

METALORE RESOURCES LIMITED

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SIX MONTH PROGRESS REPORT

Dear Shareholder:

December, 2000, is a *landmark* date in the 57 year history of Metalore. We enclose (herewith) our first ever Annual Dividend Payment of 5 1/2¢ per common share.

What better way for us to say “*thank you*”, especially to our longtime faithful shareholders, in the initial year of this grand new Millennium?

Although Metalore was founded as a Mining Exploration endeavour, our versatility and resilience ultimately paid off in Natural Gas, but this could not have been achieved without the steadfast support of our Shareholders - through thick and thin.

And we are resolved that our Shareholders will be able to *rely* on receiving annual Dividends, at a gradually increasing rate, for many years to come, from our sustained development of long term Natural Gas Reserves.

We are attaining our objectives in both areas of Mining Exploration and Natural Gas Development. Drilling is continuing unabated by Ontex Resources Limited on the mining front. The program to upgrade the Brookbank deposit has been completed and an independent report, which will indicate significantly increased gold inventories, is being assembled. Drilling has also now been commenced on some of the radiometric targets that were discovered last fall on our Fox Ear claims, where Metalore will retain a minimum combined 49.6% direct and indirect interest.

During the past month we finished construction of a two and one-half mile trunk pipeline to tie-in Well #89 and place our newly discovered Crown Forest Field “on stream”. We also applied for the Permit to drill #90, our *first deep* Wildcat to test the basil beds of the Ordovician and Cambrian formations, some 2000 feet beneath our Silurian production, and this will be commenced as soon as the Permit is granted.

Don't be surprised by anything *historical* that may happen in the near future!

On behalf of the Board,
George W. Chilian, President
November 24, 2000

METALORE RESOURCES LIMITED
SECOND QUARTER FINANCIALS

For the six months ended September 30, 2000, with comparative figures for
the six months ended September 30, 1999 (Subject to audit adjustments at year end).

STATEMENT OF INCOME AND RETAINED EARNINGS

| | <u>2000</u> | <u>1999</u> |
|---|------------------|------------------|
| | \$ | \$ |
| REVENUE | | |
| Natural Gas Sales & Royalties | <u>723,066</u> | <u>562,966</u> |
| EXPENSES | | |
| Production expenses | 103,147 | 101,598 |
| Administrative expenses | 56,202 | 54,533 |
| Royalties | 68,685 | 54,610 |
| Amortization, depletion | <u>47,000</u> | <u>40,000</u> |
| | <u>275,034</u> | <u>250,741</u> |
| NET INCOME BEFORE TAXES | 448,032 | 312,225 |
| INCOME TAXES (deferred) | <u>136,200</u> | <u>93,670</u> |
| NET INCOME | 311,832 | 218,555 |
| Retained Earnings, beginning of period | <u>5,636,876</u> | <u>5,184,084</u> |
| RETAINED EARNINGS, END OF PERIOD | <u>5,948,708</u> | <u>5,402,639</u> |
| EARNINGS PER SHARE | 0.18 | 0.13 |

STATEMENT OF CASH FLOWS

| | <u>2000</u> | <u>1999</u> |
|--|------------------|------------------|
| | \$ | \$ |
| CASH PROVIDED BY (EXPENDED) | | |
| OPERATIONS | | |
| Net Income | 311,832 | 218,555 |
| Amortization, depletion | 47,000 | 40,000 |
| Deferred income taxes | <u>136,200</u> | <u>93,670</u> |
| Cash flow from operations before change in non-cash working capital | 495,032 | 352,225 |
| Change in non-cash working capital | <u>(199,796)</u> | <u>(62,036)</u> |
| Cash provided by operating activities | <u>295,236</u> | <u>290,189</u> |
| INVESTMENTS | | |
| Natural gas development | (233,854) | (333,045) |
| Renewable fuel costs - Ethanol | (171) | (25,788) |
| Mining exploration | <u>(18,201)</u> | <u>(68,094)</u> |
| | <u>(252,226)</u> | <u>(426,927)</u> |
| INCREASE IN CASH | 43,010 | (136,738) |
| Cash beginning of period | <u>58,495</u> | <u>31,002</u> |
| Cash end of period | <u>101,505</u> | <u>(105,736)</u> |
| CASH FLOW PER SHARE | 0.28 | 0.20 |