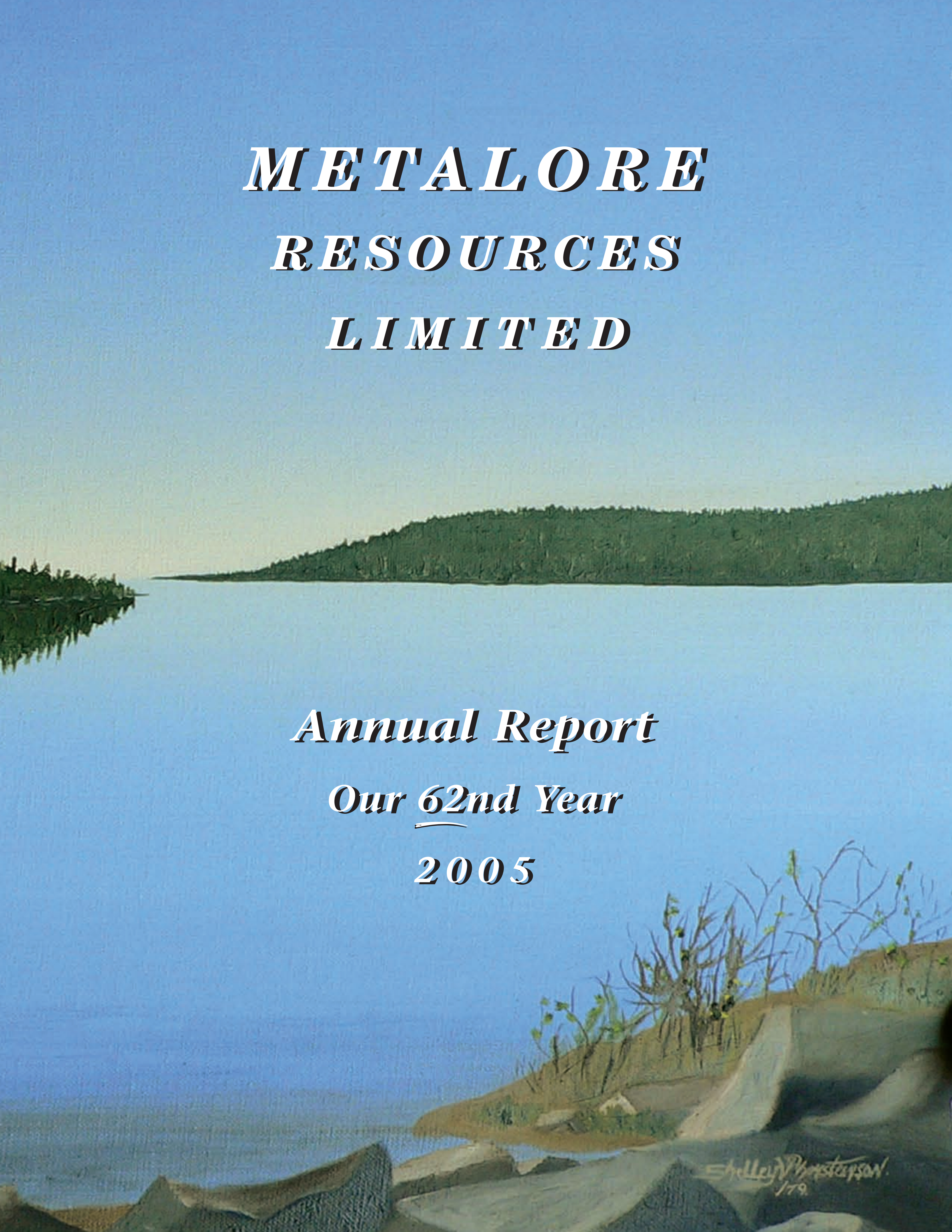
METALORE RESOURCES LIMITED

Annual Report

Our 62nd Year

2005



Geologist, **John C. Davies** and Blazer are charting their course down Steven Lake (east of Cedartree) September, 2004. Dr. Davies completed reconnaissance mapping of hundreds of square miles in the Cedartree/Dogpaw regions for the Geological Survey of Ontario in the 1970's. Metalore contracted Dr. Davies to complete detailed geological mapping within a six square mile grid at Cedartree Lake (where we had completed geophysics in 2003).

No. He's not really proposing! Just a little levity to brighten up a rainy day in the bush.

Allen Raoul, Kenora District Support Geologist (Ontario Department Northern Development and Mines) determines strike and dip of tuff bedding and alteration fracture patterns from a moss covered outcrop at Cedartree, as assistant, **Jenna McDonald** (Third Year Geology Student), records data, while Taffy (Allen's Pikineese) observes proceedings, May, 2005. Determining the sometimes complex orientation of fracture patterns can provide us with more effective cross-sectional drilling and data interpretation.

METALORE RESOURCES LIMITED

Officers and Directors	GEORGE W. CHILIAN, *President, CEO and Managing Director* .... *Vittoria, Ontario*
	JOSEPH MAKSYMCHUK, *Secretary-Treasurer and Director* .... *Brantford, Ontario*
	PATRICIA SHELANDER, *Director* .... *St. Paul, Minnesota*
	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.* .... *Vittoria, Ontario*
Assistant Production Manager	*CARL CHILIAN* .... *Simcoe, 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 (TSX), "MET"* .... *Toronto, Ontario* *(Over the Counter, "MTLRF")*.. *United States*
Share Price Range	*2004 - 2005 High $11.50 (CD) .... Low $6.00 (CD)*
Annual Meeting and Banquet	*WESTIN HARBOUR CASTLE HOTEL* .... *Toronto, Ontario* *September 16, 2005, 4:30 p.m., Salon C Room*
Website and Email	*www.metaloreresources.com* *info@metaloreresources.com*

METALORE RESOURCES LIMITED

President's Personal Letter to Shareholder Friends

Dear Shareholder:

It did not appear that there would be any necessity to write a personal letter to you this year. After all, with the multi-page detailed preparations of (1) AIF (Annual Information Form), (2) MD & A (Management's Discussion and Analysis) and (3) Information Circular, they don't even require a "Letter from the President" anymore. And we have to be careful not to come up with any visionary, "forward looking" ideas. Furthermore, with all the energy spent on "discussions" with the Ontario Securities Commission over our Ethanol issue at the eleventh hour, there were critical time constraints to meet in getting this report out.

Then my eldest son intervened and reminded me of something. "The Shareholders look forward to reading your letter, dad. After all, you've been with them for a long time *(fifty years)* and they depend on you."

Sometimes we just don't have an answer for all of the things our children do or say. So, here is my inspired message:

MINING EXPLORATION

Before we purchased our Cedartree Lake properties in 2002, I consulted an old friend, J. Patrick Sheridan, Professional Geoscientist Extraordinaire, and asked him what he thought of the potential of the Cedartree Lake area. Pat is the most successful mine finder and developer that I know of. He had worked on the Maybrun and Cameron Lake and Dubenski prospects, all "satellite" gold deposits to the Cedartree Lake region. Pat's reply was not only enlightening but intriguing. He said, "George, that area lies within the largest assemblage of Archean rocks in the world and there has to be a *large* (world class) orebody in there somewhere."

After toasting frozen sandwiches with Pat over an open fire, in three feet of snow, at –50 degrees Fahrenheit, one winter at Normetal, Quebec, your mettle has been tested. Pat's clue of Cedartree was good enough for me.

Although no mineral resource has been identified to date, after completing limited geology, geophysics and diamond drilling ourselves during the past three seasons on a portion of our large claim holdings[1] at Cedartree, I am more convinced than ever that Pat's prognosis was *"right on"* and believe that with one or two more drilling campaigns, we will be rewarded on our sacred quest.

HYDRO-CARBON EXPLORATION

Metalore has also just obtained a new drilling permit for a *deep* test[2] within our producing gas fields in Southwestern Ontario and I feel an almost uncanny optimism about that too. We're *overdue* for a mega *breakthrough.*

So, if those statements are too "forward looking", well, we've never looked back much before, so here's to discovering unprecedented successes in the days ahead.

Sincererly yours,

George W. Chilian, President
June 23, 2005

1. Metalore now holds 150 contiguous claim units (40 acres per unit) at Cedartree.
2. Ordovician and Cambrian Formations are 3,500 to 4,000 feet deep in this area.

Management's Discussion & Analysis of Financial Results

For the Fiscal Year ended March 31, 2005

Management's Discussion and Analysis (MD&A) in respect of Metalore Resources Limited ("Metalore" or the "Company") should be read in conjunction with the audited financial statements and accompanying notes for the twelve months ended March 31, 2005. 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 2005, 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 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 principal source of revenue. Although the Company maintains considerable acreage of undrilled leases in the "probable reserves" category[1] it has not drilled any new gas wells during the past four years. During this four year period the Company has focused primarily on strengthening its financial condition through the creation of internal cash flow.

Since its incorporation in 1943, Metalore has conducted mining exploration on projects 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. Grass roots 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 of Northwestern Ontario.

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.

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[1] Evaluation of the P&NG Reserves of Metalore Resources Ltd., April 1/05 by Sproule Associates Ltd. Calgary

Overview of Exploration Activities

During fiscal 2005, the Company incurred exploration and development expenditures of $ 923,789 which were comprised of the following;

Natural gas well workovers and pipeline replacements	$ 617,370
Grass roots mining exploration at Cedartree Lake	$ 306,419

Results of Operations

Comparison between fiscal year end results for 2004 and 2005

	Mar 31/05	Mar 31/04
Revenue	$ 1,799,903	$ 1,742,839
Net Income	$ 0,715,656	$ 0,095,820
Earnings Per Share	$ 0.41	$ 0.05
Cash Flow from Operations	$ 1,114,790	$ 1,171,481
Cash Flow per Share	$ 0.64	$ 0.67

A significant change to net income in 2005 from 2004 is due to the revision of Metalore's application of the accounting policy with respect to the write off of all renewable fuel (ethanol) costs excluding land costs of $78,000. This change is reflected in the Company's restated 2004 financial statements.

As of March 31, 2005 Metalore had sold 90% of its production ahead to November 1, 2005 and approximately 50% of its production to April 1, 2006, all at prices significantly above those of the previous fiscal year.

Comparative Summary & Financial Data by Quarter

	Mar 31/05	Dec 31/04	Sept 30/04	June 30/04	Mar 31/04	Dec 31/03	Sept 30/03	June 30/03	Mar 31/03
	Y/E	3rd Qtr	2nd Qtr	1st Qtr	Y/E	3rd Qtr	2nd Qtr	1st Qtr	Y/E
Revenue	505,485	471,019	375,920	447,479	513,704	449,251	361,588	418,296	392,824
Net Income	225,531	162,508	140,278	187,339	(487,724)	207,906	176,290	199,348	349,980
Earnings per share	0.13	0.09	0.08	0.11	(0.28)	0.12	0.10	0.11	0.10
Cash Flow per share	0.16	0.16	0.15	0.17	0.21	0.16	0.14	0.16	0.17
Dividends per share	0.075	0.075	--	--	0.075	--	--	--	0.075

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.

Current Business Strategy

Metalore's first priority is to gradually increase liquid assets with cash flow from operations. The Company plans to field another exploratory drill program on its Sioux Narrows gold prospect during the autumn of 2005. The Company will resume limited development of the shallow gas producing strata (Silurian sandstones at 1,200 to 1,400 feet) and possibly initiate wildcatting of the deeper levels (Ordovician and Cambrian dolomites and sandstones at 2,800 to 3,500 feet) during the summer of 2005. Management intends to conduct sufficient exploration and development to maintain an adequate inventory of "future" (deferred) income tax credits.

Capital Resources & Liquidity

	Y/E Mar 31/05	Y/E Mar 31/04
Current Assets	$ 719,853	$ 775,249
Current Liabilities	$ 279,107	$ 394,856
Excess of Current Assets over Current Liabilities	$ 440,746	$ 380,393
Current Ratios	2.6 : 1	1.96 : 1

For the twelve month period ending March 31, 2005, there was an increase in cash of $73,257 after Capital expenditures of $923,789 for natural gas development and mining exploration, compared to a decrease in cash of $144,413 after expenditures of $919,599 for the year ended March 31, 2004.

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

Contractual Obligations

Report for the upcoming five years

Contractual Obligations	1-3 years	4-5 years	Total
Natural Gas Leases	$ 068,000	$ 068,000	$ 136,000
Natural Gas Royalties*	$ 235,593	$ 471,186	$ 824,575
Mining Leases	$ 003,078	$ 006,156	$ 009,405
Total Contractual Obligations	$ 306,671	$ 545,342	$ 969,980

* Note: Estimate is based upon expected gas production.

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.

Mining property and natural gas property 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.

Write-Down of Renewable Fuel Costs

Subsequent to the completion of the official audit of our 2004 Financial Statements, Metalore received an enquiry from the Ontario Securities Commission ("OSC") regarding the status of our Renewable Fuel (Ethanol) Project ("the Project"). A series of letters were exchanged during the next several months, culminating with a personal meeting between representatives of the OSC, Metalore, and our auditor whereat the OSC required the company to write-off substantially all of the renewable fuel costs previously attributed to this project.

Given (1) the current delicately balanced state of the global as well as continental energy supply market, (2) the fact that Metalore's proven process is still leading edge "state of the art" technology in the Ethanol and Co-Products Industry and (3) that Metalore has had recent supportive enquiries from prominent parties interested in partnering with our technology, Metalore's board of directors did not, and do not, agree with the OSC's position on this issue. However, Metalore chose not to contest this mandate in order to avoid a costly hearing before the OSC, and agreed to adopt the suggested accounting treatment. It should be noted that both the Balance Sheet and Statement of Earnings for the three unaudited quarterly reports proceeding the current 2005 Annual Financial Statements do not reflect this adjustment.

Nevertheless, the board maintains the view that the economics of the project would be measurably improved by current feed stock (wheat) versus commodity produced (ethanol, gluten, bran, wheat germ, etc.) prices and we may revisit this project at some time in the future.

Changes in Accounting Policies

In fiscal 2005, the Company adopted the fair value method of accounting for stock options (see note 1[c] of Financial Statements). As a result of this change in accounting policy, stock options in shareholders' equity increased by $15,850 in fiscal 2004 and accordingly, the stock 2004 compensation expense increased and retained earnings at March 31, 2004 decreased by $15,850.

The recommendations of Section 3670 (note 1[c] of Financial Statements) are generally applied prospectively to awards granted on or after the date of adoption, except that retroactive application, without restatement, is required for outstanding awards for fiscal years beginning on or after January 1, 2002.

Transactions with Related Parties

Metalore has an on-going agreement with Southern Ontario Natural Gas Limited (SONG), a private company controlled by the Company President, George W. Chilian, to provide technical services for the gas operations. As of March 31st, 2005 the company owed SONG $100,056. The Company also owes its president, George W. Chilian $7,124. Interest calculated at current bank prime rates in the amount of $1,803 relating to the due to shareholder account has been capitalized primarily to natural gas properties (see note 5 [a] [b] [c] of 2005 Financial Statements).

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 United States postal addresses.

During the third quarter of the fiscal year ending March 31, 2005, 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. The Company will consider increasing the dividend payout in 2005 if all financial and operating objectives are achieved.

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.

METALORE RESOURCES LIMITED

Annual Information Form

For the year ended March 31, 2005

Corporate Structure

The Company is incorporated under the laws of the Province of Ontario.

The Company was incorporated in 1943 as Metalore Mining Company Limited. The capital structure was reorganized on a one share for three basis by supplementary letters patent in 1950 and the name modified to New Metalore Mining Company Limited. The capital structure was reorganized again on a one share for four basis by supplementary patent in 1976 and the name modified to the present Metalore Resources Limited.

Metalore Resources Limited ("Metalore" or the "Company"), headquartered at Rural Route #1 Vittoria, Ontario, is engaged in the businesses of natural gas development and mining exploration.

The Company is primarily engaged in natural gas production from ninety gas wells and also maintains a large portfolio of undrilled leases in close proximity to its existing production.

General Development of the Business

Over the past three years the Company has continued to focus its efforts on maintaining its natural gas deliveries. During this period there have been no significant changes in delivery or revenue from prior periods.

The Company produces natural gas from approximately 90 gas wells in three townships within Norfolk County, Ontario and also distributes gas to approximately 75 residential and commercial customers along its gathering pipelines.

The Company acquired a new "grass roots" mining exploration property in the Sioux Narrows area of Ontario in the fall of 2002 and has conducted preliminary investigations into the property's potential. Since there has been no mineral resource identified thus far, the Company does not consider either the acquisition or the preliminary exploration on this property to constitute a material change in its operations at this time.

The Company employs one full time office administrator, three full time gas field employees and one full time supervisor (managing director). Most exploration and development functions (geophysics, drilling, etc.) are by individual contract.

Environmental Policies

The Company's gas well development and mining exploration activities are in compliance with all ecological and environmental preserving regulations. Gas well and pipeline appurtenances are clearly identified in the field with signs posted for emergency contact. Further information regarding compliance is available on www.sedar.com.

Risk Factors

The Company's gas production is derived from long term reserves. These reserves are subject to nominal annual declines in delivery that can be reasonably estimated. The most significant risk factors would be the possibility or probability of drilling dry holes and fluctuations in the selling price of natural gas. The Company delivers its gas to three main metering stations within Union Gas' transmission system from the natural field pressure of its wells, without the aid of compression equipment. Therefore, deliverability is subject to periodic pressure changes and particularly vulnerable to pressure increases in Union's system.

Specialized Skill and Knowledge

Messrs. Slater and Chilian, directors of the Company have a combined total of over 60 years experience in natural gas marketing. Each of the three gas field operators have been with the Company for more than fifteen years.

Reserves Data

Metalore has complied with all filing requirements pursuant to National Instrument 51-101 (Standard for Disclosure for Oil and Gas Activities) by filing forms 51-101 F1, F2 and F3 with SEDAR. Filing of Natural Gas Reserve data is up to date on SEDAR 51-101, for more information see www.sedar.com.

Dividends

For each of the past two years, a dividend of 7.5 cents per share was paid to shareholders, and for the preceding fiscal year a dividend of 7 cents per share was paid. The Company intends to continue paying nominal dividends to shareholders with a view to increasing the dividends where practical from a business and legal perspective.

General Description of Capital Structure

1,755,035 common shares in the capital of the Company are currently issued and outstanding.

Market for Securities

The Company's common shares have been listed and traded on the Toronto Stock Exchange (TSX, tier one) for the past 25 years. Metalore has the uniqueness of having the lowest number of shares outstanding of any resource related company listed on the TSX.

Year	Month	High	Low
2004	April	10.25	9.50
	May	10.25	9.50
	June	11.00	9.75
	July	11.50	9.75
	August	10.25	9.75
	September	10.00	9.25
	October	10.50	8.00
	November	9.75	8.00
	December	7.75	7.00
2005	January	8.50	7.75
	February	8.00	7.50
	March	8.00	6.50

Material Contracts

The Company has contracted to sell the majority of its gas production wholesale to Nexen Limited of Calgary, Alberta Canada and contracts for the delivery of gas to its Field Line Customers with Union Gas Limited on an evergreen basis.

Interests of Experts

Peter Sidey, Professional Petroleum Engineer with Spoule and Associates Limited, Calgary prepared the Report of Independent Qualified Reserves Evaluator or Auditor (form 51-101 F2). This report can be viewed on the SEDAR website.

Directors and Officers

NAME	PRINCIPAL OCCUPATION	BECAME DIRECTOR	SHARES HELD	OPTIONS HELD	PROVINCE / STATE
George W. Chilian (President, CEO & Managing Director)	Managing Director of the Corporation	1955	631,408	Nil	Ontario, Canada
Joseph Maksymchuk[1] (CFO & Director)	Certified Management Accountant, Retired	2000	9,000	5,000	Ontario, Canada
Patricia Shelander[2] (Director)	Registered Medical Technologist	1970	36,000	5,000	Minnesota, USA
John Claire McVicar[1,2] (Director)	Partner, Meen-McVicar, Insurance Brokers	1982	1,900	5,000	Ontario, Canada
David J. Slater[1,2] (Director)	Natural Gas Transport & Marketing Manager	2002	200	5,000	Ontario, Canada

1 Members of Audit Committee
2 Members of Corporate Governance Committee

Each of the directors shall serve until the next annual meeting of shareholders or until his/her successor is elected or appointed.

Promoters

The Company does not have, and has not had a promoter within the three most recently completed fiscal years.

Transfer Agents and Registrars

The transfer agent for common shares is Computershare Trust Company, located at 100 University Avenue, Toronto.

Additional Information

Additional information relating to Metalore Resource Limited may be found on SEDAR at www.sedar.com

Additional financial information is also provided in Metalore Resource Limited's financial statements and MD&A for the most recently completed financial year.

METALORE RESOURCES LIMITED

BALANCE SHEET AS AT MARCH 31

	2005	2004 (notes 2 and 3)
ASSETS		
Current assets		
Cash	$ 82,786	$ 9,529
Marketable securities (note 1[d])	381,188	438,690
Accounts receivable	219,779	246,400
Inventory (note 1[e])	36,100	80,630
	719,853	775,249
Long-term portfolio investments (note 4)	1,440,000	1,440,000
Mining properties (notes 1[h] and 4)	2,586,186	2,279,767
Natural gas properties (note 5)	8,679,086	8,163,716
Renewable fuel (Ethanol) costs (note 2)	78,000	78,000
	$ 13,503,125	$ 12,736,732
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued royalties	$ 171,927	$ 268,562
Due to shareholders and related parties (notes 6[a] and 6[b])	107,180	126,294
	279,107	394,856
Future income taxes (notes 1[j] and 2)	2,400,000	2,100,000
	2,679,107	2,494,856
Shareholders' equity		
Share capital (note 7)	2,332,982	2,332,982
Stock options (notes 3 and 8)	15,850	15,850
Contributed surplus	16,000	16,000
Retained earnings (notes 2 and 3)	8,459,186	7,877,044
	10,824,018	10,241,876
	$ 13,503,125	$ 12,736,732

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

	2005	2004 (notes 2 and 3)
Revenue		
Natural gas production	$ 1,737,672	$ 1,724,024
Royalties	4,641	4,417
Interest - net and other investment income	32,854	14,398
Gain on sale of marketable securities	24,736	-
	1,799,903	1,742,839
Expenses		
Production	351,857	298,229
Administration	140,843	111,301
Royalties	167,677	161,828
Depletion	102,000	100,000
Stock compensation expense (notes 3 and 8)	-	15,850
Write-down of renewable fuel (Ethanol) costs (notes 1[i] and 2)	-	849,811
Write-down of marketable securities (unrealized)	21,870	-
	784,247	1,537,019
Income before taxes	1,015,656	205,820
Provision for taxes		
Future income taxes (notes 1[j], 2 and 9)	300,000	110,000
	300,000	110,000
Net income	715,656	95,820
Retained earnings, beginning of years (notes 2 and 3)	7,877,044	7,913,344
Dividends paid	(133,514)	(132,120)
Retained earnings, end of years	$ 8,459,186	$ 7,877,044

See accompanying notes

AUDITOR'S REPORT

We have audited the balance sheets of Metalore Resources Limited ("the Company") as at March 31, 2005 and 2004 and the statements of income and retained earnings and cash flows for the years then ended. These financial 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, 2005 and 2004 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 LLP

PKF HILL CHARTERED ACCOUNTANTS
Toronto, Ontario
June 10, 2005

STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31

	2005	2004 (notes 2 and 3)
Operating activities		
Net income	$ 715,656	$ 95,820
Add items not involving cash		
Depletion	102,000	100,000
Future income taxes	300,000	110,000
Stock compensation expense	-	15,850
Write-down of renewable fuel (Ethanol) costs	-	849,811
Gain on sale of marketable securities	(24,736)	-
Write-down of marketable securities (unrealized)	21,870	-
Cash flows from operations before changes in non-cash working capital	1,114,790	1,171,481
Changes in non-cash working capital items		
Accounts receivable	26,621	(66,262)
Inventory	44,530	15,770
Accounts payable and accrued royalties	(96,635)	137,328
Large corporation taxes payable	-	(2,000)
Net change in non-cash working capital items	(25,484)	84,836
Cash flows from operating activities	1,089,306	1,256,317
Financing activities		
Increase (decrease) in due to shareholders	(19,114)	6,000
Dividends paid	(133,514)	(132,120)
Cash flows from financing activities	(152,628)	(126,120)
Investing in capital activities		
Mining exploration costs - additions (notes 1[h] and 4)	(306,419)	(442,179)
Mining exploration costs - proceeds on disposal (note 1[h])	-	33,948
Natural gas development and exploration costs	(617,370)	(511,368)
Marketable securities - purchases	(213,185)	(534,953)
Marketable securities - proceeds on disposal	273,553	179,942
Cash flows from investing activities	(863,421)	(1,274,610)
Net increase (decrease) in cash during the years	73,257	(144,413)
Cash, beginning of years	9,529	153,942
Cash, end of years	$ 82,786	$ 9,529
Basic cash flows from operations per share	$ 0.64	$ 0.67

Note to statements of cash flows

See accompanying notes

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2005 and 2004

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] Revenue recognition

Sales of natural gas are recognized when title passes to the customer, normally at the transporter (Union Gas) pipeline delivery point, and collectability is reasonably assured.

[c] Stock-based compensation

The Company has a stock-based compensation plan, as described in note 8. Effective April 1, 2004 (note 3), the Company adopted the recommendations for accounting for stock-based compensation as required by the CICA Handbook Section 3870, “Stock-Based Compensation and Other Stock-Based Payments”. Section 3870 establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. It applies to transactions, including non-reciprocal transactions, in which an enterprise grants shares of common stock, stock options or other equity instruments, or incurs liabilities based on the price of common stock or other equity instruments.

The Company is applying the fair value method for accounting for awards of stock options awarded to employees under the Company's stock-based compensation plan (note 8). Accordingly, compensation cost is recognized for stock options granted.

[d] Marketable securities

Marketable securities are carried at the lower of cost and market value. At March 31, 2005, the market value of the securities was $424,821 (2004 - $450,682).

[e] Inventory

Inventory, consisting of pipe and fittings of $21,410 (2004 - $22,130) and natural gas in storage of $14,690 (2004 - $58,500), is stated at the lower of cost and net realizable value, with the cost of pipe and fittings determined on a first-in, first-out basis and cost of gas storage determined on an average cost basis.

[f] 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 decline in value which is considered other than temporary.

[g] 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 determined from time to time. Sproule and Associates Ltd. have determined the gas reserves for fiscal 2005.

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 reserves at year end constant average prices and costs, less estimated future production related general and administrative expenses, financing costs and income taxes. At March 31, 2005 and 2004, no write-down was required.

[h] Mining properties

The Company owns a 1% net smelter return on 18 claims and 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 4). The Company also owns a 100% interest in 134 mining claims in the Sioux Narrows (Cedartree Lake) 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.

[i] 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 have been amortized over the estimated useful life of the manufacturing facility. In fiscal 2004, management wrote-off all renewable fuel (Ethanol) costs (excluding land costs of $78,000) (note 2).

[j] 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 9). The tax balances, available in perpetuity, are as follows:

	2005	2004
Cumulative Canadian exploration expenses	$ 2,768,423	$ 2,402,838
Investment in flow through shares (note 4)	180,000	180,000
Cumulative Canadian development expenses	548,381	468,026
Cumulative Canadian oil and gas property expenses	392,707	332,133
Foreign exploration and development expenses	3,507	3,897
Undepreciated capital costs - property, plant and equipment	517,116	452,573

2. **PRIOR PERIOD ADJUSTMENT**

Subsequent to June 16, 2004, management was advised by the Ontario Securities Commission that, in its view, substantially all of the renewable fuel (Ethanol) costs did not meet the deferral criteria set out in Section 3450 of the CICA handbook in the financial statements for the year ended March 31, 2004. The primary reason for the Company not meeting the deferral criteria in Section 3450 of the CICA handbook is that there have been no substantive expenditures incurred since 1999 and this raises issues with respect to management's intention to pursue the renewable fuel (Ethanol) project. Management has therefore revised its application of the accounting policy (note 1[i]) with respect to these costs, and written-off all renewable fuel (Ethanol) costs (excluding land costs of $78,000). The effect on the restated 2004 financial statements is as follows:

	March 31, 2004	
	As Restated	Originally Reported
Renewable fuel (Ethanol) costs	$ 78,000	$ 927,811
Future income taxes liability	2,100,000	2,605,000
Retained earnings	7,892,894	8,237,705
Write-down of renewable fuel (Ethanol) costs	849,811	– –
Income before taxes	221,670	1,071,481
Future income tax expense	110,000	615,000
Net income	111,670	456,481
Basic and fully diluted earnings per share	0.06	0.26

(Continued next page)

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2005 and 2004

(Continued from previous page)

3. CHANGE IN ACCOUNTING POLICY - Stock Compensation

In fiscal 2005, the Company adopted the fair value method of accounting for stock options (note 1[c]). As a result of this change in accounting policy, stock options in shareholders' equity increased by $15,850 in fiscal 2004 and accordingly, the stock 2004 compensation expense increased and retained earnings at March 31, 2004 decreased by $15,850.

The recommendations of Section 3870 (note 1[c]) are generally applied prospectively to awards granted on or after the date of adoption, except that retroactive application, without restatement, is required for outstanding awards for fiscal years beginning on or after January 1, 2002.

4. 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 continues to hold 26% participation in the adjoining 600 plus claims in the Sandra, Irwin, Walters and Leduc townships.

Pursuant to the 1999 agreement with Ontex, the Company purchased 3,600,000 shares of that company at $0.35 per share, for total consideration of $1,260,000. 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 $840,000 (2004 - $1,554,000).

A portion of general and administrative costs of $15,288 (2004 - $58,973) and production costs of $45,679 (2004 - $121,480) were capitalized to mining properties.

5. NATURAL GAS PROPERTIES

Natural gas properties consist of the following:

	2005			2004		
	Cost	**Accumulated Depletion**	**Net**	**Cost**	**Accumulated Depletion**	**Net**
Gas wells, transmission lines and leases	$ 11,656,526	2,977,440	$ 8,679,086	$ 11,039,156	2,875,440	$ 8,163,716

A portion of general and administrative costs of $72,692 (2004 - $60,834) and production costs of $308,561 (2004 - $297,759) were capitalized to natural gas properties, the Company's core business.

6. DUE TO SHAREHOLDERS AND RELATED PARTIES RELATED PARTY TRANSACTIONS

[a] The Company has an agreement with Southern Ontario Natural Gas Limited (SONG), (a private company controlled by the Company's 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. The fiscal 2005 expense charged by SONG amounted to $156,680 (2004 - $151,900). As at March 31, 2005, the Company owed SONG $100,056 (2004- $112,984) which is unsecured, non-interest bearing, and due on demand. 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 its president, George W. Chilian, $7,124 (2004 - $13,310) which is unsecured, due on demand and bears interest at current bank prime rates.

[c] Interest calculated at current bank prime rates in the amount of $1,803 (2004 - $432) relating to the due to shareholder account [b] has been capitalized primarily to natural gas properties..

7. SHARE CAPITAL

Share capital consists of the following:

Authorized

4,000,000 Number of common shares

Issued

	Number	Amount
Shares issued at March 31, 2003, March 31, 2004 and March 31, 2005	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 2005 and fiscal 2004.

8. 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 value assigned to the 20,000 stock options in fiscal 2004 was $15,850.

For the purpose of valuing the 20,000 stock options in fiscal 2004, 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.

9. TAXES

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

	2005	**2004**
Income before taxes	$ 1,015,656	$ 205,820
Provision for taxes		
Expected taxes payable at statutory rates - 36.42% (2004 - 36.42%)	369,902	74,960
Tax effect of the following		
Resource rate reductions	(69,373)	(210,460)
Non-taxable portion of capital transactions	(529)	– –
Tax rate increases pursuant to 2004 Ontario Budget	– –	245,500
Future income taxes (not currently payable)	$300,000	$ 110,000

10. 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.

11. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2005 financial statements.

MANAGEMMENT INFORMATION CIRCULAR
June 28, 2005

MANAGEMENT SOLICITATION OF PROXIES
THIS INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF METALORE RESOURCES LIMITED (THE “CORPORATION”) OF PROXIES to be used at the Annual Meeting of Shareholders to be held at the time and place and for the purposes set forth in the foregoing Notice of Annual Meeting. The solicitation will be primarily by mail and the cost of solicitation will be borne by the Corporation.

APPOINTMENT AND REVOCATION OF PROXIES
The persons designated on the form of proxy are officers of the Corporation. ANY SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT THEM AT THE MEETING, MAY DO SO BY INSERTING THAT PERSON’S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER PROPER FORM OF PROXY.

A Shareholder executing the enclosed form of proxy has the power to revoke it. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing deposited at the registered office of the Corporation at any time up to and including the last business day preceding the day of the meeting or any adjournment thereof at which the proxy is to be used, or with the chairman of such meeting on the day of the meeting or adjournment thereof.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF
The Corporation has 1,755,035 common shares, without par value outstanding.

A list of the Shareholders will be prepared which shows the number of shares registered in the name of each Shareholder on August 16, 2005, the record date for determining Shareholders entitled to one vote at the Annual Meeting for each share opposite his/her name on such list, except to the extent that such person has transferred any of his/her shares and the transferee produces properly endorsed share certificates or otherwise establishes that he/she owns the shares, and, not later than 10 days before the meeting, requires that his/her name be included in the list of Shareholders, in which case such person is entitled to vote his/her shares at the Annual Meeting.

To the knowledge of the management of the Corporation, the only person or company that beneficially owns more than 10% of the issued shares of the Corporation is George W. Chilian, President and Managing Director who holds 631, 408 shares, representing approximately 36% of the issued voting shares of the Corporation.

EXERCISE OF DISCRETION OF PROXIES
The shares represented by proxy will be voted in accordance with the information set forth therein. THE PROXY PROVIDED CONFERS DISCRETIONARY AUTHORITY UPON THE PERSONS NAMED THEREIN WITH RESPECT TO AMENDMENTS OR VARIATIONS TO MATTERS IDENTIFIED IN THE NOTICE OF MEETING AND WITH RESPECT TO OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING.

CORPORATE GOVERNANCE
The Toronto Exchange (now the “TSX”) has adopted a set of guidelines (the “Guidelines”) relating to corporate governance matters. The Guidelines address such matters as the constitution and independence of boards of directors, the functions to be performed by boards and their committees, and the relationship among a corporation’s board, management and shareholders. All corporations listed on the TSX must now annually disclose their approach to corporate governance with specific reference to each of the fourteen specific Guidelines. Attached, as Schedule ‘A’, is the Corporation’s response to the required disclosure.

STOCK OPTION PLAN
The purpose of the Corporation’s stock option plan (“Plan”) is to allow the Company to grant options to directors, as additional compensation, and as an opportunity to participate in the profitability of the Corporation. The granting of such options is intended to align the interests of such persons with that of the Corporation.

The Directors of the Corporation adopted the Plan as of July 15, 2002 and granted 5,000 options each to four directors (Joseph Maksymchuk, John C. McVicar, Patricia Shelander and David J. Slater), including the exercise of such options. The exercise price of each of the options granted is $6.00, being a price per share that was greater than the closing price of common shares of the Corporation sold as part of a board lot or such share on the TSX prior to July 15, 2002.

Each option granted under the Plan is for one common share of the Corporation. The maximum number of common shares of the Corporation issuable under the Plan are 25,000, for which options for 20,000 common shares of the Corporation have been granted to the four directors as stated above. The options to grant the remaining 5,000 common shares of the Corporation pursuant to the Plan are reserved for issuance at the discretion of the Corporation to any additional director of the Corporation that is appointed. Each option granted under the Plan may be exercised during a period of four years from the grant date, subject to the Directors of the Corporation setting a shorter or longer term at the time of the grant, but no term will exceed a period of 10 years from the grant date. The options are non-assignable and the exercise price of each option is determined by the Directors of the Corporation at the time of grant, subject to the condition that the exercise price will not be less than the market price of the common shares of the Corporation at the time of the Grant.

INSIDER TRADING POLICY
The Directors of the Corporation have established a formal Insider Trading Policy to ensure compliance with the Securities Act (Ontario) and the rules and regulations of the TSX. There are two basic precepts: 1. No insider shall trade the Company’s shares 10 days prior to and 5 days after release of any Annual or Quarterly Reports; 2. No insider shall trade when there is Material Information pending that may affect the price of the shares, until such information has been generally disclosed to the public by way of press release.

(Continued next page)

METALORE RESOURCES LIMITED

INFORMATION CIRCULAR

(Continued from previous page)

INTEREST OF MANAGEMENT & OTHERS IN MATERIAL TRANSACTIONS

The Company has an agreement, subject to periodic review, with Southern Ontario Natural Gas Limited, a corporation controlled by George W. Chilian, President of the Company, to provide technical services for the gas operations of the Company for a fee of $78,000 plus 10% of the revenue in excess of $1,000,000 annually. At the fiscal year end, $100,056 was owed to Southern Ontario Natural Gas for this service.

EXECUTIVE COMPENSATION

During the fiscal year ended March 31, 2005, the Corporation paid its Managing Director the sum of $132,454 for administrative services and paid the Directors $2,400 for meetings and expenses for the fiscal year. The Corporation has two executive officers. The Directors are authorized a remuneration of $100 per meeting, plus expenses and the recording Secretary of the meeting receives an additional $50.00.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation		
		Salary	Bonus	Other Annual Compensation (Directors' Meetings)
George W. Chilian President, CEO & Managing Director	2005 2004 2003	$132,454 $132,454 $132,454	Nil Nil Nil	Nil Nil Nil

INDEBTEDNESS OF OFFICERS AND DIRECTORS

No officer, Director or employee of the Corporation had any outstanding indebtedness to the Corporation during the year ended March 31, 2004 and no such indebtedness is outstanding on the date hereof.

ELECTION OF DIRECTORS

The management of the Corporation proposes to nominate the six persons below for election as Directors of the corporation to serve until the next Annual Meeting or until their successors are elected or appointed. The person named in the enclosed form of proxy for the meeting (unless otherwise instructed) intends to vote for the election of nominees whose names are set forth below.

NAME	PRINCIPAL OCCUPATION	BECAME DIRECTOR	SHARES HELD	OPTIONS HELD
George W. Chilian (President, CEO & Managing Director)	Managing Director of the Corporation	1955	631,408[3]	Nil
Joseph Maksymchuk[1] (Secretary-Treasurer and Director)	Certified Management Accountant, Retired	2000	9,000	5,000
Patricia Shelander[2] (Director)	Registered Medical Technologist	1970	36,000	5,000
John Claire McVicar[1, 2] (Director)	Partner, Meen-McVicar, Insurance Brokers	1982	1,900	5,000
David J. Slater[1, 2] (Director)	Natural Gas Transport & Marketing Manager	2002	200	5,000
Michael A. Dehn (Director)	Senior Geologist, Goldcorp Inc.	– –	700	Nil

1 Members of Audit Committee
2 Members of Corporate Governance Committee
3 Southern Ontario Natural Gas Limited, a corporation controlled by George W. Chilian holds 310,608 of these shares

AUDIT COMMITTEE CHARTER

Pursuant to National Instrument 52-110. The Company has approved of an Audit Committee Charter on July 9, 2004 as set forth in attached Schedule "B". Also, included in Schedule "B" is the required Audit Committee information.

APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the re-appointment of PKF Hill LLP, Chartered Accountants, Toronto Ontario, as Auditors of the Corporation to hold office until the next Annual Meeting of Shareholders and to fix their remuneration.

AUTHORIZATION

The undersigned hereby certifies that the contents of this Information Circular and Proxy Statement and the sending thereof have been approved by the Directors of the Company. The information contained herein is given as of June 28, 2005.

Joseph Maksymchuk, Secretary-Treasurer

METALORE RESOURCES LIMITED

SCHEDULE 'A'

REVIEW OF THE TORONTO STOCK EXCHANGE CORPORATE GOVERNANCE GUIDELINES

TSX Corporate Governance Guidelines	Comments
1. The Board should explicitly assume responsibility for stewardship of the corporation. Specifically, the Board should assume responsibility for:	The Board of Directors ("Board") acknowledges its responsibility for the stewardship of the Corporation and oversees the development of corporate strategies and the implementation of the Corporation's operational plans. The Board meets on an as required basis to review and discharge its obligations.
(a) adoption of a strategic planning process	The Board meets at least twice each year to discuss and approve strategic plans. Senior management formulate the strategies and operational plans for the corporation and present such plans and strategies for review and approval by the Board. The Board approves all significant business transactions.
(b) identification of principal risks and the implementation of appropriate risk-management systems	The Board reviews and discusses the risks associated with the oil and gas business as well as the mining exploration business, and reviews management's assessment and management of these risks. These risks are considered and incorporated into the decisions of the Board.
(c) succession planning and monitoring senior management	The Board is responsible for appointing and monitoring management. The Corporate Governance Committee of the Board reviews the performance of management and establishes their remuneration.
(d) communications policy	The Board is responsible for ensuring effective and accurate communication with shareholders, other stakeholders and the public on a timely basis. It is also responsible for ensuring that the Corporation complies with continuous disclosure and reporting obligations. The Board has delegated these communication and reporting responsibilities to the President.
(e) integrity of internal control and management information systems	The Audit Committee of the Board monitors and assesses the integrity of the Corporation's internal control and management information systems. The Audit Committee has direct access to the external auditors.
2. Majority of Directors are "unrelated"	The Board is currently composed of five Directors. Of these five Directors, three are non-management "unrelated Directors."
3. Disclose whether each Director is "unrelated"	The unrelated Directors on the Board are: Mr. John McVicar, Mr. Joseph Maksymchuk and Mr. David Slater.
4. Appoint a committee responsible for appointment / assessment of Directors, composed of a majority of unrelated Directors	The Board does not have a formal process for proposing new nominees to the Board or to assess directors on an ongoing basis. The need for changes or additions to the Board and the assessment of existing directors is considered by the entire Board on a continual basis.
5. Implement a process for assessing the effectiveness of the Board, its committees and individual directors.	Although no formal process has been implemented, the Board has taken on an ongoing responsibility for monitoring and assessing its effectiveness and the effectiveness of its committees and individual Directors.

METALORE RESOURCES LIMITED

SCHEDULE ‘A’
(Continued)

REVIEW OF THE TORONTO STOCK EXCHANGE CORPORATE GOVERNANCE GUIDELINES

TSX Corporate Governance Guidelines	Comments
6. Provide orientation and education programs for new Directors.	The Corporation has no formal orientation or education program for new Directors. All new directors have corporate governance experience and have continued, ready access to management to review the Corporation’s operational and financial matters.
7. Consider reducing the size of the Board with a view to improve its effectiveness	The Board considers the merits of changing the size of the Board when it passes the resolution identifying the Directors to be appointed at the annual meeting of shareholders. The Board considers that its current composition of five Directors is appropriate for the size of the corporation
8. Review compensation of Directors in light of risks and responsibilities	The corporate Governance Committee shall review the Directors’ level of compensation in comparison to Board members of similar corporations. The Corporate Governance Committee shall recommend changes to such compensation to the Board for approval when and if it deems it to be appropriate.
9. Committees should generally be composed of non-management directors and the majority of committee members should be unrelated.	The Board reviews the composition of each of its committees annually
10. Appoint a committee responsible for determining the Corporation’s approach to corporate governance issues.	The Corporate Governance Committee shall review such matters on a periodic basis.
11. Define limits to management’s responsibilities by developing mandates for: (a) the Board (b) the Chief Executive	The Board and President have not developed position descriptions for the Board and President. The Board expects the President, together with management, to manage the business of the Corporation in a manner that enhances shareholder value and is consistent with the highest level of integrity. Responsibilities which are not delegated to senior management or a Board committee remain the responsibility of the full Board. The Board annually approves the key business and financial objectives of the corporation as presented by management.
12. Establish procedures to enable the Board to function independently of management	Three of the five Directors are unrelated. The Board has the ability to meet independently of management if required.
13. Establish an audit committee with a specifically defined mandate, with majority of members being outside Directors	The Audit Committee is responsible for reviewing the Corporation’s financial reporting procedures, internal control systems, the scope and extent of the annual audit and the performance of external auditors. The Audit committee reviews and recommends for approval the annual statements of the Corporation. The Audit Committee has a direct communication channel with the external auditors and may meet with them independently of management. All three members of the Audit Committee are comprised of unrelated Directors.
14. Implement a system to enable individual Directors to engage outside advisors, at the corporation’s expense	The Board has not implemented a formal system for an individual Director to engage outside advisors at the expense of the Corporation. Approval to engage outside advisers at the expense of the Corporation is subject to approval of the Board.

METALORE RESOURCES LIMITED

SCHEDULE 'B'

AUDIT COMMITTEE MEMBERS

The following table sets forth each Audit Committee Member's name and education and experience relevant to the performance of his responsibilities as an Audit Committee member. All members of the Audit Committee are independent and financially literate.

Name	Education and Experience
Joseph Maksymchuk	Certified Management Accountant, C.M.A. Various Management Courses in Financial Analysis and Management Over 20 years as Comptroller in diversified industry Experience in preparation and analysis of Financial Statements, Forecasts, Budgets and Business.
John Clair McVicar	Bachelor of Arts 1965 in Economics at the University of Western Ontario Many seminars on Financial Statements and Financial Management including Annual Updates.
David J. Slater	Bachelor of Commerce Masters of Business Administration at the University of Windsor Currently with Nexen Marketing - Managing Director, Marketing Responsible for Natural Gas Wholesale marketing in Eastern Canada and U.S.A.

EXTERNAL AUDITOR SERVICE FEES BY CATEGORY

The following table sets out the fees paid to PKF Hill LLP, the Corporation's external auditor, for the fiscal years 2005 and 2004:

Fee Category	2005	2004
Audit & Taxation Fees	$ 26,875	$ 23,802
All Other Fees	Nil	Nil
Total	$ 26,875	$ 23,802

"Audit Fees" include the aggregate professional fees paid to PKF Hill LLP for the audit of the consolidated annual financial statements and other regulatory audits and filings.
"Audit Related Fees" include the aggregate fees paid to PKF Hill LLP for services related to the Audit Services, including namely pension plans audits, consultations regarding financial reporting and accounting standards and translation of the annual report.
"Tax Fees" include the aggregate fees paid to PKF Hill LLP for tax compliance, tax advice, tax planning and advisory services relating to the preparation of corporate tax, capital tax and sales tax returns.
"All Other Fees" include the aggregate fees paid to PKF Hill LLP for all services other than those reported under Audit Fees, Audit Related Fees and Tax Fees, including namely consultation services for municipal taxation and due diligence review in the context of acquisitions.

AUDIT COMMITTEE CHARTER

Approved by Board of Directors July 9, 2004

A. Name
B. Purpose
C. Composition of Committee, Constitution and Frequency of Meetings
D. Responsibilities

A. Name

There will be an Audit Committee ("Audit Committee") of the board of directors (the "Board") of Metalore Resources Limited (the "Company").

METALORE RESOURCES LIMITED

SCHEDULE 'B'
(Continued)

B. Purpose

The purpose of the Audit Committee, as delegated by the Board, is to provide oversight and make recommendations to the Board with respect to the Company's compliance with all financial disclosure and legal and regulatory requirements relating thereto and provide oversight of accounting systems and internal controls, the quality and integrity of the financial reports and the independence, qualification and performance of the Company's external auditors ("External Auditors").

In exercise of its oversight, it is not the duty or responsibility of the Audit Committee or its members to: (1) plan or conduct audits; or (2) determine that the financial statements are complete and accurate and are in accordance with generally accepted accounting principles.

Management of the Company ("Management") is responsible for: (1) the preparation, presentation and integrity of the Company's financial statements; (2) maintaining appropriate accounting and financial reporting principles and policies and systems of risk assessment and internal controls and procedures designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized, recorded and reported in accordance with accounting standards and applicable laws and regulations.

C. Composition of Committee, Constitution and Frequency of Meetings

The Audit Committee will consist of 3 members, one of whom is the Chair, all as determined by the Board. At an Audit Committee meeting a quorum will be not less than a majority of its members. New Audit Committee members will participate in such training and orientation as may be deemed by the Board or the Corporate Governance and Nominating Committee to be necessary or appropriate in the circumstances.

The Audit Committee members will satisfy the independence[1] and financial literacy[2] requirements of applicable legislation and stock exchange rules.

The Audit Committee will meet at least quarterly and more frequently as the Audit Committee, in its discretion, deems desirable. The Audit Committee can, in its discretion, invite others to attend its meetings. The Audit Committee will meet separately with Management, those persons responsible for the internal audit function (the "Internal Auditors") and the External Auditors periodically, as it deems necessary, but not less than annually.

The Audit Committee will have the authority to: (1) engage independent counsel and other advisors, as it determines necessary to carry out its duties; and (2) set and pay the compensation for any advisors employed by the Audit Committee.

The Chair of the Audit Committee will, on behalf of the Audit Committee, report to the Board on matters considered by the Audit Committee, its activities and compliance with this Charter.

At least annually the Audit Committee will perform a self-evaluation to: (1) determine the Committee's effectiveness; (2) evaluate Committee succession plans related to Committee membership; and (3) review and assess the adequacy of this Charter and, if required, recommend changes to the Board.

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[1] *Pursuant to National Instrument 52-110 (Audit Committees) of the Canadian Securities Administrators ("NI 52-110"), a member of the Audit Committee is independent if the member has no direct or indirect material relationship with the Company. A "material relationship" means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgement. NI 52-110 also identifies persons that are deemed to have a material relationship with an issuer. In addition, the Toronto Stock Exchange ("TSX") has proposed that all members of the Audit Committee should be unrelated directors. An "unrelated director" is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the Company, other than interests and relationships arising from shareholding.*

[2] *According to NI 52-110, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. The definition proposed by TSX is the ability to read and understand a balance sheet, an income statement and a cash flow statement.*

SCHEDULE 'B'
(Continued)

D. Responsibilities

1. Duties with Respect of the Appointment and Work of the External Auditors

- The External Auditors will both report to, and be ultimately accountable to, the Audit Committee and the Board as the representatives of the shareholders and be responsible for planning and carrying out the audit of the annual financial statements of the Company.
- The Audit Committee will recommend to the Board: (1) the External Auditors to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and (2) the compensation of the External Auditor.
- The Audit Committee will be directly responsible for the oversight of the work of the External Auditors which will include the following:
  - (i) review of the mandate of the External Auditors;
  - (ii) review of the independence of the External Auditors including the rotation of the partners assigned in accordance with applicable laws and professional standards, the internal quality control findings of the External Auditors' firm and peer reviews, and both the nature of and amount of non-audit fees;
  - (iii) review of the performance of the External Auditors including the relationship between the External Auditors and Management and the evaluation of the lead partner of the External Auditors, taking into account the opinions of Management and the Internal Auditors;
  - (iv) removal of the External Auditors if circumstances warrant, after due inquiry and discussion with the External Auditor;
  - (v) review analyses prepared by Management or the External Auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements;
  - (vi) resolution of any disagreements with Management; and
  - (vii) review of any audit problems or difficulties with Management's response.
- The Audit Committee will discuss with the External Auditors the critical accounting policies and practices and be advised of alternative accounting treatments of financial information and the treatment preferred by the External Auditor.
- The Audit Committee will also receive all material written communications between the External Auditors and Management including the Management letter and schedule of unadjusted differences.
- The Audit Committee will discuss with the External Auditors and then approve the audit plan, scope, responsibilities, budget, staffing, the objectives, coordination, reliance upon Management and the Internal Auditors, general audit approach, audit and related fees, the responsibilities of Management, the Internal Auditors and the External Auditors and timing.
- The Audit Committee will pre-approve all review or attest engagements and non-audit services, which the External Auditors may perform for the Company or its subsidiaries in each case including fees. The Audit Committee may delegate to one of its members the approval of such services. In such instances, the items approved will be reported to the Audit Committee at its next scheduled meeting following such pre-approval.
- The Audit Committee will review the practices related to the hiring of partners, employees or former partners and employees of the present and former External Auditors to ensure compliance with the rules of any applicable regulatory authority or stock exchange.

2. Financial Reporting and Compliance

- The Audit Committee will review and discuss with Management and the External Auditors where appropriate, the following financial documents and reports prior to public disclosure:
  - (i) annual audited financial statements including the report of the External Auditors to shareholders of the Company and quarterly financial statements, including disclosures made in Management's Discussion and Analysis of Financial Condition and Results of Operations;
  - (ii) all press releases discussing earning results or prospective earnings results, including pro forma or adjusted non-GAAP information;
  - (iii) all certifications that may be made by the President, CEO and Managing Director on the annual or quarterly financial results, disclosure controls and procedures and internal controls over financial reporting;
  - (iv) any legal, tax or regulatory matters that may have a material impact on the Company's operations and financial statements; and
  - (v) any financial information contained in any prospectus, information circular or other disclosure documents or regulatory filings containing financial information of the Company.

SCHEDULE 'B'
(Continued)

- The Audit Committee will ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and will periodically assess the adequacy of those procedures.

- The Audit Committee will oversee any auditing or accounting reviews or similar procedures or investigations.

- The Audit Committee will review, as appropriate, any report required by the appropriate regulatory authority to be included in the annual management information circular related to the matters covered by this Charter including the disclosure of the External Auditors' services and fees, Audit Committee members and their qualifications and activities of the Audit Committee.

- The Audit Committee will, if necessary launch special investigations with full access to books, records, facilities and personnel of the Company.

- The Audit Committee will review and approve any report to shareholders and others required by applicable laws or regulations or stock exchange requirements stating whether it has:

  (vi) reviewed and discussed the audited financial statements with Management and the External Auditors, as appropriate;

  (vii) received from the public accountants all reports and disclosures required under legal, listing and regulatory requirements and this Charter and have discussed such reports with the External Auditors, including reports with respect to the independence of the External Auditors; and

  (viii) based on the reviews and discussions referred to in clauses (i) and (ii) above, recommend to the Board that the audited financial statements be included in the annual report.

3. Financial Reporting Processes, Accounting Policies and Standards

- The Audit Committee will review with Management major issues regarding accounting principles and financial statement presentations, including any significant changes in the selection or application of accounting principles and use of material estimates and judgement in preparing the financial statements. This will also include a review of analyses prepared by Management setting forth the impact of alternative GAAP methods and their impact on the financial statements.

- The Audit Committee will review all related party transactions entered into by the Company.

4. Internal Controls and Internal Audit

- Management is responsible for designing an effective system of internal control. The Audit Committee will oversee the activities of Management in implementing policies and procedures that ensure the risks are identified and that controls are adequate, in place and functioning properly.

- The Audit Committee will review any major issues regarding the adequacy of the internal controls and the actions being taken in light of any material control deficiencies. This will include a review of internal control findings made by Management, and the External Auditors. The Audit Committee will also discuss with the External Auditors the major accounting risk exposures and the steps Management has undertaken to control them.

- The Audit Committee will endeavour to ensure that the Company maintains an appropriate internal audit function. Management is responsible for reviewing, subject to Audit Committee oversight, the adequacy and effectiveness of the system of internal controls.

5. Other

- The Audit Committee will have procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

- Management will report to the Audit Committee on a timely basis all discovered incidents of fraud within the Company, regardless of monetary value.

- The Audit Committee will at least annually provide oversight of the Company's risk management policies including environmental risks, disaster recovery and business continuity plans, investment policies and insurance coverage.

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 Salon C Room on Friday, September 16, 2005, at 4:30 p.m. to:

1. Receive and consider the Annual Financial Statements for the year ended March 31, 2005, 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 28th day of June, 2005.

By Order of the Board,
Joseph Maksymchuk, 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 16, 2005, in the Salon C 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 _____________________ 2005   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 5:15 in the evening
(following the Annual Meeting at 4:30 p.m.)
September 16, 2005
in the Regatta Room
Westin Harbour Castle Hotel
Toronto, Ontario

Please R.S.V.P. by September 12, 2005

VIP

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

____

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

Blazer

"Master and Commander"

"Steady as she goes." Blazer's intense expression tells it all. There are submerged rocks in the shallow narrows between Steven and Little Steven Lakes. We manuever carefully to avoid the rocks. Of course, there's usually a few ducks catching minnows in the eddies, which can be a point of interest.


Exploring and Developing
Canada's Natural Resources