

METALORE RESOURCES LIMITED



CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE AND SIX MONTHS ENDED
SEPTEMBER 30, 2021

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, 2021 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, 2021 AND MARCH 31, 2021

	(Unaudited) As at September 30 2021	(Audited) As at March 31 2021
Assets		
Current assets		
Cash	\$ 1,384,702	\$ 560,914
Term deposits	3,009,300	3,003,333
Marketable securities	253,399	1,080,000
Accounts receivable	76,915	62,454
Inventory	23,860	21,293
Prepaid expenses	16,661	39,178
Total current assets	4,764,837	4,767,172
Non-current assets		
Property and equipment <i>(Note 4)</i>	4,339,597	4,384,865
Total assets	\$ 9,104,434	\$ 9,152,037
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 64,465	\$ 104,803
Non-current liabilities		
Decommissioning obligations <i>(Note 6)</i>	1,545,058	1,543,624
Deferred tax liabilities	225,427	244,427
Total non-current liabilities	1,770,485	1,788,051
Total liabilities	1,834,950	1,892,854
Shareholders' Equity		
Share capital <i>(Note 7)</i>	2,468,832	2,468,832
Contributed surplus	153,123	153,123
Accumulated other comprehensive loss	(3,601)	(68,000)
Retained earnings	4,651,130	4,705,228
Total shareholders' equity	7,269,484	7,259,183
Total liabilities and shareholders' equity	\$ 9,104,434	\$ 9,152,037

Approved by the Board on November 18, 2021:



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	
	2021	2020	2021	2020
Revenue				
Natural gas sales	\$ 177,574	\$ 171,081	\$ 330,272	\$ 301,479
Less: Royalties paid	(11,000)	(11,000)	(21,000)	(19,000)
Net natural gas revenue	166,574	160,081	309,272	282,479
Expenses				
Production	87,702	99,717	182,551	191,924
Depletion and depreciation	35,000	77,000	71,000	138,000
General and administrative	37,399	38,770	62,224	66,659
Accretion	717	1,268	1,434	2,583
	160,818	216,755	317,209	399,166
Income (loss) from operations	5,756	(56,674)	(7,937)	(116,687)
Other income (expenses)				
Other income	3,738	1,422	7,275	50,720
Mineral property exploration expenses (Note 5)	(10,596)	(6,171)	(34,849)	(23,452)
Gain (loss) on disposal of investments	47,490	-	(37,587)	-
	40,632	(4,749)	(65,161)	27,268
Income (loss) before taxes	46,388	(61,423)	(73,098)	(89,419)
Deferred taxes (recovered)	4,000	(15,600)	(19,000)	(23,000)
Net income (loss)	\$ 42,388	\$ (45,823)	\$ (54,098)	\$ (66,419)
Basic and diluted earnings (loss) per share				
	\$ 0.02	\$ (0.03)	\$ (0.03)	\$ (0.04)
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	
	2021	2020	2021	2020
Net income (loss)	\$ 42,388	\$ (45,823)	\$ (54,098)	\$ (66,419)
Changes in comprehensive income (loss)				
Reclassification for realized losses	20,000	-	89,100	-
Changes in fair value of financial assets at fair value through other comprehensive income	145,589	-	(24,701)	-
Comprehensive loss	\$ 207,977	\$ (45,823)	\$ 10,301	\$ (66,419)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Six Months Ended September 30	
	2021	2020
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	\$ (68,000)	\$ 52,000
Reclassification for realized losses	89,100	-
Changes in fair value of financial assets at fair value through other comprehensive income	(24,701)	-
Balance, end of period	\$ (3,601)	\$ 52,000
Retained earnings		
Balance, beginning of period	\$ 4,705,228	\$ 4,048,086
Net income (loss)	(54,098)	(66,419)
Balance, end of period	\$ 4,651,130	\$ 3,981,667
Total shareholders' equity	\$ 7,269,484	\$ 6,655,622

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	
	2021	2020	2021	2020
Operating activities				
Net income (loss)	\$ 42,388	\$ (45,823)	\$ (54,098)	\$ (66,419)
Items not affecting cash:				
Depletion and depreciation	35,000	77,000	71,000	138,000
Accretion	717	1,268	1,434	2,583
Deferred taxes	4,000	(15,600)	(19,000)	(23,000)
(Gain) loss on disposal of marketable securities	(47,490)	-	37,587	-
	34,615	16,845	36,923	51,164
Changes in non-cash working capital:				
Accounts receivable	(32,848)	(25,430)	(14,461)	(25,292)
Inventory	(2,054)	(7,250)	(2,567)	(5,665)
Prepaid expenses	(4,648)	(17,158)	22,517	9,392
Accounts payable and accrued liabilities	(12,394)	(2,337)	(40,338)	13,783
	(51,944)	(52,175)	(34,849)	(7,782)
Cash flow from (used by) operating activities	(17,329)	(35,330)	2,074	43,382
Investing activities				
Proceeds from sale of marketable securities	247,490	-	853,413	-
Additions to term deposits	(3,000)	-	(5,967)	-
Additions to property and equipment	(9,889)	(41,746)	(25,732)	(77,440)
Cash flow from (used by) investing activities	234,601	(41,746)	821,714	(77,440)
Other cash flow items				
Decommissioning costs incurred	-	37	-	(27,035)
Increase (decrease) in cash	217,272	(77,039)	823,788	(61,093)
Cash - beginning of period	1,167,430	600,883	560,914	584,937
Cash - end of period	\$ 1,384,702	\$ 523,844	\$ 1,384,702	\$ 523,844
Cash and cash equivalents consists of:				
Cash	\$ 1,384,702	\$ 523,844	\$ 1,384,702	\$ 523,844

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, 2021

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, 2021.

These condensed interim financial statements were authorized for issue by the Board of Directors on November 18, 2021.

(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, 2021.

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, 2021. 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, 2021

4. Property and equipment

	Natural gas properties	Land	Total
Cost			
Balance, March 31, 2020	\$ 16,963,762	\$ 130,000	\$ 17,093,762
Additions	100,918	-	100,918
Changes to decommissioning obligation estimates	929,276	-	929,276
Balance, March 31, 2021	17,993,956	130,000	18,123,956
Additions	25,732	-	25,732
Balance, September 30, 2021	\$ 18,019,688	\$ 130,000	\$ 18,149,688
Accumulated Depletion, Depreciation and Impairment			
Balance, March 31, 2020	\$ 10,167,953	\$ -	\$ 10,167,953
Depletion and depreciation	316,000	-	316,000
Impairment	3,255,138	-	3,255,138
Balance, March 31, 2021	13,739,091	-	13,739,091
Depletion and depreciation	71,000	-	71,000
Balance, September 30, 2021	\$ 13,810,091	\$ -	\$ 13,810,091
Net Book Value			
March 31, 2021	\$ 4,254,865	\$ 130,000	\$ 4,384,865
September 30, 2021	4,209,597	130,000	4,339,597

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, 2021 included an estimated \$822,000 (September 30, 2020 – \$813,000) 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.

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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2021

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 3.40% per year) required to settle the decommissioning obligations at September 30, 2021 is approximately \$3,493,974 (March 31, 2021 – \$3,553,022) which is estimated to be incurred over the next 44 years (March 31, 2021 - 44 years). At September 30, 2021, a risk-free rate of 2.00% (March 31, 2021 – 2.00%) was used to calculate the net present value of the decommissioning obligations.

	Six Months Ended September 30 2021	Year Ended March 31 2021
Balance, beginning of period	\$ 1,543,624	\$ 636,635
Accretion	1,434	5,028
Revisions	-	929,276
Decommissioning costs incurred	-	(27,315)
Balance, end of period	\$ 1,545,058	\$ 1,543,624

7. Share capital

The Company is authorized to issue 4,000,000 common shares without par or nominal value. At September 30, 2021, March 31, 2021 and March 31, 2020 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, 2021 or the years ended March 31, 2021 or March 31, 2020.

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, 2021 or March 31, 2021.

METALORE RESOURCES LIMITED

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2021

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, 2021 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, term deposits, and marketable securities as shown in the statement of financial position as at September 30, 2021 are measured using level 1. During the three and six months ended September 30, 2021, there were no transfers between level 1, level 2, and level 3 classified assets and liabilities.