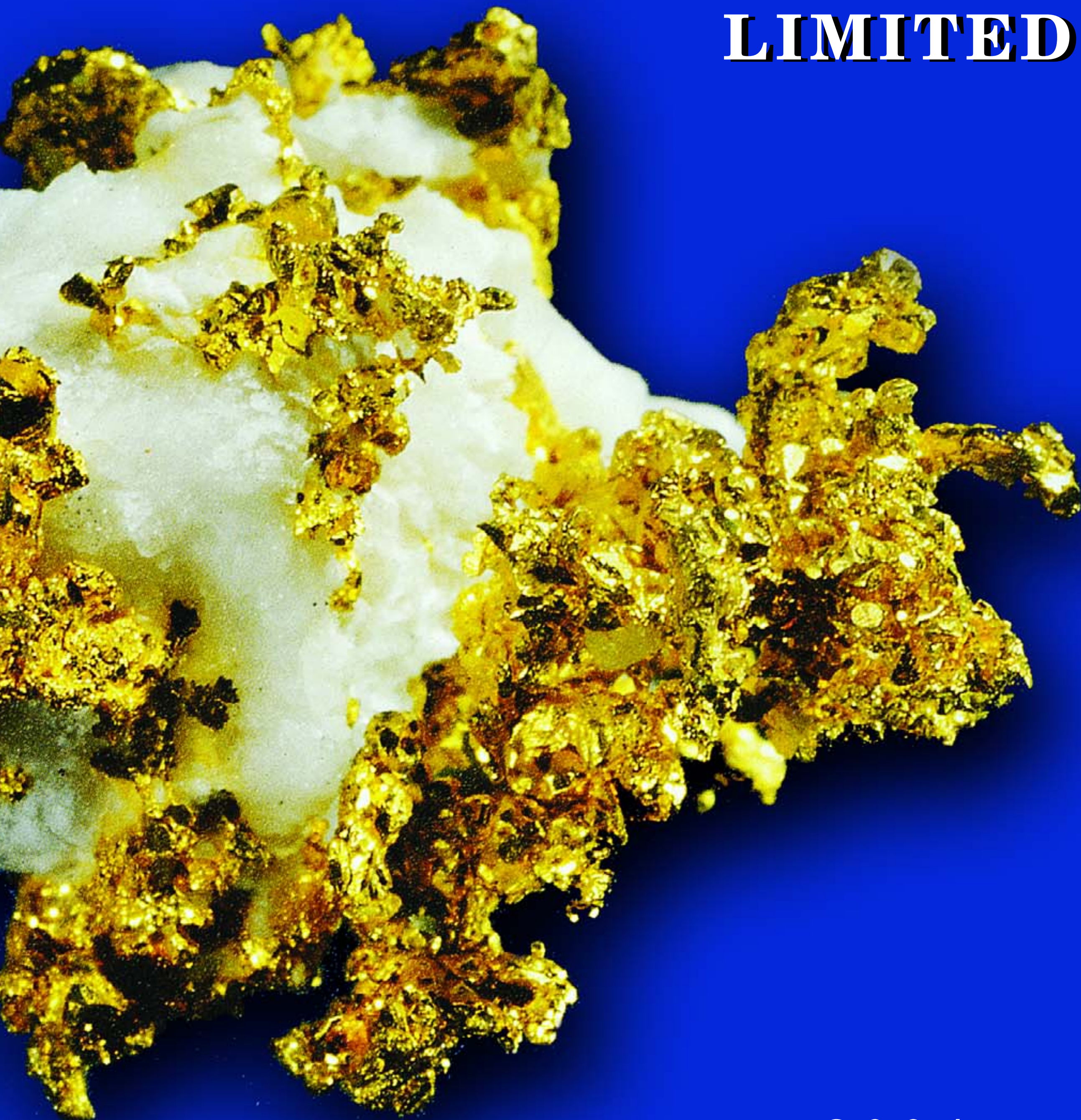
METALORE RESOURCES LIMITED



2004 ANNUAL REPORT

“Necessity – the Mother of Invention”

Pictured around our tripod and gas well are (right to left): Sean Stewart, who designed and built the tripod for us, Haig Chilian, Jon Chilian and Dean Easton.

“A PENNY SAVED IS A PENNY EARNED” mother always said, and we still apply that old adage at Metalore. Our #46 well was drilled in 1975 on a 2,700+ acre lease fronting the Turkey Point marshland. The top joint of our syphon string sprung a leak this spring and we had to replace it. The kilometer long road, built for drilling access thirty years ago, was completely eroded, preventing rig access. Enter INGENUITY. We built a portable tripod hoist out of used pipeline, welded on foot pads, hinges and a pulley with chainfalls at the top – for a total cost of about $400.

We wrestled our tripod down the hill by hand, repaired the well and had it back on stream – all in one afternoon. A contractor’s service rig would have cost us up to $1,500 per day for three days (in and out) plus expensive road re-building. We figured we saved at least $6,000 or $7,000 – and mom is looking down at us – with a big smile!

INGENUITY and FRUGALITY - two good partners working for you at Metalore.

METALORE RESOURCES LIMITED

Officers and Directors	GEORGE W. CHILIAN, *President, CEO and Managing Director* .... *Vittoria, Ontario*
	PATRICIA SHELANDER, *Secretary-Treasurer and Director* .... *St. Paul, Minnesota*
	JOSEPH MAKSYMCHUK, *Director* .... *Brantford, Ontario*
	JOHN C. McVICAR, *Director* .... *Brantford, Ontario*
	DAVID J. SLATER, *Director* .... *Lasalle, Ontario*

Executive Office and Natural Gas Division	*Rural Route #1* .... *Vittoria, Ontario*
Production Manager and Hydrocarbon Geologist	*JONATHAN CHILIAN, B.Sc.* .... *Simcoe, Ontario*
Assistant Production Manager	*HAIG CHILIAN* .... *Vittoria, Ontario*
Bankers	*ROYAL BANK OF CANADA* .... *Simcoe, Ontario*
Accountant	*HOWARD WALTON, CMA* .... *Simcoe, Ontario*
Auditors	*PKF HILL LLP* .... *Toronto, Ontario*
Registrar and Transfer Agent	*COMPUTERSHARE TRUST* .... *Toronto, Ontario*
Share Listing and Symbol	*TORONTO STOCK EXCHANGE, "MET"* .... *Toronto, Ontario* *(Over the Counter, "MTLRF")*.. *United States*
Share Price Range	*2003 High $12.50 (CD) .... Low $9.30 (CD)*
Annual Meeting and Banquet	*WESTIN HARBOUR CASTLE HOTEL* .... *Toronto, Ontario* *September 17, 2004, 4:30 p.m., Pier 5 Room*
Website and Email	*www.metaloreresources.com* *info@metaloreresources.com*

METALORE RESOURCES LIMITED

Annual Letter from the President

To the Shareholders:

NATURAL GAS DEVELOPMENT

Forty years ago, during the summer of 1964, Metalore quietly completed its first Natural Gas well in Charlotteville Township, Norfolk County, Ontario. On this special ***Fortieth Anniversary*** Year of our Natural Gas Development, your Directors felt it would be appropriate to overview the Natural Gas Industry in Ontario and recognize the significant role Metalore has played in this "gas patch". What have we accomplished in the past – and what are we striving to achieve in the future?

Although all of the subsurface rock of Southwestern Ontario is composed of layers of marine sediments of four geological ages, Devonian, Silurian, Ordovician and Cambrian, and there has been some gas and/or oil selectively recovered from all of these formations over the years, the vast majority of gas production has been harvested from the Silurian. There is a distinct dichotomy within the Silurian, however, that geographically separates two major productive units in Southwestern Ontario. High deliverability carbonate reefs (pinnacle, incipient and platform) occur sparingly in the Upper Silurian within an area from London south to Lake Erie and westward to Sarnia, and low deliverability, tight, "blanket" sandstones that represent the Lower Silurian ("Clinton") in the area south from London and eastward along Lake Erie to Niagara. (Metalore's production is obtained from this source).

From its inception in 1911, Union Gas Company ("Union") was the predominate player in both production and distribution of natural gas in Southwestern Ontario.

By 1928, all of the townships that hosted potentially productive Lower Silurian formations had been initially tested for gas (by more than one hundred wells) from Welland County in the east to Elgin County in the west. The productive Clinton sandstone is shallowest in the east (about 400 feet deep) and gently slopes, sub horizontally, to the south and west (to about 1,400 feet deep). Initially, there was a greater density of drilling in the eastern sector because of the shallower depth required to obtain even nominal gas flows. Higher pressures were obtainable from the deeper, virgin reservoirs in the western sector and drilling gradually spread westward, to capture the higher-pressure gas, despite the greater cost for deeper wells.

When indigenous gas supplies from conventional wells and synthetic sources (stripped from refinery and petrochemical plants in Sarnia) could not keep pace with growing demand, a generation of pivotal events chronologically shaped the industry to the present day status:

1942 – Union commissioned the first ***gas storage*** facilities from depleted wells in high deliverability, Upper Silurian reefs in Lambton County (Dawn Twp.).

1947 – Union commenced ***importing*** gas from Southwestern United States via the Panhandle Eastern Pipe Line Company to refurbish storage and supplement peak loads.

1958 – ***Construction of the TransCanada Pipeline*** (Alberta to Southern Ontario) was completed and Union received and distributed gas in Southern Ontario from Western Canada in 1959.

1959 – With the availability of abundant supplies of gas from the west, Union ***ceased drilling wells*** in the Lower Silurian and commenced systematic abandonment of all wells (several hundred) in Norfolk County and eastward.

1962 – Carl Roberts, Petroleum Engineer, from Pennsylvania, introduced ***Hydraulic fracturing*** technology to significantly stimulate wells in the Lower Silurian sandstones of Norfolk County. Fracturing was the most important scientific advancement to trigger the resurgence of gas well development in Southwestern Ontario.

1968 – Metalore Resources successfully developed ***ultra large fracturing*** treatments (150,000 + gallons) and emerged as the leading producer from the Clinton formation.

Because the natural open flow of these Clinton sandstone wells was very low (average of less than 40 Mcfd) the constant price that natural gas developers paid for leases had become a stereotyped low, flat rate. Union and Dominion Natural Gas (subsequently acquired by Union), initially the two largest developers, had been paying 25¢ per acre for lease rentals until drilled; then $50 per well per year, after drilling. Between the 1950's and early 60's, small independents like Sagadohoc (Carl Roberts), Bluewater, Bolivar and Starlight Gas mimicked the flat rate premise of Union although some of the operators "sweetened" the ante to $100 per well (and some even paid $25 quarterly)!

Metalore Resources Limited ("MET") had participated in a successful gas play in the Provo Field of Alberta in the late 1950's, where lessors (including the Province) were paid a standard 12 ½% royalty. MET pondered the Norfolk scene before designing an appropriate lease. The area certainly did not have the production potential of Alberta (nor of the Upper Silurian counterpart in Ontario) to warrant a 12½% royalty; however, the dynamics of hydraulic fracturing had the potential to increase the drainage pattern beyond the individual lease drilled. Considering all of these factors, MET designed the first custom 6½% royalty lease in 1964, with a "pooling" clause that facilitated the payment of additional royalties to adjacent leases that were perceived to be within the drainage pattern of a well. As development progressed, MET dramatically improved the fracturing technology and continued to lease and pool smaller parcels of land that were not even integral to any spacing unit – in a conscionable endeavor to "***share the bounty of the land***" and implement a ***fair*** and equitable ***royalty*** system.

As a further service to the community (including non–lessors) MET persevered with a considerable effort to provide gas service directly to customers along its pipelines (which culminated in a unique "Exchange Agreement" that was negotiated with Union Gas). MET currently supplies over seventy field line customers, who have realized a cumulative energy cost savings of several hundred thousands of dollars (particularly commercial tobacco and greenhouse operations) over the years and have also benefited from the convenience and luxury of having gas service. And we refrained from drilling in farmers' fields to preserve tillable land.

Other operators have attempted to emulate MET's 6½% lease but they have not demonstrated a commitment to the premise of "share the bounty of the land". Currently, forty years after spudding the first well in Norfolk, MET still operates under the same premise and with the same 6½% lease, paying royalties to an average of more than two separate lessors for every well drilled ($155,000 paid on 88 wells to 185 lessors on 2003 production). The cumulative total in excess of $3,000,000 in royalties paid by MET is considerably more than all the rest of the operators in Norfolk combined.

We have produced a total of fourteen billion cubic feet during the past forty years and still have adequate proven drilled reserves[1] to sustain production for another ***fifty*** years.[2] Through thick and thin times, we have managed to record an operating profit every year since commencing this operation. We have initiated and paid Annual Dividends to our Shareholders for the fourth consecutive year and we are resolute to maintain this policy.

Yes, Metalore ***has*** made a ***difference***. We have always operated with a high standard of integrity, diligence and ***accountability***. And we believe that the best is yet to come – from the drillings ahead of us (in both hydro-carbons and minerals).

MINING EXPLORATION

For the past two years, our reports to Shareholders have made so called "forward looking" statements about the prospects of our new mining property at Cedartree Lake. This year, by early August we shall embark on our most comprehensive drilling attack on this property yet – and from now on, we'll just let the drill ***"do the talking"***.

On Behalf of the Board,

George W. Chilian, President
July 16, 2004

(1) Sproule and Associates, Calgary, Alberta, July, 2004, Natural Gas Reserve Report.
(2) Securities commission regulations do not require reserve calculations for more than fifty years of stabilized production.

METALORE RESOURCES LIMITED

BALANCE SHEET AS AT MARCH 31

	2004	2003
ASSETS		
Current assets		
Cash and short-term deposits	$ 9,529	$ 153,942
Marketable securities	438,690	83,679
Accounts receivable	246,400	180,138
Inventory	80,630	96,400
	775,249	514,159
Long-term portfolio investments (note 3)	1,440,000	1,440,000
Natural gas properties (note 2)	8,163,716	7,752,348
Mining properties (notes 1[g], 3, and 4[c])	2,279,767	1,871,536
Renewable fuel (Ethanol) costs (note 1[h])	927,811	927,811
	$ 13,586,543	$ 12,505,854
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued royalties	$ 268,562	$ 131,234
Large corporation taxes payable	-	2,000
Due to shareholders (notes 4[a] and 4[b])	126,294	120,294
	394,856	253,528
Future income taxes (note 1[i])	2,605,000	1,990,000
	2,999,856	2,243,528
Shareholders' equity		
Share capital (note 5)	2,332,982	2,332,982
Contributed surplus	16,000	16,000
Retained earnings	8,237,705	7,913,344
	10,586,687	10,262,326
	$ 13,586,543	$ 12,505,854

See accompanying notes

Approved on behalf of the Board:

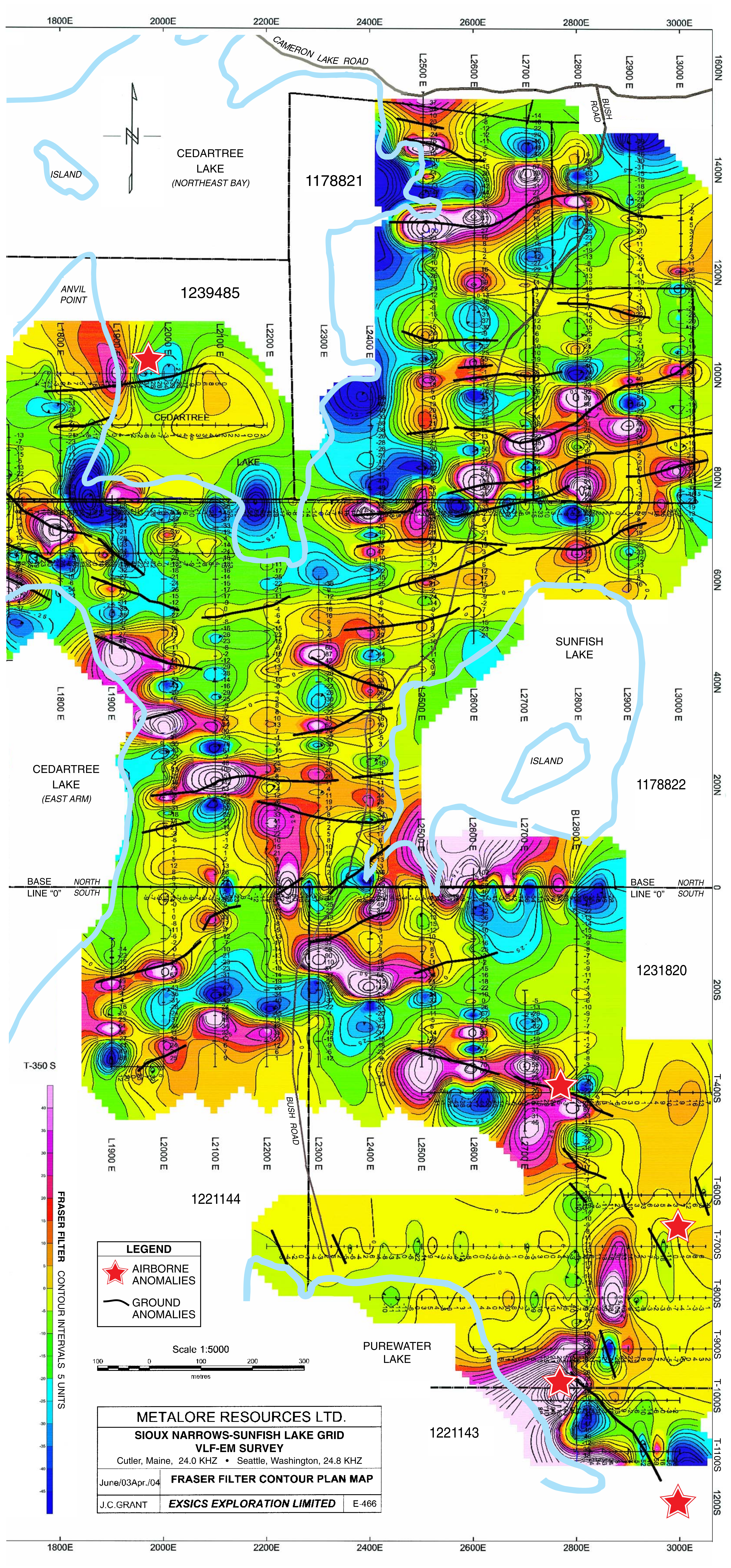
Joseph Maksymchuk, CMA,
Director

John C. McVicar,
Director

STATEMENT OF INCOME AND RETAINED EARNINGS
YEAR ENDED MARCH 31

	2004	2003
Revenue		
Natural gas production	$ 1,724,024	$ 1,509,271
Royalties	4,417	4,256
Interest - net and other investment income	14,398	346
	1,742,839	1,513,873
Expenses		
Production	298,229	260,636
Administration	111,301	102,559
Royalties	161,828	140,378
Depletion	100,000	100,000
	671,358	603,573
Income before taxes	1,071,481	910,300
Provision for taxes		
Large corporation - current	-	2,000
Future income taxes (notes 1[i] and 7)	615,000	114,000
	615,000	116,000
Net income	456,481	794,300
Retained earnings, beginning of year	7,913,344	7,224,346
Dividends paid	(132,120)	(105,302)
Retained earnings, end of year	$ 8,237,705	$ 7,913,344
Basic and fully diluted earnings per share (note 5[a])	$ 0.26	$ 0.46

See accompanying notes


1800E
2000E
2200E
2400E
2600E
2800E
3000E
CAMERON LAKE ROAD
BUSH ROAD
CEDARTREE LAKE (NORTHEAST BAY)
ISLAND
1178821
ANVIL POINT
1239485
CEDARTREE LAKE
SUNFISH LAKE
CEDARTREE LAKE (EAST ARM)
1178822
BASE LINE "0"
NORTH SOUTH
1231820
T-350 S
1221144
PUREWATER LAKE
1221143
LEGEND
AIRBORNE ANOMALIES
GROUND ANOMALIES
Scale 1:5000
metres
FRASER FILTER CONTOUR INTERVALS 5 UNITS
METALORE RESOURCES LTD.
SIOUX NARROWS-SUNFISH LAKE GRID
VLF-EM SURVEY
Cutler, Maine, 24.0 KHZ • Seattle, Washington, 24.8 KHZ
June/03Apr./04
FRASER FILTER CONTOUR PLAN MAP
J.C.GRANT
EXSICS EXPLORATION LIMITED
E-466

CENTERFOLD VLF MAP

This Geophysical Map is a replica (to scale) of the central portion of Metalore's VLF (Very Low Frequency) Survey completed at Cedartree Lake during the summer of 2003 and spring of 2004. It is one of seven companion geo-technical maps (Magnetic Contour, Magnetic Profile, VLF Frazer Filter and Electro-magnetic, Induced Potential, Geology and Sampling) being utilized to correlate geology and structure with associated mineral horizons on a cut and picketed grid measuring approximately 2.7 by 2 kilometers, within Metalore's 9 by 4 kilometer claim block. All of the maps are projected on a 1 to 5,000 scale and the geophysical maps are produced on velum material to facilitate simplicity for working with overlays.

The VLF Electro-magnetic method utilizes an underwater acoustic "SONAR" (SOund NAvigation Ranging) signal that is constantly being transmitted from two United States Navy submarine bases (Seattle, Washington and Cutler, Maine). As a point of interest, SONAR was developed and utilized extensively during the Second World War for detecting and localizing water-bound vessels (particularly submarines) and selectively communicating with them.

The modern day geophysicist can identify and qualify anomalies when the SONAR signal becomes distorted by passing over a local conductive source (metallic mineral, graphite or water) that is situated between the Navy transmitter station and the geophysical receiver that is tuned in to the SONAR VLF frequency. A "crossover" conductor/anomaly occurs where consecutive positive readings swing to negative readings in a west to east and/or south to north sequence on this map.

COVER PHOTO

Natural occurrence of ultra coarse, Native Gold in Quartz.

STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31

	2004	2003
Operating activities		
Net income	$ 456,481	$ 794,300
Add items not involving cash		
Depletion	100,000	100,000
Future income taxes	615,000	114,000
Cash flows from operations before changes in non-cash working capital	1,171,481	1,008,300
Changes in non-cash working capital items		
Accounts receivable	(66,262)	(645)
Inventory	15,770	(18,800)
Accounts payable and accrued royalties	137,328	(74,703)
Large corporation taxes payable	(2,000)	2,000
Net change in non-cash working capital items	84,836	(92,148)
Cash flows from operating activities	1,256,317	916,152
Financing activities		
Increase (decrease) in due to shareholders	6,000	100,648
Dividends paid	(132,120)	(105,302)
Issuance of common shares	-	55,000
Cash flows from financing activities	(126,120)	50,346
Investing in capital activities		
Mining exploration costs - additions (notes 1[g] and 4[c])	(442,179)	(519,969)
Mining exploration costs - proceeds on disposal (note 1[g])	33,948	28,167
Natural gas development and exploration costs	(511,368)	(450,553)
Marketable securities - additions	(534,953)	(204,156)
Marketable securities - proceeds on disposal	179,942	120,962
Cash flows from investing activities	(1,274,610)	(1,025,549)
Net decrease in cash during the year	(144,413)	(59,051)
Cash, beginning of year	153,942	212,993
Cash, end of year	$ 9,529	$ 153,942
Basic cash flows from operations per share	$ 0.67	$ 0.58

Note to statement of cash flows

Large corporations tax paid	$ 2,000	$ -

See accompanying notes

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2004 and 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, the more significant of which are outlined below.

[a] Use of estimates
The preparation of 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 and accompanying notes. Actual results could differ from those estimates.

[b] Cash and short-term deposits
Cash and short-term deposits comprise cash in the bank, less outstanding cheques, and deposits and Guaranteed Investment Certificates with a maturity of less than one year.

[c] Marketable securities
Marketable securities are carried at the lower of cost and market value.

[d] Inventory
Inventory is stated at the lower of cost and net realizable value with cost determined on a first-in, first-out basis.

[e] Long-term portfolio investments
Long-term portfolio investments are accounted for using the cost method. The carrying value is written down only in the event of a permanent impairment in value.

[f] Natural gas properties
The Company owns and/or controls approximately 40,000 acres of petroleum, natural gas and mineral leases in Charlottville, Walsingham and Houghton townships in Norfolk County, Ontario, and follows the full cost method of accounting for natural gas properties whereby all acquisition and development costs relating to the 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 proved reserves determines the proportion of depletable costs to be expensed. The natural gas reserves of the Company have been independently determined from time to time. Sproule and Associates Ltd., Calgary, Alberta, have determined the gas reserves, as required by National Policy 51-101, for fiscal 2004.
The total capitalized costs less accumulated depletion and future income taxes is limited to an amount equal to the estimated future net revenue from proven drilled reserves at year end prices and costs, less estimated future production related general and administrative expenses, financing costs and income taxes.

[g] Mining properties
The Company owns a 26% participating interest in excess of 600 contiguous mining claims in Sandra, Irwin, Walters, Leduc and LeGault townships in Northwestern Ontario which are subject to a working option agreement with Ontex Resources Limited (Ontex) (note 3). The Company also owns a 100% interest in 134 mining claims in the Sioux Narrows area of Northwestern Ontario. Acquisition and exploration costs are capitalized. Disposals of mining property and equipment is offset against the acquisition costs. If exploration activities are followed by production, capitalized costs will be amortized on the unit of production method based on the estimated reserves in the area. If exploration activities are unsuccessful and the area is abandoned, all capitalized costs relating to the area are written-off. Mining properties are assessed annually, or as economic events dictate, for potential write-down.

[h] Renewable fuel (Ethanol) costs
The Company has developed processing technology for the purpose of constructing an Ethanol and Wheat Co-Products manufacturing facility. Acquisition and development costs have been capitalized. On the commencement of production, capitalized costs would be amortized over the estimated useful life of the manufacturing facility.

[i] Future income taxes
Income taxes are calculated using the liability method of tax allocation accounting. Temporary differences arising from the difference 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 tax rates and laws that are expected to be in effect when the temporary differences are expected to reverse. **No tax on income is presently payable by the Company** as the Income Tax Act provides for certain deductions of exploration and development expenses and credits in excess of any current income recorded in the accounts. The effect on future income tax assets and liabilities of a change in tax rates is recognized in earnings in the period in which the change occurs (note 7). The tax balances, available in perpetuity, are as follows:

	2004	2003
Cumulative Canadian exploration expenses	$ 2,402,838	$ 2,537,545
Investment in flow through shares (note 3)	180,000	180,000
Cumulative Canadian development expenses	468,026	632,432
Cumulative Canadian oil and gas property expenses	332,133	340,717
Foreign exploration and development expenses	3,897	4,330
Undepreciated capital costs - property, plant and equipment	452,573	479,177

[j] Stock-based compensation
No compensation expense is recognized when the exercise price equals the market price at the rate when stock options are issued under the Company's stock option plan. Any consideration paid by directors on exercise of stock options is credited to share capital.

2. NATURAL GAS PROPERTIES

Natural gas properties consist of the following:

	2004			2003
	Cost	Accumulated Depletion	Net	Net
Gas wells, transmission lines and leases	$ 11,039,156	2,875,440	$ 8,163,716	$ 7,752,348

A portion of general and administrative costs of $60,834 (2003 - $45,841) and production costs of $297,759 (2003 - $254,003) were capitalized to Natural Gas properties, the Company's core business.

3. MINING PROPERTIES

In 1999, the Company sold its option on the controlling interest in 18 Brookbank claims in the Beardmore area of Ontario to Ontex. The consideration was $2,760,000, plus a 1% net smelter return on any future production from the property. The Company also purchased 3,600,000 shares of Ontex at 35 cents per share for $1,260,000 of the above funds as part of the agreement. In fiscal 2002, the Company purchased an additional 600,000 shares at 30 cents per share on a flow-through basis for $180,000. The market value of the Ontex shares, accounted for as long-term portfolio investments, at year end is $1,554,000 (2003 - $1,302,000).
A portion of general and administrative costs of $58,973 (2003 - $47,879) and production costs of $121,480 (2003 - $110,925) were capitalized to mining properties.

4. DUE TO SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

[a] The Company has an agreement with Southern Ontario Natural Gas Limited (SONG), a private company controlled by the president, George W. Chilian, to provide technical services for the gas operations for an annual fee of $78,000 plus 10% of the Company's gas revenue in excess of $1,000,000 annually. As at March 31, 2004, the Company owed SONG $112,984 (2003 - $114,461) which is non-interest bearing, with no specific terms for repayment. Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

[b] The Company also owes the president, George W. Chilian, $13,310 (2003 - $5,833) with no specific terms for repayment and bearing interest at current bank prime rates.

[c] Interest at current bank prime rates of $432 (2003 - $433) relating to the due to shareholder account [b] has been capitalized primarily to mining properties.

(Continued next page)

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2004 and 2003

(Continued from previous page)

5. SHARE CAPITAL

Share capital consists of the following:

Authorized
4,000,000 Number of common shares

	Number	Amount
Issued		
Shares issued at March 31, 2002	1,745,035	$ 2,277,982
Shares issued in connection with acquisition of mining property in fiscal 2003	10,000	55,000
Shares issued at March 31, 2003 and March 31, 2004	1,755,035	$ 2,332,982

[a] Earnings per share
Earnings per share has been calculated using the weighted average common shares outstanding. Fully diluted earnings per share reflects the maximum possible dilution from the potential exercise of stock options and is anti-dilutive for fiscal 2004.

6. STOCK OPTION PLAN

The company has granted as of July 15, 2002 and approved by Shareholders on September 26, 2003, 20,000 common shares for use in a stock option plan for directors. These options have an exercise price of $6. Each option granted under the plan may be exercised during a period of four years from the grant date. The exercise price is determined by the Directors of the Company at the time of grant, subject to the conditions that the exercise price will not be less than the market price of the common shares of the Company at the time of the grant.

The issuance or exercise of the stock options authorized does not result in a charge to income when the exercise price equals the market price of the stock on the grant date. Had the Company used the fair value method the fair value of the options granted in fiscal 2004 would have reduced the net income by $15,850. The amount would have decreased the basic and fully diluted income per share from $0.26 to $0.25 for the year.

For the purpose of the pro forma disclosures, the following assumptions were used under the Black-Scholes option pricing model; dividend yield of 7.5%, expected volatility of 30%, risk free interest rate of 3.75% and an expected average life of four years.

7. TAXES

The Company's provision for future income taxes is summarized as follows:

	2004	2003
Income before taxes	$ 1,071,481	$ 910,300
Provision for taxes		
Expected taxes payable at statutory rates - 36.42% (2003 - 38.12%)	390,233	347,006
Tax effect of the following		
Reduction and deferral of taxes for resource deductions	(390,233)	(347,006)
Taxes currently payable (note 1[i])	Nil	Nil
Future income taxes relating to origination and reversal of temporary differences	309,500	114,000
Future income tax increases from increase in future tax rate used from 30.12% to 34.12% (pursuant to 2004 Ontario Budget)	305,500	-
Future income taxes	$ 615,000	$ 114,000

8. FINANCIAL INSTRUMENTS

The Company's maximum exposures to credit risk are indicated by the carrying value of its assets. The Company's exposure to interest rate risk is evident from the disclosure in these financial statements. Due to the short-term maturity of the financial instruments, book values approximate market values.

9. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2004 financial statements.

AUDITOR'S REPORT

To the Shareholders of
Metalore Resources Limited

We have audited the balance sheets of **Metalore Resources Limited** as at March 31, 2004 and 2003 and the statements of income and retained earnings and cash flows for the years then ended. These inancial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2004 and 2003 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PKF HILL CHARTERED ACCOUNTANTS
Toronto, Ontario
June 16, 2004

METALORE RESOURCES LIMITED

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TAKE NOTICE that the Annual Meeting of Shareholders of Metalore Resources Limited will be held at Westin Harbour Castle Hotel, Toronto, Ontario in the Pier 5 Room on Friday, September 17, 2004, at 4:30 p.m. to:

1. Receive and consider the Annual Financial Statements for the year ended March 31, 2004, the Auditor's Report thereon, and the Report of the President;
2. Elect Directors;
3. Appoint Auditors and authorize the Directors to fix the remuneration therefor;
4. Transact such other business as may properly come before the meeting.

Shareholders desiring to be represented thereat by a proxyholder must deposit their proxies with the Company before the commencement of the Meeting.

DATED at the Town of Simcoe, this 19th day of July, 2004.

By Order of the Board,
Patricia Shelander, Secretary-Treasurer and Director

SHAREHOLDERS WHO ARE UNABLE TO ATTEND THE MEETING IN PERSON ARE REQUESTED TO DATE, SIGN AND RETURN THE ATTACHED FORM OF PROXY

Please tear along perforation.

Please tear along perforation.

METALORE RESOURCES LIMITED

Proxy Solicited by Management

The undersigned Shareholder of Metalore Resources Limited hereby appoints George W. Chilian, or failing him, Patricia Shelander, or

____

as proxy with power of substitution, to attend, act and vote for the undersigned at the Annual Meeting of Shareholders of the Corporation to be held on Friday, September 17, 2004, in the Pier 5 Room at Westin Harbour Castle Hotel, Toronto, Ontario and at any adjournments thereof, to:

(a) vote for _________ or withhold ________ on the election of the Directors;

(b) vote for _________ or withhold ________ on the appointment of Auditors and the authorization of the Directors to fix the remuneration of the Auditors;

(c) grant discretionary authority to vote on amendments or variations identified in the Notice of Meeting and on such other business as may properly come before the meeting.

THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED AS SPECIFIED. IF NO CHOICE IS SPECIFIED, THE PROXY WILL BE VOTED “FOR” THE PROPOSED (a) DIRECTORS, (b) AUDITORS AND (c) SUCH OTHER BUSINESS AS MAY BE PROPOSED.

DATED this ________ day of _____________________ 2004 Signature: ____________________________

NOTES:

1. This proxy must be signed by the shareholder or his attorney duly authorized in writing, or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney duly authorized. If the date is not inserted in the space above provided, the proxy shall be deemed to be dated on the day which it was mailed by Corporation to the shareholder.
2. THE SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON, WHO NEED NOT BE A SHAREHOLDER, OTHER THAN THE PERSONS NAMED, AS THE NOMINEE TO ATTEND AND ACT AT THE MEETING OF SHAREHOLDERS AND SUCH RIGHT MAY BE EXERCISED BY INSERTING THE NAME OF SUCH PERSON IN THE BLANK SPACE ABOVE ON THE PROXY FORM.

This ***Special*** Invitation
Welcomes one Shareholder and Guest to attend

METALORE'S

Exquisite Wild Turkey Annual Banquet

at 5:30 in the evening
(following the Annual Meeting)
September 17, 2004
Pier 5 Room
Westin Harbour Castle Hotel
Toronto, Ontario

Please R.S.V.P. by September 10, 2004

Please tear along perforation.

I will ____, will not ____ attend the annual banquet with guest ____.

▼ Please print your name and address and correct any discrepancy below

____

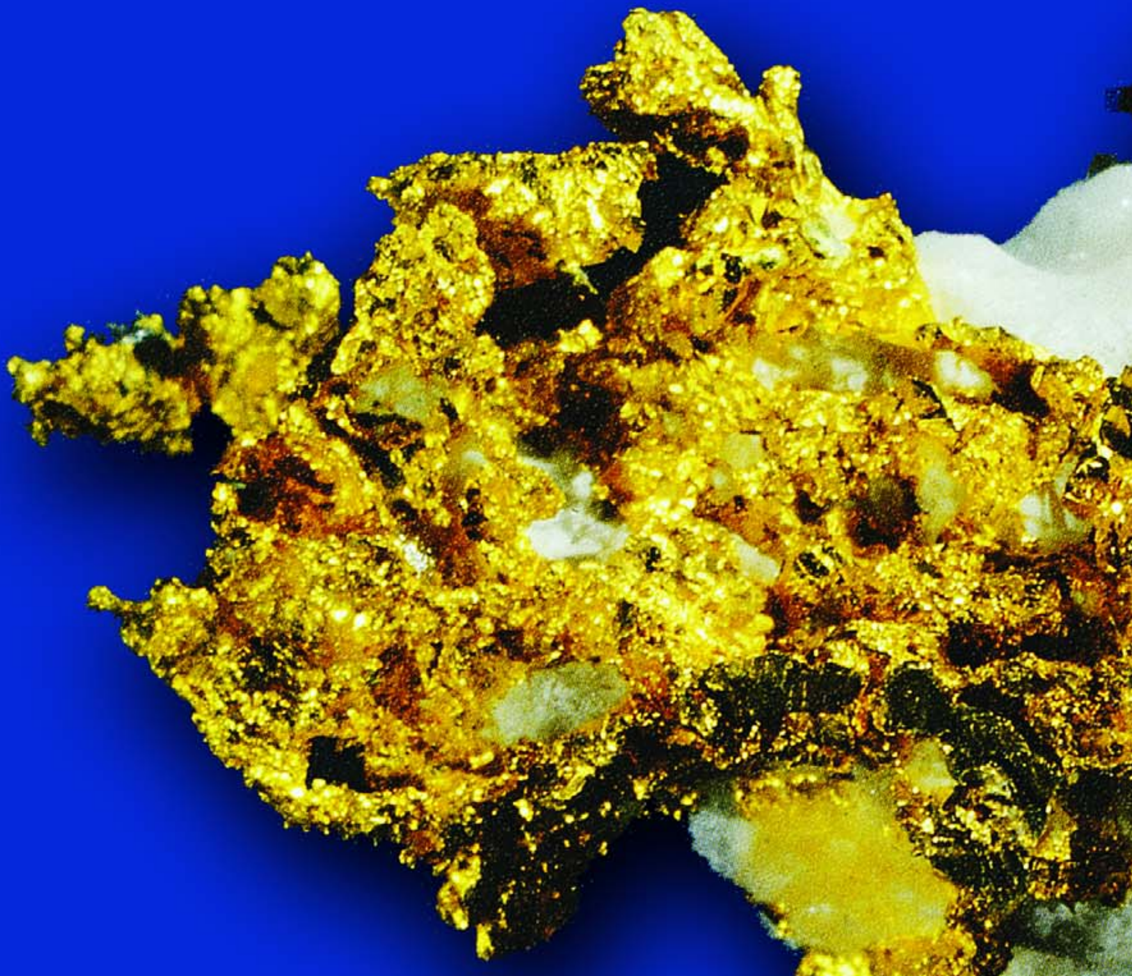
____

____

METALORE RESOURCES LIMITED
Box 422, Simcoe, Ontario, Canada
N3Y 4L5

PURSUING OUR OBJECTIVES . . .

ENHANCING SHAREHOLDER VALUE



Exploring and Developing

Natural Resources for 61 Years