

METALORE RESOURCES LIMITED



CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE AND SIX MONTHS ENDED
SEPTEMBER 30, 2023

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, 2023 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, 2023 AND MARCH 31, 2023

	(Unaudited) As at September 30 2023	(Audited) As at March 31 2023
Assets		
Current assets		
Cash	\$ 343,042	\$ 481,821
Term deposits	4,578,570	4,505,513
Marketable securities	112,403	140,539
Accounts receivable	49,285	44,921
Inventory	35,000	34,552
Prepaid expenses	19,997	42,514
Total current assets	5,138,297	5,249,860
Non-current assets		
Property and equipment (Note 4)	3,628,628	4,138,983
Total assets	\$ 8,766,925	\$ 9,388,843
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 52,585	\$ 71,853
Income taxes payable	-	68,924
	52,585	140,777
Non-current liabilities		
Decommissioning obligations (Note 6)	1,595,740	2,007,287
Deferred tax liabilities	28,906	52,906
Total non-current liabilities	1,624,646	2,060,193
Total liabilities	1,677,231	2,200,970
Shareholders' Equity		
Share capital (Note 7)	2,468,832	2,468,832
Contributed surplus	153,123	153,123
Accumulated other comprehensive loss	(144,597)	(116,461)
Retained earnings	4,612,336	4,682,379
Total shareholders' equity	7,089,694	7,187,873
Total liabilities and shareholders' equity	\$ 8,766,925	\$ 9,388,843

Approved by the Board on November 14, 2023:



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	
	2023	2022	2023	2022
Revenue				
Natural gas sales	\$ 115,436	\$ 363,450	\$ 199,687	\$ 628,768
Less: Royalties paid	(7,000)	(24,000)	(13,000)	(41,000)
Net natural gas revenue	108,436	339,450	186,687	587,768
Expenses				
Production	99,670	122,052	202,005	216,883
Depletion and depreciation	50,000	42,000	86,000	79,000
General and administrative	41,121	38,721	71,242	68,768
Accretion	1,344	567	36,485	1,822
	192,135	203,340	395,732	366,473
Income (loss) from operations	(83,699)	136,110	(209,045)	221,295
Other income (expenses)				
Interest and other income	59,593	9,392	116,502	14,592
Gain on disposal of investments	-	-	-	20,532
Mineral property exploration expenses (Note 5)	(1,000)	-	(1,500)	-
	58,593	9,392	115,002	35,124
Income (loss) before taxes	(25,106)	145,502	(94,043)	256,419
Deferred taxes (recovered)	(5,732)	40,000	(24,000)	69,000
Net income (loss)	\$ (19,374)	\$ 105,502	\$ (70,043)	\$ 187,419
Basic and diluted earnings (loss) per share	\$ (0.01)	\$ 0.06	\$ (0.04)	\$ 0.11
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	
	2023	2022	2023	2022
Net income (loss)	\$ (19,374)	\$ 105,502	\$ (70,043)	\$ 187,419
Changes in comprehensive income (loss)				
Reclassification for realized loss	(322)	-	(322)	-
Changes in fair value of financial assets at fair value through other comprehensive income	(21,632)	(6,633)	(27,814)	(65,608)
Comprehensive income	\$ (41,328)	\$ 98,869	\$ (98,179)	\$ 121,811

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Three Months Ended September 30	
	2023	2022
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	\$ (116,461)	\$ (24,975)
Reclassification for realized losses	(322)	-
Changes in fair value of financial assets at fair value through other comprehensive income	(27,814)	(65,608)
Balance, end of period	\$ (144,597)	\$ (90,583)
Retained earnings		
Balance, beginning of period	\$ 4,682,379	\$ 6,417,075
Net income (loss)	(70,043)	187,419
Balance, end of period	\$ 4,612,336	\$ 6,604,494
Total shareholders' equity	\$ 7,089,694	\$ 9,135,866

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	
	2023	2022	2023	2022
Operating activities				
Net income (loss)	\$ (19,374)	\$ 105,502	\$ (70,043)	\$ 187,419
Items not affecting cash:				
Depletion and depreciation	50,000	42,000	86,000	79,000
Accretion	1,344	567	36,485	1,822
Deferred taxes	(5,732)	40,000	(24,000)	69,000
Gain on disposal of marketable securities	-	-	-	(20,532)
	26,238	188,069	28,442	316,709
Changes in non-cash working capital:				
Accounts receivable	(23,347)	(44,912)	(4,364)	(51,972)
Inventory	6,827	(3,670)	(448)	(13,456)
Prepaid expenses	(5,964)	(5,098)	22,517	22,664
Accounts payable and accrued liabilities	(21,948)	71,326	(19,268)	95,204
Income taxes payable	(68,924)	(19,590)	(68,924)	(19,590)
	(113,356)	(1,944)	(70,487)	32,850
Cash flow from (used by) operating activities	(87,118)	186,125	(42,045)	349,559
Investing activities				
Proceeds from sale of marketable securities	-	-	-	20,532
Additions to property and equipment	(11,231)	(14,553)	(23,677)	(22,049)
Term deposits	(72,095)	(993,107)	(73,057)	(997,927)
Cash flow used by investing activities	(83,326)	(1,007,660)	(96,734)	(999,444)
Decrease in cash	(170,444)	(821,535)	(138,779)	(649,885)
Cash - beginning of period	513,486	1,597,623	481,821	1,425,973
Cash - end of period	\$ 343,042	\$ 776,088	\$ 343,042	\$ 776,088

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, 2023

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 422-124 Norfolk Street North, Simcoe, Ontario, N3Y 3N8, 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, 2023.

These condensed interim financial statements were authorized for issue by the Board of Directors on November 14, 2023.

(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, 2023.

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, 2023. 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, 2023

4. Property and equipment

	Natural gas properties	Land	Total
Cost			
Balance, March 31, 2022	\$ 18,148,499	\$ 130,000	\$ 18,278,499
Additions	221,150	-	221,150
Changes to decommissioning obligation estimates	350,417	-	350,417
Balance, March 31, 2023	18,720,066	130,000	18,850,066
Additions	23,677	-	23,677
Changes to decommissioning obligation estimates	(448,032)	-	(448,032)
Balance, September 30, 2023	\$ 18,295,711	\$ 130,000	\$ 18,425,711
Accumulated Depletion, Depreciation and Impairment			
Balance, March 31, 2022	\$ 11,578,384	\$ -	\$ 11,578,384
Depletion and depreciation	320,000	-	320,000
Impairment	2,812,699	-	2,812,699
Balance, March 31, 2023	14,711,083	-	14,711,083
Depletion and depreciation	86,000	-	86,000
Balance, September 30, 2023	\$ 14,797,083	\$ -	\$ 14,797,083
Net Book Value			
March 31, 2023	\$ 4,008,983	\$ 130,000	\$ 4,138,983
September 30, 2023	3,498,628	130,000	3,628,628

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, 2023 included an estimated \$806,000 (September 30, 2022 – \$717,000) 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 LP, a 60/40 joint venture partnership between Equinox Gold Corp. and Orion Mine Finance Group.

METALORE RESOURCES LIMITED

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2023

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 3.80% per year) required to settle the decommissioning obligations at September 30, 2023 is approximately \$3,139,010 (March 31, 2023 – \$4,033,471) which is estimated to be incurred over the next 42 years (March 31, 2023 – 42 years). At September 30, 2023, a risk-free rate of 1.75% (March 31, 2023 – 1.75%) was used to calculate the net present value of the decommissioning obligations.

	Six Months Ended September 30 2023	Year Ended March 31 2023
Balance, beginning of period	\$ 2,007,287	\$ 1,582,463
Accretion	36,485	74,407
Revisions	(448,032)	350,417
Balance, end of period	\$ 1,595,740	\$ 2,007,287

7. Share capital

The Company is authorized to issue 4,000,000 common shares without par or nominal value. At September 30, 2023, March 31, 2023 and March 31, 2022 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, 2023 or the years ended March 31, 2023 or March 31, 2022.

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, 2023 or March 31, 2023.

METALORE RESOURCES LIMITED

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2023

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, 2023 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, 2023 are measured using level 1. During the three and six months ended September 30, 2023, there were no transfers between level 1, level 2, and level 3 classified assets and liabilities.