

METALORE RESOURCES LIMITED

THIRD QUARTER BALANCE SHEET

At December 31, 2000 with comparative figures at
December 31, 1999 (subject to audit adjustments at year end)

	ASSETS	
	<u>2000</u>	<u>1999</u>
Current Assets	\$	\$
Cash & cash equivalents	190,560	47,382
Marketable securities	1,260,485	1,375,105
Accounts receivable	394,582	138,349
Inventory of pipe & supplies, at cost	<u>25,650</u>	<u>31,070</u>
	1,871,277	1,591,906
Natural gas properties	6,474,071	6,147,771
Mining properties	1,241,247	1,346,031
Renewable fuel (Ethanol) costs	<u>924,119</u>	<u>922,082</u>
	<u><u>10,510,714</u></u>	<u><u>10,007,790</u></u>
	LIABILITIES & SHAREHOLDERS' EQUITY	
Current liabilities		
Accounts payable & accrued liabilities	262,004	227,407
Municipal taxes payable	<u>141,082</u>	<u>113,955</u>
	403,086	341,362
Due to shareholders	105,836	512,957
Deferred income taxes	<u>1,620,930</u>	<u>1,304,120</u>
	<u>1,726,766</u>	<u>1,817,077</u>
Shareholder's equity		
Share capital	2,277,982	2,277,982
Contributed surplus	16,000	16,000
Retained earnings	<u>6,086,880</u>	<u>5,555,369</u>
	<u>8,380,862</u>	<u>7,849,351</u>
	<u><u>10,510,714</u></u>	<u><u>10,007,790</u></u>
Current Ratio (assets / liabilities)	4.6 to 1	

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THIRD QUARTER PROGRESS REPORT

The past several months have recorded a banner period of higher Natural Gas Revenues for Metalore.

Last summer the Natural Gas Market in North America embarked on a spectacular rise to historically high levels and Metalore strategically positioned its *Forward Sales* at exceptionally high price spikes. By early January, 2001, we had *locked in* premium prices for a substantial portion of our production all the way ahead to April, 2002. Thus, the premium prices for our production have been guaranteed for a significantly extended period of time. Bottom line is:

Metalore's nine month performance (recorded herein) will be eclipsed by a new all-time (37 years) high for Fiscal 2001, and (barring any unseen eventualities) the record of 2001 should again be surpassed by another new all time high for Fiscal 2002.

Although current Natural Gas Prices have slipped from their recent highs, the long term supply/demand picture in North America will continue to be influenced by growing industrial consumption, particularly with co-generation for electricity (Kyoto Protocol), and consequently, we expect prices to remain buoyant for at least the next several years. The proposed big inch pipelines, which will transport large new volumes on-stream from hinterland sources, will be hard pressed to quench the thirst of hungry new markets. Metalore's policy to further expand our (Clear Creek and Crown Forest Fields) already healthy Proven Gas Reserves, located right in the industrial heartland of Southern Ontario, will be increasingly rewarded.

Our diligent resolve to protect the *EQUITY* of Shareholders over the years, by limiting the issuance of new shares from the treasury, is also now being rewarded. Metalore is the lowest cap resource company listed on the Toronto Stock Exchange. Have you considered the present day implications? Our low capitalization (1,745,000 shares) translates into gross revenues of more than 5¢ per share for every additional \$100,000 of income - and we plan to *appropriately increase* the Dividend to Shareholders this year, as previously indicated.

On behalf of the Board,
George W. Chilian, President
Feb. 16, 2001

METALORE RESOURCES LIMITED

THIRD QUARTER FINANCIALS

For the nine months ended December 31, 2000 with comparative figures for the nine months ended December 31, 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>1,293,633</u>	<u>948,907</u>
Expenses		
Production expenses	196,775	184,700
Administrative expenses	89,290	77,215
Royalties	124,655	93,587
Amortization, depletion	<u>80,000</u>	<u>63,000</u>
	<u>490,720</u>	<u>418,502</u>
Net income before taxes	802,913	530,405
Income taxes		
Income taxes (deferred)	<u>256,930</u>	<u>159,120</u>
Net income	545,983	371,285
Retained Earnings, beginning of period	5,636,876	5,184,084
Deduct dividends paid	(95,979)	Nil
Retained earnings end of period	<u><u>6,086,880</u></u>	<u><u>5,555,369</u></u>
Earnings per share	0.31	0.21
Cash flow per share	0.51	0.34

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THIRD QUARTER FINANCIALS

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(subject to audit adjustments at year end)

STATEMENT OF CASH FLOWS

	<u>2000</u>	<u>1999</u>
CASH PROVIDED BY (EXPENDED)	\$	\$
Operations		
Net Income	545,983	371,285
Amortization, depletion	80,000	63,000
Deferred income taxes	<u>256,930</u>	<u>159,120</u>
Cash flow from operations before change in non-cash working capital	882,913	593,405
Change in non-cash working capital	<u>(248,353)</u>	<u>(34,805)</u>
Cash provided by operating activities	<u>634,560</u>	<u>558,600</u>
Dividends paid	(95,979)	Nil
(5.5 cents per share)		
Investments		
Natural gas development	(385,815)	(476,575)
Renewable fuel costs - Ethanol	(2,250)	(11,623)
Mining exploration	<u>(18,451)</u>	<u>(54,023)</u>
	<u>(406,516)</u>	<u>(542,221)</u>
Increase (decrease in cash)	132,065	16,379
Cash beginning of period	58,495	31,002
Cash end of period	<u><u>190,560</u></u>	<u><u>47,381</u></u>