

METALORE RESOURCES LIMITED



CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE AND SIX MONTHS ENDED
SEPTEMBER 30, 2022

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, 2022 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, 2022 AND MARCH 31, 2022

	(Unaudited) As at September 30 2022	(Audited) As at March 31 2022
Assets		
Current assets		
Cash	\$ 776,088	\$ 1,425,973
Term deposits	4,003,344	3,005,417
Marketable securities	166,417	232,025
Accounts receivable	157,015	105,043
Inventory	40,966	27,510
Income taxes recoverable	9,590	-
Prepaid expenses	19,198	41,862
Total current assets	5,172,618	4,837,830
Non-current assets		
Property and equipment (Note 4)	6,643,164	6,700,115
Total assets	\$ 11,815,782	\$ 11,537,945
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 163,289	\$ 68,085
Income taxes payable	-	10,000
	163,289	78,085
Non-current liabilities		
Decommissioning obligations (Note 6)	1,584,286	1,582,464
Deferred tax liabilities	932,341	863,341
Total non-current liabilities	2,516,627	2,445,805
Total liabilities	2,679,916	2,523,890
Shareholders' Equity		
Share capital (Note 7)	2,468,832	2,468,832
Contributed surplus	153,123	153,123
Accumulated other comprehensive loss	(90,583)	(24,975)
Retained earnings	6,604,494	6,417,075
Total shareholders' equity	9,135,866	9,014,055
Total liabilities and shareholders' equity	\$ 11,815,782	\$ 11,537,945

Approved by the Board on November 10, 2022:



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	
	2022	2021	2022	2021
Revenue				
Natural gas sales	\$ 363,450	\$ 177,574	\$ 628,768	\$ 330,272
Less: Royalties paid	(24,000)	(11,000)	(41,000)	(21,000)
Net natural gas revenue	339,450	166,574	587,768	309,272
Expenses				
Production	122,052	87,702	216,883	182,551
Depletion and depreciation	42,000	35,000	79,000	71,000
General and administrative	38,721	37,399	68,768	62,224
Accretion	567	717	1,822	1,434
	203,340	160,818	366,473	317,209
Income (loss) from operations	136,110	5,756	221,295	(7,937)
Other income (expenses)				
Gain (loss) on disposal of investments	-	47,490	20,532	(37,587)
Other income	9,392	3,738	14,592	7,275
Mineral property exploration expenses (Note 5)	-	(10,596)	-	(34,849)
	9,392	40,632	35,124	(65,161)
Income (loss) before taxes	145,502	46,388	256,419	(73,098)
Deferred taxes (recovered)	40,000	4,000	69,000	(19,000)
Net income (loss)	\$ 105,502	\$ 42,388	\$ 187,419	\$ (54,098)
Basic and diluted earnings (loss) per share				
	\$ 0.06	\$ 0.02	\$ 0.11	\$ (0.03)
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	
	2022	2021	2022	2021
Net income (loss)	\$ 105,502	\$ 42,388	\$ 187,419	\$ (54,098)
Changes in comprehensive income (loss)				
Changes in fair value of financial assets at fair value through other comprehensive income	(6,633)	(145,588)	(65,608)	(24,701)
Comprehensive income (loss)	\$ 98,869	\$ (103,200)	\$ 121,811	\$ (78,799)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Six Months Ended September 30	
	2022	2021
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	\$ (24,975)	\$ (68,000)
Reclassification for realized losses	-	89,100
Changes in fair value of financial assets at fair value through other comprehensive income	(65,608)	(24,701)
Balance, end of period	\$ (90,583)	\$ (3,601)
Retained earnings		
Balance, beginning of period	\$ 6,417,075	\$ 4,705,228
Net income (loss)	187,419	(54,098)
Balance, end of period	\$ 6,604,494	\$ 4,651,130
Total shareholders' equity	\$ 9,135,866	\$ 7,269,484

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	
	2022	2021	2022	2021
Operating activities				
Net income (loss)	\$ 105,502	\$ 42,388	\$ 187,419	\$ (54,098)
Items not affecting cash:				
Depletion and depreciation	42,000	35,000	79,000	71,000
Accretion	567	717	1,822	1,434
Deferred taxes	40,000	4,000	69,000	(19,000)
(Gain) loss on disposal of marketable securities	-	(47,490)	(20,532)	37,587
	188,069	34,615	316,709	36,923
Changes in non-cash working capital:				
Accounts receivable	(44,912)	(32,848)	(51,972)	(14,461)
Inventory	(3,670)	(2,054)	(13,456)	(2,567)
Prepaid expenses	(5,098)	(4,648)	22,664	22,517
Accounts payable and accrued liabilities	71,326	(12,394)	95,204	(40,338)
Income taxes payable	(19,590)	-	(19,590)	-
	(1,944)	(51,944)	32,850	(34,849)
Cash flow from (used by) operating activities	186,125	(17,329)	349,559	2,074
Investing activities				
Proceeds from sale of marketable securities	-	247,490	20,532	853,413
Additions to property and equipment	(14,553)	(9,889)	(22,049)	(25,732)
Term deposits	(993,107)	(3,000)	(997,927)	(5,967)
Cash flow from (used by) investing activities	(1,007,660)	234,601	(999,444)	821,714
Increase (decrease) in cash	(821,535)	217,272	(649,885)	823,788
Cash - beginning of period	1,597,623	1,167,430	1,425,973	560,914
Cash - end of period	\$ 776,088	\$ 1,384,702	\$ 776,088	\$ 1,384,702

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, 2022

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, 2022.

These condensed interim financial statements were authorized for issue by the Board of Directors on November 10, 2022.

(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, 2022.

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, 2022. 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, 2022

4. Property and equipment

	Natural gas properties	Land	Total
Cost			
Balance, March 31, 2021	\$ 17,993,956	\$ 130,000	\$ 18,123,956
Additions	146,613	-	146,613
Changes to decommissioning obligation estimates	7,930	-	7,930
Balance, March 31, 2022	18,148,499	130,000	18,278,499
Additions	22,049	-	22,049
Balance, September 30, 2022	\$ 18,170,548	\$ 130,000	\$ 18,300,548
Accumulated Depletion, Depreciation and Impairment			
Balance, March 31, 2021	\$ 13,739,091	\$ -	\$ 13,739,091
Depletion and depreciation	117,000	-	117,000
Impairment reversal	(2,277,707)	-	(2,277,707)
Balance, March 31, 2022	11,578,384	-	11,578,384
Depletion and depreciation	79,000	-	79,000
Balance, September 30, 2022	\$ 11,657,384	\$ -	\$ 11,657,384
Net Book Value			
March 31, 2022	\$ 6,570,115	\$ 130,000	\$ 6,700,115
September 30, 2022	6,513,164	130,000	6,643,164

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, 2022 included an estimated \$717,000 (September 30, 2021 – \$822,000) 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.

METALORE RESOURCES LIMITED

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2022

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 6.80% per year) required to settle the decommissioning obligations at September 30, 2022 is approximately \$10,171,515 (March 31, 2022 – \$10,512,386) which is estimated to be incurred over the next 43 years (March 31, 2022 – 43 years). At September 30, 2022, a risk-free rate of 4.70% (March 31, 2022 – 4.70%) was used to calculate the net present value of the decommissioning obligations.

	Six Months Ended September 30 2022	Year Ended March 31 2022
Balance, beginning of period	\$ 1,582,464	\$ 1,543,625
Accretion	1,822	30,909
Revisions	-	7,930
Balance, end of period	\$ 1,584,286	\$ 1,582,464

7. Share capital

The Company is authorized to issue 4,000,000 common shares without par or nominal value. At September 30, 2022, March 31, 2022 and March 31, 2021 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, 2022 or the years ended March 31, 2022 or March 31, 2021.

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, 2022 or March 31, 2022.

METALORE RESOURCES LIMITED

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2022

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, 2022 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, 2022 are measured using level 1. During the three and six months ended September 30, 2022, there were no transfers between level 1, level 2, and level 3 classified assets and liabilities.