
	<u>(290,333)</u>	<u>(247,242)</u>
<b>Increase (decrease) in cash</b>	(168,923)	(304,004)
Cash beginning of period	<u>340,950</u>	<u>426,088</u>
Cash end of period	<u><u>172,027</u></u>	<u><u>122,084</u></u>
<b>Cash flow per share</b>	0.12	0.16

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(unaudited)

**STATEMENT OF INCOME AND RETAINED EARNINGS**

	<u>2002</u>	<u>2001</u>
<b>Revenue</b>	\$	\$
Natural Gas Production	708,685	976,763
Royalties	1,590	3,274
Investment & Interest Income	1,695	Nil
	<u>711,970</u>	<u>980,037</u>
<b>Expenses</b>		
Production expenses	117,726	118,166
Administrative expenses	57,119	58,202
Royalties	66,932	93,100
Amortization, depletion	48,000	50,000
	<u>289,777</u>	<u>319,468</u>
<b>Net income before taxes</b>	422,193	660,569
<b>Future income taxes</b>	<u>127,080</u>	<u>211,380</u>
<b>Net income</b>	295,113	449,189
Retained Earnings, beginning of period	7,224,346	6,463,929
<b>Retained earnings end of period</b>	<u><u>7,519,459</u></u>	<u><u>6,913,118</u></u>
<b>Earnings per share</b>	0.17	0.26

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(unaudited)

**STATEMENT OF CASH FLOWS**

	<u>2002</u>	<u>2001</u>
<b>CASH PROVIDED BY (EXPENDED)</b>	\$	\$
<b>Operations</b>		
Net Income	295,113	449,189
Amortization, depletion	48,000	50,000
Deferred income taxes	127,080	211,380
Cash flow from operations before change in non-cash working capital	470,193	710,569
Change in non-cash working capital	<u>(29,705)</u>	<u>(201,343)</u>
Cash provided by operating activities	<u>440,488</u>	<u>509,226</u>
<b>Investments</b>		
Natural gas development	(297,818)	(358,240)
Renewable fuel costs - Ethanol	0	(1,017)
Mining exploration	<u>(183,636)</u>	<u>(77,218)</u>
	<u>(481,454)</u>	<u>(436,475)</u>
<b>Increase (decrease) in cash</b>	(40,966)	72,751
Cash beginning of period	212,993	49,333
Cash end of period	<u><u>172,027</u></u>	<u><u>122,084</u></u>
<b>Cash flow per share</b>	0.27	0.41

# **METALORE RESOURCES LIMITED**

## **SECOND QUARTER BALANCE SHEET (REVISED)**

**At September 30, 2002 with comparative figures at March 31, 2002  
(unaudited)**

### **ASSETS**

	September	March
	<u>2002</u>	<u>2002</u>
<b>Current Assets</b>	\$	\$
Cash & cash equivalents	172,027	212,993
Marketable securities	1,440,485	1,440,485
Accounts receivable	302,121	229,493
Inventory of pipe & supplies	27,600	27,600
	<u>1,942,233</u>	<u>1,910,571</u>
<b>Natural gas properties</b>	10,375,050	10,077,235
<b>Mining properties</b>	1,563,370	1,379,734
<b>Renewable fuel (Ethanol) costs</b>	927,811	927,811
<b>Accumulated amortization</b>	<u>(2,723,440)</u>	<u>(2,675,440)</u>
	<u>12,085,024</u>	<u>11,619,911</u>

### **LIABILITIES & SHAREHOLDERS' EQUITY**

<b>Current liabilities</b>		
Accounts payable & accrued liabilities	<u>252,155</u>	<u>205,937</u>
<b>Due to shareholder</b>	16,348	19,646
<b>Future income taxes</b>	<u>2,003,080</u>	<u>1,876,000</u>
	2,019,428	1,895,646
<b>Shareholders' equity</b>		
Share capital	2,277,982	2,277,982
Contributed surplus	16,000	16,000
Retained earnings	7,519,459	7,224,346
	<u>9,813,441</u>	<u>9,518,328</u>
	<u>12,085,024</u>	<u>11,619,911</u>
<b>Current Ratio (assets / liabilities)</b>	7.2 to 1	8.5 to 1

## ***METALORE RESOURCES LIMITED***

### **NOTES TO FINANCIAL STATEMENTS**

For the Quarter ended September 30, 2002

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, 2002. 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.