

METALORE RESOURCES LIMITED

Management's Discussion & Analysis of Financial Results For the Third Quarter ended December 31, 2009

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, 2009. 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 the fiscal year 2009, 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 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 mining exploration for over sixty-five years and in Natural Gas development for over fifty years. The company participated in early development of the Provost gas field in Alberta from 1956 through 1961 and has been the major player in developing the Norfolk gas field in Southwestern Ontario since 1964, pioneering technologically advanced completion and fracturing techniques. The Ontario Natural Gas operations constitute the "core business" of the Company and is its principal source of revenue. The Cash Flow from production and investments is prioritized and allocated between (1) maintaining capital liquidity, (2) drilling new wells to sustain and/or increase production, (3) fielding select mining exploration projects and (4) paying dividends from profits to Shareholders.

Metalore is a most unique Company in the junior resource sector. It has the lowest number of shares outstanding of any resource stock listed on the Toronto Stock Exchange ("MET" on TSX). The Company has protected the equity of shareholders for the past forty years by financing all exploration and development costs with cash flow from operations. Metalore inaugurated payment of its first cash dividend to shareholders in the year 2000 and has since paid its tenth consecutive annual dividend from operating profits.

OVERALL PERFORMANCE

Metalore manages a large portfolio of undrilled petroleum and natural gas leases and sustains production by the systematic drilling of new wells. The Company has consistently located its wells on ultra wide spacing patterns to minimize the year to year decline in deliverability and maximize the longevity of production – which can be verified by its forty-five year production record. During the past year the Company completed the drilling of three new, exploratory¹ wells. Pipeline construction was completed in November / 09, and all three wells were placed "on stream" in December.

For the past decade² Metalore has been consistently selling the majority of its gas production at forward "strip contract" prices that have been substantially higher than the current NYMEX (New York Mercantile Exchange) price at time of delivery.

Management of the Company has also established a record of discovering and outlining precious metal deposits (Brookbank, Fox Ear, Cherbourg and Irwin are 43-101 compliant). The majority interests in these resources were sold in 1998, subject to joint venture participations and/or royalty payments.

CURRENT BUSINESS STRATEGY

Metalore received above \$5 per Mmbtu for approximately one-half of its 2009 "summer strip" (April through October) gas production contracts and purposefully curtailed the uncommitted other half of its production rather than accept "spot prices" in the \$3 range as the gas market cratered. Management felt it was just plain "Good Business" to temporarily shut-in some wells in anticipation of obtaining higher prices for the "winter strip" (November through March) a few months later.

We are pleased to report that full production has been resumed with winter strip contracts above \$6 per Mmbtu and we expect that there will be a significant increase in revenue and net profit for the current (fourth) quarter over the previous three quarters.

Summer (2010) strip contracts above \$6 per Mmbtu have also been negotiated.

The company's Project Engineer (Claude Larouche) and Geologist (Armen Chilian) are compiling gold exploration results to date at Cedartree Lake and are preparing to launch an extensive drill program on this property in 2010. Metalore also holds various interests in some 700 mining claims, covering approximately thirty miles of strike length along the Brookbank, Fox Ear, Cherbourg and Irwin trends (that contain 43-101 compliant gold resources) in the Beardmore area.

FORWARD STRIP CONTRACTS

See note (2) of Interim Financial Statements attached hereto.

¹ Tax provisions allow for 100% of the cost of "exploratory" wells to be written off against income tax (see note 4 attached hereto).

² M13 Balancing & Transportation Contracts first became available between Union Gas & Metalore in 1996.

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SELECTED ANNUAL INFORMATION for the years ended:

	March 31	March 31	March 31
	2009	2008	2007
Statement of Income	\$	\$	\$
Total Revenues	2,125,061	1,780,284	2,406,184
Operating expenses	1,177,558	1,195,611	1,187,716
Net Income after taxes *	697,243	541,673	543,468
Earnings per share (fully diluted)	0.39	0.30	0.31
Statement of Cash Flows			
Cash flow from operations	1,179,235	831,177	1,402,275
Cash flow from operations per share	0.66	0.47	0.79
Accumulated Comprehensive Income			
Accumulated gains & losses included in the balance sheet at the end of the year	581,120	394,486	Not applicable

* The company pays a minimum corporate tax; however, no tax on income is presently payable by the company because of exploration and development expenditures that are carried forward.

RESULTS OF OPERATIONS - COMMENTARY

Nine Months ended December 31, 2009

Statement of Income & Retained Earnings

- Natural Gas Revenue has decreased compared to the preceding year due to the decision to reduce production for part of the year. This is discussed at the top of this page under the heading "Current Business Strategy".
- Investment & Interest Income has decreased in line with the economic downturn in 2009. \$45,122 (2008 \$63,987).
- Production expenses have decreased due to management's diligence in preparing the company for the global economic slowdown.
- Royalties expense has decreased in proportion to natural gas revenues.
- Depletion expense has decreased in proportion to the smaller amount of natural gas shipped.
- Administrative expenses have also decreased for the same reason that is applicable to production expenses.
- Accretion expense is a provision towards the cost of eventually retiring gas wells and is described by the auditors in notes 2 and 10 of the financial statements for the preceding fiscal year under the heading "Asset Retirement Obligation". It is not affected by the current economic conditions.
- Dividends paid are in accordance with the shareholder dividend policy which is stated separately in this MD&A report. \$106,765 (2008 - \$124,246).

Comprehensive Income

- This income recognizes changes in the value of marketable securities and long term investments. These changes are reflected only in the balance sheet and not in the regular statement of income. \$486,740 (2008 - \$119,887).

COMPARATIVE SUMMARY & FINANCIAL DATA BY QUARTER

	Dec 31/09	Sept 30/09	June 30/09	Mar 31/09	Dec 31/08	Sept 30/08	June 30/08	Mar 31/08	Dec 31/07
	3 rd Qtr	2 nd Qtr	1 st Qtr	4 th Qtr	3 rd Qtr	2 nd Qtr	1 st Qtr	4 th Qtr	3 rd Qtr
Revenue	\$ 313,905	\$ 231,409	\$ 159,142	\$ 585,541	\$ 685,744	\$ 358,155	\$ 495,621	\$ 484,011	\$ 454,335
Net Income	92,348	65,579	(8,717)	132,428	300,197	83,753	180,965	150,394	145,055
Earnings per share	0.5	0.04	0.00	0.07	0.17	0.05	0.10	0.08	0.08
Cash flow per share	0.9	0.05	0.00	0.17	0.24	0.17	0.17	0.06	0.15
Dividends per share	0.06	--	--	0.07	--	--	--	0.08	--

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 items 1 and 2 in the Notes to the Financial Statements for the year ended March 31, 2009.

CAPITAL RESOURCES & LIQUIDITY

	Quarter Dec 31/09	Y/E Mar 31/09	Y/E Mar 31/08
Cash	\$ 117,555	\$ 301,072	\$ 127,056
Current Assets (including cash)	1,038,447	1,062,592	1,182,106
Current Liabilities	293,851	297,263	393,234
Excess of Current Assets over Current Liabilities	744,596	765,329	788,872

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, cash equivalents, accounts receivable and marketable securities. It is management's opinion that the Company is not exposed to abnormal interest, currency or credit risk arising from these financial instruments. Management expects to adequately meet its present and future working capital and exploration and development requirements with cash flow from operations.

OFF BALANCE SHEET INSTRUMENT

The company maintains a surety bond in the amount of \$70,000, which is the maximum required by the Ministry of Natural Resources as assurance for the abandonment of dry holes and or depleted wells.

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CONTRACTUAL OBLIGATIONS

Estimate for the upcoming five years

Contractual Obligations	Less than 1 year	1-3 years	4-5 years	Total
Natural Gas Leases	\$ 10,000	\$ 68,000	\$ 68,000	\$ 146,000
Natural Gas Royalties ³	\$100,000	\$300,000	\$ 700,000	\$1,100,000
Mining Commitments	\$200,000	NIL	NIL	\$ 200,000
Total Contractual Obligations	\$310,000	\$368,000	\$ 768,000	\$1,446,000

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 property costs, mining property costs, amortization and depletion of any resource established or found, and future income taxes.

i. Natural Gas Property Costs

The full cost method of accounting is used whereby acquisition and development cost relating to these properties are capitalized. These costs are depleted by the unit of production method based on estimated proven drilled gas reserves. The ratio of production to proven reserves before royalties determines the proportion of depletable costs to be expensed. The natural gas reserves of the company are assessed annually by an independent engineer, as verified by the annual filing of National Instrument Form 51-101 with SEDAR. Total capitalized costs net of accumulated and future income taxes is limited to an amount equal to the estimated future net revenue from proven reserves at year end and costs, less future cash flows are based on the Alberta AECO spot price, increased by \$1.30 per mmbtu to allow for actual prices received near Dawn, Ontario. Forecast prices used for the next five years are listed in note 2 of the notes to the annual financial statements.

The significance to the financial statements of the estimate of depletion of natural gas properties is that it historically accounts for twenty percent of total expenses before income taxes. The sensitivity of this estimate is such that an error of ten percent in its calculation would therefore affect total pre-tax expenses by two percent.

The company performs an impairment test annually to determine the recoverability of capitalized costs associated with reserves of natural gas. Should the amount of the capitalized costs exceed the amount of the reserves, the resulting impairment loss will be recognized in earnings. The amount of the impairment loss is determined by making assumptions about future reserves, the price of natural gas and future costs all of which are subject to uncertainty. By their nature, these estimates are subject to measurement uncertainty and changes to these estimates may have a material impact on the financial statements of future years. For example the table of future estimated gas prices reported in note 2 to the financial statements for 2009 are approximately double the market price currently prevailing. The Company has no control over the continental market price of natural gas.

ii. Mining Property Costs

Acquisition and exploration costs are capitalized. Disposals of mining property and equipment are offset against the acquisition costs. If exploration activities are followed by production, capitalized costs will be amortized using the unit of production method based on the estimated reserves in the area. Mining properties are assessed annually or as economic events dictate, for potential write down. If exploration activities are unsuccessful and or the area is abandoned, all capitalized costs are written off, as was the case for some properties in the 2009 fiscal year.

The significance to the financial statements of accounting for mining properties is limited to the balance sheet. There is currently no production from the properties and for this reason no estimates for depletion are necessary. The sensitivity of the balance sheet data to carrying an abandoned asset depends on the historical cost of the asset. The risks involved in exploration for minerals are discussed under "Risks and Uncertainties" page 4 herein.

iii. Future Income Taxes

Income taxes are calculated using the liability method of tax allocation. Temporary differences 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.

The significance of the calculation of future income taxes to the financial statements is that it can be as much as thirty percent of pre-tax net income. Differences in the estimate of future income taxes can have a significant effect on the calculation of net income after taxes, as was the case in 2007 and 2008. On the balance sheet, future income taxes account for approximately seventeen per cent of total liabilities and equity.

The sensitivity of this estimate is small because historically the Company has paid only Federal corporate minimum taxes. The Income Tax Act of Canada provides for deductions of exploration and development expenses that can be applied against current income before income tax becomes applicable. The Company has accumulated sufficient deductions of exploration and development expenses to delay payment of future income taxes for several years. Every year that wells are drilled and developed, or other exploration is conducted, this timeline is pushed still further years into the future.

DISCLOSURE CONTROLS AND PROCEDURES

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures. Based upon the results of that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported, within the appropriate time periods and forms.

³ Note: Natural Gas royalties are based upon minimum estimated Natural Gas production.

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INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

The current Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining internal control over financial reporting for the company and have designed such controls to provide reasonable assurance regarding the reliability of financial reporting and the presentation of financial statements for external purposes in accordance with Canadian generally accepted accounting practices (GAAP).

It should be noted that, while the company's current Chief Executive Officer and Chief Financial Officer believe that the Company's internal controls over financial reporting provide a reasonable level of assurance that they are effective, they may not prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

The Audit Committee of the Board of Directors has reviewed and approved the accompanying financial statements for the nine months ended December 31, 2009.

EXECUTIVE COMPENSATION

Overview

Metalore Resources Limited is a junior resource company and its executive compensation is determined by the Board of Directors. The Compensation Discussion and Analysis describes, in accordance with National Instrument 51-102 *Continuous Disclosure Obligations*, the compensation paid, payable or awarded, granted, given or otherwise provided, directly or indirectly, by the corporation, to each named executive officer. Named executive officers are individuals who served as the CEO, CFO, and each of the corporation's most highly compensated executive officers or those acting in a similar capacity whose total compensation exceeded \$150,000 at the end of the most recently completed financial year. This threshold has never been reached for remuneration paid by the company to any of its executives.

Actual Remuneration

The President, George W Chilian, is under a Management Contract and has been paid a constant \$132,454 salary annually for the past several years. The president also controls a private company (Southern Ontario Natural Gas Limited) that is under contract to provide technical services for gas well completions and operations for an annual fee of \$78,000 plus 10% of Metalore's annual gas revenue above \$1,000,000. For the current fiscal year to date, salary was \$101,700 and the fee paid to Southern Ontario Natural Gas was \$58,500.

TRANSACTIONS WITH RELATED PARTIES

Refer to "***Actual Remuneration***" above. Further details are in note 6 of the Financial Statements contained within the Company's Annual Report for 2009.

SHAREHOLDER DIVIDEND POLICY

In the year 2000, Metalore introduced a policy to pay annual dividends to shareholders (subject to applicable law). Metalore paid its tenth consecutive annual dividend on December 19, 2009, to all Shareholders of Record on November 27th. This payment of 6 cents per share was slightly reduced in light of present economic conditions.

The dividend is converted to US currency for a significant percentage of shareholders registered with United States postal addresses.

OUTSTANDING SHARE DATA

The Company has 1,775,035 common shares issued (1,780,035 fully diluted); see Notes 7 and 8 of the financial statements for the year ended March 31, 2009.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt IFRS for fiscal years beginning on or after January 1, 2011, with early adoption permitted. Accordingly, the conversion to IFRS will be applicable to the Company's reporting no later than in the quarter ending June 30, 2011, with restatement of comparative information presented. The conversion to IFRS will impact the Company's accounting policies, information technology and data systems, internal control over financial reporting, and disclosure controls and procedures.

REGULATION 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.

RISK AND UNCERTAINTIES

Mining exploration risks

The business of exploration for minerals involves a high degree of risk. Very few properties that are explored are ultimately developed into producing mines.

Hydrocarbon risks

The hunt and development of conventional non-renewable hydrocarbons is vulnerable to price variations, dry holes and ultimately depleted reservoirs.

Commodity Prices

Even if Metalore's exploration programs are successful, factors beyond the control of the Company will affect the marketability of any resources discovered. Inflation, international economic and political trends, currency fluctuations, interest rates and worldwide production levels all have a bearing on commodity prices. The effect of these factors cannot accurately be predicted. The Company partially mitigates the price risk factor by selling most of its gas production at least several months ahead with forward strip contracts.

Information in this MD&A is dated as of February 10, 2010.