METALORE RESOURCES LIMITED

INTERIM REPORT

Management's Discussion & Analysis of Results

For the Third Quarter ended December 31, 2004

Management's discussion and analysis (MD&A) in respect of Metalore Resources Limited ("Metalore" or the "Company") should be read in conjunction with the unaudited interim financial statements for the nine months ended December 31, 2004. The Company's financial statements and financial data set out below have been prepared in accordance with Canadian generally accepted accounting principles. Unless specified otherwise, all dollar amounts are in Canadian dollars. Additional information relating to the Company, including the Annual Report for 2004, is available on SEDAR at www.sedar.com.

This discussion contains certain forward-looking statements. All statements, other than statements of historical fact, that address activities, events or development that the Company believes, expects or anticipates will or may occur in the future are forward-looking statements. These statements are based upon certain assumptions and analyses made by management in light of its experiences and perception of historical trends, current conditions and expected future developments, as well as other factors that management believes are appropriate in the circumstances. However, whether actual results and developments will conform to management's expectations is subject to a number of risks and uncertainties. Forward-looking statements are not guarantees as to the Company's future results since there are inherent difficulties in predicting future results. Accordingly, actual results could differ from those expressed or implied.

Corporate Profile

Metalore has been active in natural gas development for over forty years and in mining exploration for over sixty years. Natural gas operations are centered in Southwestern Ontario on some 35,000 acres of lease holdings in Charlotteville, Walsingham and Houghton Townships. Natural gas operations continue to represent the "core" business of the Company as well as its principle source of revenue. While the Company maintains several thousand acres of undrilled leases in the "probable reserves" category[1] it has not drilled any new gas wells during the past three years. During this period the Company has focused its exploration efforts primarily on the mining aspect of the business.

Since its incorporation in 1943, Metalore has conducted mining exploration across North America, South America and Africa. During the past thirty years, however, endeavors have been concentrated in Northwestern Ontario, where the Company discovered and drill-outlined three gold deposits. These deposits were subsequently sold with various minor interests being retained by the Company. Mining exploration has been carried out for the past three seasons on the Company's new gold prospect at Cedartree Lake in the Sioux Narrows area.

[1] Evaluation of the P&NG Reserves of Metalore Resources Ltd., April 1/04 Sproule Associates Ltd. Calgary.

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Overall Performance

Metalore's comparatively nominal natural gas operation yields a stable base income. The Company has consistently located its gas wells on ultra wide spacing patterns to minimize the year to year decline in deliverability and maximize longevity of production. Therefore, the Company's revenue, cash flow and financial results have been sustained over recent years as higher prices for natural gas have offset marginal declines in the rate of production.

Current Business Strategy

Metalore's first priority is to gradually increase liquid assets with cash flow from operations. The Company has integrated plans to field another exploratory drill program on its Sioux Narrows gold prospect during the summer of 2005. The Company also expects to resume limited development on the shallow gas producing strata (Silurian sandstones at 1,200 to 1,400 feet) and to initiate wildcatting of the deeper levels (Ordovician and Cambrian dolomites and sandstones at 2,800 to 3,500 feet) as soon as it becomes strategically, administratively, logistically, mechanically and financially feasable to do so without diluting capitalization. Management also intends to conduct sufficient exploration and development to maintain an adequate inventory of "future" (deferred) income tax credits.

Results of Operations

The Company recorded net income of $162,508 or $0.09 per share for the third quarter 2004 compared to net income of $207,906 or $0.12 per share for the third quarter of 2003.The reduction in net income of $45,398 in the third quarter 2004 is primarily due to an increase in the provision of future income taxes[2] of $35,540, which was partially offset by an increase in revenue of $21,768.

The Company incurred an increase in expenses of $29,722 for the third quarter of 2004 compared to the third quarter of 2003 primarily because of higher legal expenses arising from preparations to comply with new Ontario Securities Commission regulations.

In the third quarter, a net change of $49,280 in natural gas development costs and $177,792 in mining exploration costs occurred. The increase in total assets since the last fiscal year end is primarily attributed to costs capitalized in the first, second and third quarter periods of the current fiscal year.

[2] See Note 4 of the attached Financial Statements.

Management's Discussion & Analysis of Results

For the Third Quarter ended December 31, 2004

Comparison between Third Quarter 2003 and 2004

	Dec. 31/04 3rd Qtr	Dec. 31/04 Y-T-D	Dec. 31/03 3rd Qtr	Dec. 31/03 Y-T-D
Revenue	$471,019	$1,294,418	$449,251	1,229,135
Net Income	162,508	490,125	207,906	583,544
Earnings Per share	.09	.28	.12	.33
Cash Flow	275,018	829,045	284,876	804,424
Cash Flow per share	.16	.47	.16	.46

For the nine month period ending December 31st, 2004, the Company increased revenue by 5.3% and expenses by 8.1% from the corresponding 2003 period. The increase in revenue was attributed to higher revenues from natural gas production and investment and interest income. Revenue from gas production has been higher primarily because of the increase in natural gas prices from last year.

Comparative Summary & Financial Data by Quarter

	Dec 31/04	Sept 30/04	June 30/04	Mar 31/04	Dec 31/03	Sept 30/03	June 30/03	Mar 31/03	Dec 31/02
	3rd Qtr	2nd Qtr.	1st Qtr.	Y/E	3rd Qtr.	2nd Qtr.	1st Qtr.	Y/E	3rd Qtr
Revenue	471,019	375,920	447,479	513,704	449,251	361,588	418,296	392,824	409,079
Net Income	162,508	140,728	187,339	127,063	207,906	176,290	199,348	349,980	156,207
Earnings per share	.09	.08	.11	.07	.12	.10	.11	.10	.09
Cash Flow per share	.16	.15	.17	.21	.16	.14	.16	.17	.14
Dividends per share	--	--	--	.075	--	--	--	.075	--

The comparability of selected consolidated financial information set out above is affected by the same material factors as set out under "Overall Performance" and "Results of Operations" herein.

For a more detailed explanation of the Company's results of operations, please refer to the Annual Report under Item 1(f) and 1(g) in the Notes to the Financial Statements for the year ended March 31, 2004.

Management's Discussion & Analysis of Results

For the Third Quarter ended December 31, 2004

Capital Resources & Liquidity

	3rd Qtr. 12/31/04	Y/E 3/31/04
Current Assets	$655,022	$775,249
Current Liabilities	251,182	394,856
Excess of Current Assets over Current Liabilities	$403,840	$380,393
Current Ratios	2.61:1	1.96:1

There was a reduction in cash of $38,047 after Capital expenditures of $227,072 for natural gas development and mining exploration during the third quarter, compared to a reduction in cash of 209,237 after expenditures of $344,625 during the same period of 2003. It should be noted that third quarter results reflect disproportionately higher expenditures for mining exploration costs which are usually incurred between August and December.

For the nine month period ending December 31, 2004, there was an increase in cash of $105,498 after Capital expenditures of $670,084 for natural gas development and mining exploration, compared to a decrease in cash of $106,117 after expenditures of $750,226 for the corresponding previous period. The cash position on the nine month balance sheet also increased from $9,529 in 2003 to $115,027 in 2004.

The Company expects to adequately meet its present and future working capital and exploration and development requirements with cash flow from operations.

Contractual Obligations

Report for the nine months ended December 31, 2004

Contractual Obligations	Less than 1 year	1-3 years	4-5 years	Total
Natural Gas Leases	$0	$68,000	$68,000	$136,000
Natural Gas Royalties*	$117,796	$235,593	$471,186	$824,575
Mining Leases	$171	$3,078	$6,156	$9,405
Total Contractual Obligations	$117,967	$306,671	$545,342	$969,980

* Note: Estimate is based upon expected gas production.

Management's Discussion & Analysis of Results

For the Third Quarter ended December 31, 2004

Critical Accounting Estimates

Management is required to make estimates in preparing its financial statements in conformity with generally accepted accounting principles. These estimates affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of net income during the reporting period. The critical accounting estimates made by the Company are used in the determination of natural gas properties, mining properties and renewable fuel (ethanol) costs.

In accordance with the Canadian Institute of Chartered Accountant's full cost accounting guidelines outlined in AcG-16, the Company performs an annual ceiling test calculation, whereby the net book value of the Company's natural gas reserves is compared to the estimated future value of its proven reserves. Reserves were valued based upon March 2004 average constant prices. At March 31, 2004 the ceiling test revealed that no write-down was required.

Mining properties and renewable fuel (ethanol) costs are assessed annually or as economic events dictate, for potential impairment. Impairment is assessed by comparing the estimated undiscounted future cash flows to the carrying value of the asset. The cash flows used in the impairment assessment required management to make assumptions and estimates about recoverable reserves, future commodity prices and operating costs. Changes in any of the assumptions, such as a downward revision in reserves, a decrease in future commodity prices, or an increase in operating costs could result in an impairment of an asset's carrying value.

Changes in Accounting Policies

For the year ended March 31, 2004, Metalore elected to account for stock options based on their intrinsic value at the grant date and by disclosing the pro forma results as if the "fair value" method has been used. Pro forma information is provided in note 6 to the 2004 annual financial statements of the Company.

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Shareholder Dividend Policy

In the year 2000 Metalore introduced a policy to pay annual dividends to shareholders subject to applicable law. In December 2004, the Company paid a dividend for the fifth consecutive year. The dividend is converted to US currency for a significant percentage of shareholders registered with a United States postal address.

The Company had considered raising the dividend payment in 2004 from 7 ½ cents to 9 cents per share; however, unprecedented increases in legal fees resulting from the need to comply with new securities regulations pre-empted the Company's ability to increase the dividend payment. The Company is actively pursuing solutions to address the regulatory issues more economically.

During the third quarter the Company paid an annual dividend of 7 ½ cents per share on the 17th of December to all shareholders of record as of the 26th of November, 2004.

Transactions with Related Parties

Metalore has an on-going agreement with Southern Ontario Natural Gas Limited (SONG), a private company controlled by the President of Metalore, George Chilian, to provide technical services for the gas operations. Details are included with the Company's annual report for 2004. As of December 31st, 2004, $2,845 was owed to SONG.

Regulatory Compliance

Metalore has complied with all filing requirements pursuant to National Instrument 51-101 (Standards for Disclosure for Oil and Gas Activities) by filing forms 51-101 F1, F2 and F3 with SEDAR.

The attached financial statements have been prepared by the Company and have not been reviewed by the Company's auditor.

February 10, 2005

METALORE RESOURCES LIMITED

THIRD QUARTER FINANCIALS

For the three months ended December 31, 2004 with comparative figures for the three months ended December 31, 2003 (unaudited)

STATEMENT OF INCOME AND RETAINED EARNINGS

	2004	2003
Revenue	$	$
Natural Gas Production	461,430	442,236
Royalties	1,916	1,458
Investment & Interest Income	5,124	5,557
Gain on Sale of Securities	2,549	Nil
	471,019	449,251
Expenses		
Production expenses	85,551	84,596
Administrative expenses **	67,150	37,428
Royalties	43,300	42,351
Amortization, depletion	25,000	25,000
	221,001	189,375
Income before taxes	250,018	259,876
Future income taxes *	87,510	51,970
Net income	162,508	207,906
Retained Earnings, beginning of period	8,565,322	8,288,982
Deduct Dividends Paid	(133,514.00)	(131,625.00)
Retained earnings end of period	8,594,316	8,365,263
Earnings per share	0.09	0.12

* Reflects increase in Income Tax Rate.
** Reflects increased administrative legal fees.

METALORE RESOURCES LIMITED

THIRD QUARTER FINANCIALS

For the three months ended December 31, 2004 with comparative figures for the three months ended December 31, 2003 (unaudited)

STATEMENT OF CASH FLOWS

	2004	2003
CASH PROVIDED BY (EXPENDED)	$	$
Operations		
Net Income	162,508	207,906
Amortization, depletion	25,000	25,000
Future income taxes *	87,510	51,970
Cash flow from operations before change in non-cash working capital	275,018	284,876
Change in non-cash working capital	12,231	(17,863)
Cash provided by operating activities	287,249	267,013
Dividends		
Dividends Paid	(133,514)	(131,625)
Investing Activities		
Natural gas development	(49,280)	(13,130)
Mining exploration	(177,792)	(150,069)
Marketable securities	35,290	(181,426)
	(191,782)	(344,625)
Increase (decrease) in cash	(38,047)	(209,237)
Cash beginning of period	153,074	257,062
Cash end of period	115,027	47,825
Cash flow per share	0.16	0.16

* Reflects increase in Income Tax Rate.

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THIRD QUARTER FINANCIALS

For the nine months ended December 31, 2004 with comparative figures for the nine months ended December 31, 2003 (unaudited)

STATEMENT OF INCOME AND RETAINED EARNINGS

	2004	2003
Revenue	$	$
Natural Gas Production	1,254,936	1,214,600
Royalties	3,204	3,662
Investment & Interest Income	13,323	10,873
Gain on Sale of Securities	22,955	Nil
	1,294,418	1,229,135
Expenses		
Production expenses	214,165	211,072
Administrative expenses **	133,008	99,189
Royalties	118,200	114,450
Amortization, depletion	75,000	75,000
	540,373	499,711
Income before taxes	754,045	729,424
Future income taxes *	263,920	145,880
Net income	490,125	583,544
Retained Earnings, beginning of period	8,237,705	7,913,344
Deduct Dividends Paid	(133,514)	(131,625)
Retained earnings end of period	8,594,316	8,365,263
Earnings per share	0.28	0.33

* Reflects increase in Income Tax Rate.
** Reflects increased administrative legal fees.

METALORE RESOURCES LIMITED

THIRD QUARTER FINANCIALS

For the nine months ended December 31, 2004 with comparative figures for the nine months ended December 31, 2003 (unaudited)

STATEMENT OF CASH FLOWS

	2004	2003
CASH PROVIDED BY (EXPENDED)	$	$
Operations		
Net Income	490,125	583,544
Amortization, depletion	75,000	75,000
Future income taxes *	263,920	145,880
Cash flow from operations before change in non-cash working capital	829,045	804,424
Change in non-cash working capital	(24,499)	(28,690)
Cash provided by operating activities	804,546	775,734
Dividends		
Dividends Paid	(133,514)	(131,625)
Investing Activities		
Natural gas development	(298,350)	(197,672)
Mining exploration	(373,734)	(319,928)
Marketable Securities	106,550	(232,626)
	(565,534)	(750,226)
Increase (decrease) in cash	105,498	(106,117)
Cash beginning of period	9,529	153,942
Cash end of period	115,027	47,825
Cash flow per share	0.47	0.46

* Reflects increase in Income Tax Rate.

METALORE RESOURCES LIMITED

THIRD QUARTER BALANCE SHEET

At December 31, 2004 (unaudited)

with comparative figures at March 31, 2004 (audited)

ASSETS

	December 2004	March 2004
Current Assets	$	$
Cash & cash equivalents	115,027	9,529
Marketable securities	332,140	438,690
Accounts receivable	128,355	246,400
Inventory of Gas in Storage	30,000	22,130
Inventory of Pipe & Supplies	49,500	58,500
	655,022	775,249
Long Term Investment (at cost)	1,440,000	1,440,000
Natural gas properties	11,337,506	11,039,156
Mining properties	2,653,501	2,279,767
Renewable fuel (Ethanol) costs	927,811	927,811
Accumulated amortization	(2,950,440)	(2,875,440)
	14,063,400	13,586,543

LIABILITIES & SHAREHOLDERS' EQUITY

	December 2004	March 2004
Current liabilities		
Accounts payable & accrued liabilities	248,337	268,562
Due to shareholders	2,845	126,294
	251,182	394,856
Future income taxes	2,868,920	2,605,000
	3,120,102	2,999,856
Shareholders' equity		
Share capital	2,332,982	2,332,982
Contributed surplus	16,000	16,000
Retained earnings	8,594,316	8,237,705
	10,943,298	10,586,687
	14,063,400	13,586,543
Current Ratio (assets / liabilities)	2.6 to 1	2.0 to 1

METALORE RESOURCES LIMITED

NOTES TO INTERIM FINANCIAL STATEMENTS

For the Third Quarter ended December 31, 2004

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, 2004. The significant accounting policies follow that of the most recently reported annual financial statements.
2. Revenue Recognition
   Sales of natural gas are recognized as revenue when title passes to the customer, normally at the transporter (Union Gas) pipeline delivery point, and collection is reasonably assured.
3. 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.
4. Future Income Taxes
   As noted in the Company's audited annual financial statements for the year ended March 31, 2004, no tax on income is presently payable by the Company because of an inventory of exploration and development expenditures that are carried forward. Also in line with the above referred to annual financial statements the rate of future income tax would be higher in 2004 than in 2003.