

METALORE RESOURCES LIMITED



CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE AND SIX MONTHS ENDED
SEPTEMBER 30, 2020

MANAGEMENT'S COMMENTS ON THE CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of Metalore Resources Limited for the three and six months ended September 30, 2020 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed interim financial statements have not been reviewed by the Company's external auditors.

METALORE RESOURCES LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT SEPTEMBER 30, 2020 AND MARCH 31, 2020

	(Unaudited) As at September 30 2020	(Audited) As at March 31 2020
Assets		
Current assets		
Cash and cash equivalents	\$ 523,844	\$ 584,937
Accounts receivable	70,068	44,776
Inventory	26,644	20,979
Prepaid expenses	28,222	37,614
Total current assets	648,778	688,306
Non-current assets		
Property and equipment <i>(Note 4)</i>	6,865,250	6,925,810
Total assets	\$ 7,514,028	\$ 7,614,116
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 63,476	\$ 49,693
Non-current liabilities		
Decommissioning obligations <i>(Note 6)</i>	612,183	636,635
Deferred tax liabilities	182,747	205,747
Total non-current liabilities	794,930	842,382
Total liabilities	858,406	892,075
Shareholders' Equity		
Share capital <i>(Note 7)</i>	2,468,832	2,468,832
Contributed surplus	153,123	153,123
Accumulated other comprehensive income	52,000	52,000
Retained earnings	3,981,667	4,048,086
Total shareholders' equity	6,655,622	6,722,041
Total liabilities and shareholders' equity	\$ 7,514,028	\$ 7,614,116

Approved by the Board on November 18, 2020:



Donald W. Bryson
Director and CFO



Armen A. Chilian
Director and CEO

The accompanying notes are an integral part of these condensed interim financial statements.

METALORE RESOURCES LIMITED

CONDENSED INTERIM STATEMENT OF INCOME AND LOSS (UNAUDITED)

	Three Months Ended September 30		Six Months Ended September 30	
	2020	2019	2020	2019
Revenue				
Natural gas sales	\$ 171,081	\$ 133,150	\$ 301,479	\$ 249,233
Less: Royalties paid	(11,000)	(8,000)	(19,000)	(18,000)
Net natural gas revenue	160,081	125,150	282,479	231,233
Expenses				
Production	99,717	78,311	191,924	168,565
Depletion and depreciation	77,000	62,000	138,000	112,000
General and administrative	38,770	28,518	66,659	51,205
Accretion	1,268	935	2,583	1,851
	216,755	169,764	399,166	333,621
Loss from operations	(56,674)	(44,614)	(116,687)	(102,388)
Other expenses (income)				
Loss on disposal of investments	-	84,817	-	84,817
Other income	(1,422)	(5,710)	(50,720)	(13,454)
Mineral property exploration expenses (Note 5)	6,171	-	23,452	-
	4,749	79,107	(27,268)	71,363
Loss before taxes	(61,423)	(123,721)	(89,419)	(173,751)
Deferred taxes (recovered)	(15,600)	(32,000)	(23,000)	(46,000)
Net loss	\$ (45,823)	\$ (91,721)	\$ (66,419)	\$ (127,751)
Basic and diluted earnings (loss) per share	\$ (0.03)	\$ (0.05)	\$ (0.04)	\$ (0.07)
Weighted average number of shares outstanding	1,775,035	1,775,035	1,775,035	1,775,035

The accompanying notes are an integral part of these condensed interim financial statements.

METALORE RESOURCES LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME AND LOSS (UNAUDITED)

	Three Months Ended September 30		Six Months Ended September 30	
	2020	2019	2020	2019
Net loss	\$ (45,823)	\$ (91,721)	\$ (66,419)	\$ (127,751)
Changes in comprehensive income (loss)				
Changes in fair value of financial assets at fair value through other comprehensive income	-	(24,230)	-	(22,250)
Comprehensive loss	\$ (45,823)	\$ (115,951)	\$ (66,419)	\$ (150,001)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Six Months Ended September 30	
	2020	2019
Share capital		
Balance, beginning of period	\$ 2,468,832	\$ 2,468,832
Issued	-	-
Balance, end of period	\$ 2,468,832	\$ 2,468,832
Contributed surplus		
Balance, beginning of period	\$ 153,123	\$ 153,123
Stock based compensation	-	-
Balance, end of period	\$ 153,123	\$ 153,123
Accumulated other comprehensive income (loss)		
Balance, beginning of period	\$ 52,000	\$ (232,993)
Changes in fair value of financial assets at fair value through other comprehensive income	-	(22,250)
Balance, end of period	\$ 52,000	\$ (255,243)
Retained earnings		
Balance, beginning of period	\$ 4,048,086	\$ 5,008,235
Net loss	(66,419)	(127,751)
Balance, end of period	\$ 3,981,667	\$ 4,880,484
Total shareholders' equity	\$ 6,655,622	\$ 7,247,196

The accompanying notes are an integral part of these condensed interim financial statements.

METALORE RESOURCES LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

	Three Months Ended September 30		Six Months Ended September 30	
	2020	2019	2020	2019
Operating activities				
Net loss	\$ (45,823)	\$ (91,721)	\$ (66,419)	\$ (127,751)
Items not affecting cash:				
Depletion and depreciation	77,000	62,000	138,000	112,000
Accretion	1,268	935	2,583	1,851
Deferred taxes	(15,600)	(32,000)	(23,000)	(46,000)
Loss on disposal of marketable securities	-	84,817	-	84,817
	16,845	24,031	51,164	24,917
Changes in non-cash working capital:				
Accounts receivable	(25,430)	(34,224)	(25,292)	(8,100)
Inventory	(7,250)	-	(5,665)	1,678
Prepaid expenses	(17,158)	(20,703)	9,392	(92)
Accounts payable and accrued liabilities	(2,337)	30,356	13,783	28,813
	(52,175)	(24,571)	(7,782)	22,299
Cash flow from (used by) operating activities	(35,330)	(540)	43,382	47,216
Investing activities				
Net proceeds from sale of marketable securities	-	61,440	-	61,440
Additions to property and equipment	(41,746)	(25,335)	(77,440)	(42,804)
Cash flow from (used by) investing activities	(41,746)	36,105	(77,440)	18,636
Other cash flow items				
Decommissioning costs incurred	37	-	(27,035)	-
Increase (decrease) in cash	(77,039)	35,565	(61,093)	65,852
Cash - beginning of period	600,883	349,108	584,937	318,821
Cash - end of period	\$ 523,844	\$ 384,673	\$ 523,844	\$ 384,673

The accompanying notes are an integral part of these condensed interim financial statements.

METALORE RESOURCES LIMITED

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2020

1. Reporting entity

Metalore Resources Limited (the "Company") is a junior resource company incorporated and domiciled in Canada dedicated to natural gas production and gold exploration in Ontario. The Company currently operates in one geographic region, Canada. The Company's common shares are listed on the TSX Venture Exchange and trade under the symbol "MET".

The head office, principal address, registered address and records office of the Company are located at P.O. Box 422, Simcoe, Ontario, N3Y 4L5, Canada.

2. Basis of presentation

(a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting and accordingly do not include all of the information required in the preparation of annual financial statements. The condensed interim financial statements should be read in conjunction with the audited financial statements and related notes for the year ended March 31, 2020.

These condensed interim financial statements were authorized for issue by the Board of Directors on November 18, 2020.

(b) Basis of measurement

The condensed interim financial statements have been prepared using the historical cost basis of accounting, with the exception of share based payments and financial instruments classified as fair value through profit and loss or available for sale which are measured at fair value.

(c) Functional and presentation currency

These condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Use of estimates and judgments

The preparation of the condensed interim financial statements in conformity with IFRS requires management to make estimates and use judgment regarding the reported amounts of assets and liabilities as at the date of the condensed interim financial statements and the reported amounts of revenues and expenses during the period. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future periods could require a material change in the condensed interim financial statements. Accordingly, actual results may differ from the estimated amounts as future confirming events occur. The significant estimates and judgments made by management in the preparation of these condensed interim financial statements were consistent with those applied to the financial statements as at and for the year ended March 31, 2020.

3. Summary of significant accounting policies

The condensed interim financial statements have been prepared following the same accounting policies as the audited financial statements for the year ended March 31, 2020. The accounting policies have been applied consistently by the Company to all periods presented in these condensed interim financial statements.

METALORE RESOURCES LIMITED

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2020

4. Property and equipment

	Natural gas properties	Land	Total
Cost			
Balance, March 31, 2019	\$ 16,793,665	\$ 130,000	\$ 16,923,665
Additions	63,891	-	63,891
Changes to decommissioning obligation estimates	106,207	-	106,207
Balance, March 31, 2020	16,963,763	130,000	17,093,763
Additions	77,440	-	77,440
Balance, September 30, 2020	\$ 17,041,203	\$ 130,000	\$ 17,171,203
Accumulated Depletion, Depreciation and Impairment			
Balance, March 31, 2019	\$ 9,213,267	\$ -	\$ 9,213,267
Depletion and depreciation	265,000	-	265,000
Impairment reversal	689,686	-	689,686
Balance, March 31, 2020	10,167,953	-	10,167,953
Depletion and depreciation	138,000	-	138,000
Balance, September 30, 2020	\$ 10,305,953	\$ -	\$ 10,305,953
Net Book Value			
March 31, 2020	\$ 6,795,810	\$ 130,000	\$ 6,925,810
September 30, 2020	6,735,250	130,000	6,865,250

The Company owns and/or controls approximately 40,000 acres of petroleum, natural gas and mineral leases in Charlotteville, Walsingham and Houghton townships in Norfolk County, Ontario.

Depletion and depreciation

The calculation of depletion and depreciation expense for the three months ended September 30, 2020 included an estimated \$813,000 (September 30, 2019 – \$1,065,000) for future development costs associated with proved plus probable undeveloped reserves.

5. Mineral properties

Brookbank

The Company holds a 1% net smelter return on 18 claims in the Brookbank and Beardmore area of Ontario. and a 21-26% participating interest in over 600 contiguous claims in Sandra, Irwin, Walters, Leduc, and LeGault townships in Northwestern Ontario the majority of which are subject to a working option agreement with Greenstone Gold Mines GP Inc., formerly Premier Gold Mines Limited and Centerra Gold Inc.

Cedartree Lake

The Company owns a 100% interest in 306 mining claims in the Sioux Narrows (Cedartree Lake) area of Northwestern Ontario.

METALORE RESOURCES LIMITED

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2020

6. Decommissioning obligations

The Company's decommissioning obligations result from its ownership interest in petroleum and natural gas assets including well sites and gathering systems. The total decommissioning obligation is estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to abandon and reclaim the wells and facilities, and the estimated timing of the costs to be incurred in future periods. The total undiscounted amount of the estimated cash flows (adjusted for inflation at 1.90% per year) required to settle the decommissioning obligations at September 30, 2020 is approximately \$1,938,162 (March 31, 2020 – \$1,994,297) which is estimated to be incurred over the next 45 years (March 31, 2020 - 45 years). At September 30, 2020, a risk-free rate of 2.75% (March 31, 2020 – 2.75%) was used to calculate the net present value of the decommissioning obligations.

	Six Months Ended September 30 2020	Year Ended March 31 2020
Balance, beginning of period	\$ 636,635	\$ 526,745
Accretion	2,583	3,683
Revisions	-	106,207
Decommissioning costs incurred	(27,035)	-
Balance, end of period	\$ 612,183	\$ 636,635

7. Share capital

The Company is authorized to issue 4,000,000 common shares without par or nominal value. At September 30, 2020, March 31, 2020 and March 31, 2019 there were 1,775,035 common shares issued and outstanding. The Company did not issue, redeem or repurchase any shares during the three and six months ended September 30, 2020 or the years ended March 31, 2020 or March 31, 2019.

8. Credit facility

The Company has available a revolving credit facility with a Canadian chartered bank in the amount of \$500,000 bearing interest at RBC prime plus 0.5%. There was no balance outstanding on this facility at September 30, 2020 or March 31, 2020.

METALORE RESOURCES LIMITED

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2020

9. Fair value of financial instruments

Cash and cash equivalents, marketable securities, accounts receivable, accounts payable and accrued liabilities

The fair value of accounts receivable, accounts payable and accrued liabilities at September 30, 2020 approximated their carrying value due to their short term to maturity.

The Company classified the fair value of its financial instruments at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument:

- Level 1 – observable inputs, such as quoted market prices in active markets
- Level 2 – inputs, other than the quoted market prices in active markets, which are observable, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability in which little or no market data exists, therefore requiring an entity to develop its own assumptions

The fair values of cash and cash equivalents and marketable securities as shown in the statement of financial position as at September 30, 2020 are measured using level 1. During the three and six months ended September 30, 2020, there were no transfers between level 1, level 2, and level 3 classified assets and liabilities.