

The background of the entire page is a marbled green pattern with various shades of green and some gold-colored flecks scattered throughout. The text is centered and rendered in a white, serif, italicized font.

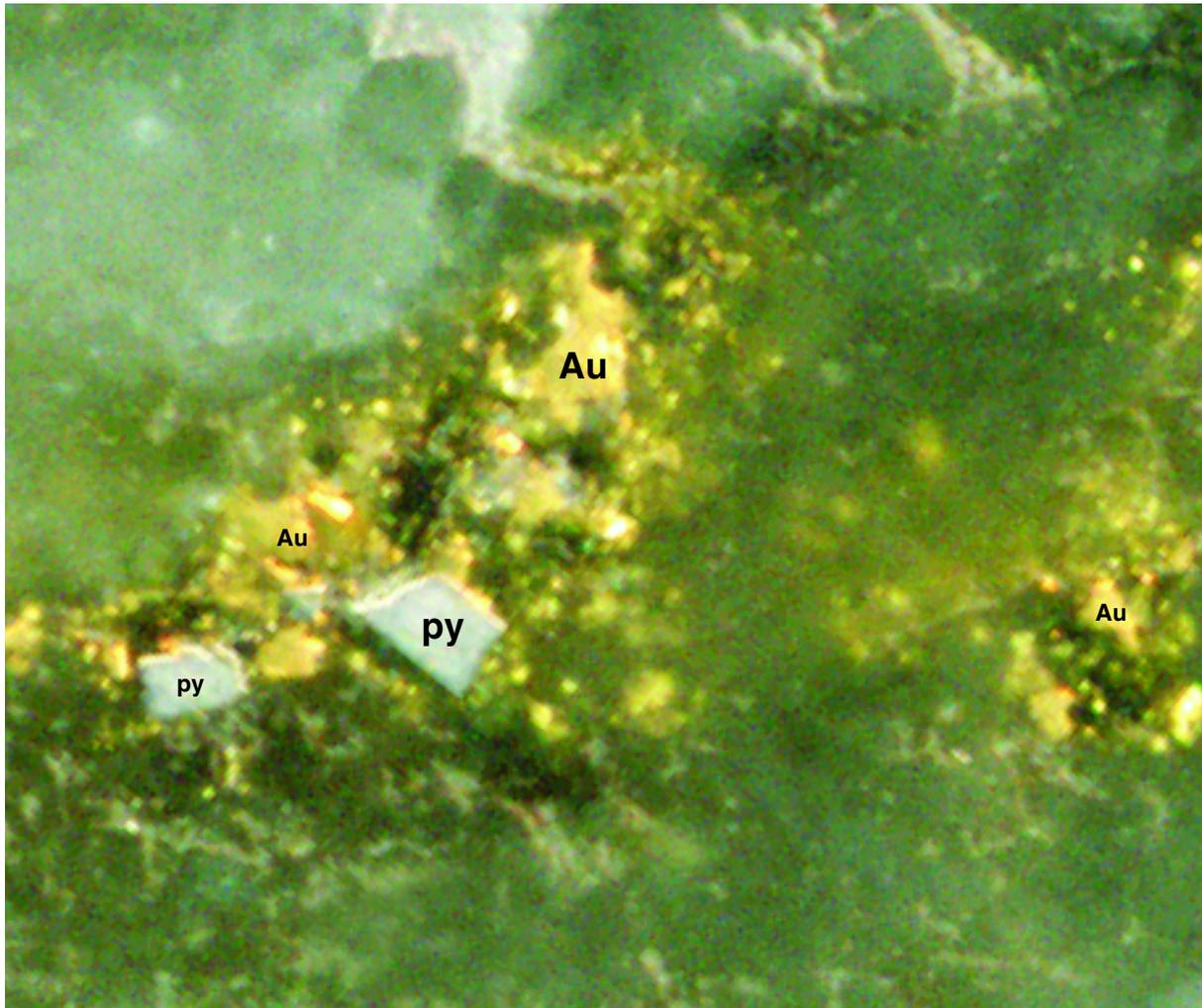
***METALORE  
RESOURCES  
LIMITED***

*2007 Annual Report*

*Our 64th Year*

## **Front and Back Cover Photo**

Actual photo (magnified) of portion of drill core from Metalore hole #06-18, the last hole drilled in November during our 2006 program at Cedartree Lake. Pictured is the flat section of cut and sampled core, illustrating the hydro-thermally deposited dispersion of flour and nugget size Gold grains in a siliceous matrix within the diorite (generically referred to as "felsic intrusive"). The section pictured was from a 1.5 meter (4.9 foot) sample at 60.5 to 62 meters assaying 50.92 grams per ton, within an 8.5 meter (27.9 foot) zone of lower grade material at a depth of 59.5 to 68 meters in altered diorite. The hole was drilled at a decline of 60°.



## **Front Cover Inset Above**

Further magnification within the same section of core differentiates between the Gold (Au) and pyrite (py), commonly referred to as 'fools' gold by early prospectors. Interestingly, most of the commercial hardrock gold mines of the world have pyrite prominently associated with the Gold Ore.

# METALORE RESOURCES LIMITED

<i>Officers and Directors</i>	<p>GEORGE W. CHILIAN, <i>President, CEO and Managing Director</i> ..... Vittoria, Ontario</p> <p>JOSEPH MAKSYMCHUK, <i>Treasurer, CFO and Director</i> ..... Brantford, Ontario</p> <p>MICHAEL A. DEHN, <i>Director</i> ..... Oakville, Ontario</p> <p>JOHN C. McVICAR, <i>Director</i> ..... Brantford, Ontario</p> <p>PATRICIA SHELANDER, <i>Director</i> ..... St. Paul, Minnesota</p> <p>DAVID J. SLATER, <i>Director</i> ..... Lasalle, Ontario</p>
<i>Executive Office and Natural Gas Division</i>	Rural Route #1 ..... Vittoria, Ontario
<i>Production Manager and Hydrocarbon Geologist</i>	JONATHAN CHILIAN, B.Sc. .... Vittoria, Ontario
<i>Assistant Production Manager</i>	CARL CHILIAN ..... Simcoe, Ontario
<i>Bankers</i>	ROYAL BANK OF CANADA ..... Simcoe, Ontario
<i>Accountant</i>	HOWARD WALTON, CMA ..... Simcoe, Ontario
<i>Auditors</i>	PKF HILL LLP ..... Toronto, Ontario
<i>Registrar and Transfer Agent</i>	COMPUTERSHARE TRUST ..... Toronto, Ontario
<i>Share Listing and Symbol</i>	TORONTO STOCK EXCHANGE (TSX), "MET" ..... Toronto, Ontario (Over the Counter, "MLRF").....United States
<i>Share Price Range</i>	2006 - 2007 High \$21.00 (CD) ..... Low \$5.60 (CD)
<i>Annual Meeting</i>	WESTIN HARBOUR CASTLE HOTEL ..... Toronto, Ontario September 14, 2007, 4:30 p.m., Harbour B Room
<i>Website and Email</i>	<a href="http://www.metalorerresources.com">www.metalorerresources.com</a> <a href="mailto:info@metalorerresources.com">info@metalorerresources.com</a>

# METALORE RESOURCES LIMITED

## *President's Letter*

### **TO THE SHAREHOLDERS:**

We recorded new "high water marks" with Natural Gas revenue and cash flow for Fiscal 2007. This was achieved by (1) negotiating favourable forward sales, (2) facilitating improvements to our production system and (3) adding one new gas well (#91, fractured April/06). Especial credit must be acknowledged to both our Gas Production Manager and our '07 Project Geologist (photo inset) for implementing innovative ideas in their respective areas of expertise.

As would be expected, we are in the best financial condition ever, with current assets now exceeding one million dollars and steadily increasing.

Other than planning one deep wildcat to the Cambrian, no significant development drilling is scheduled for our natural gas operations during the current year as our priority at this time has shifted to Gold exploration.

In the fall of 2002, Metalore purchased 100% interest in the Cedartree Lake gold prospect for cash consideration. We forthwith drilled seventeen holes along the north flank of a "felsic intrusive" on which the vendor<sup>1</sup> had drilled four holes on a recently discovered surface gold occurrence. In addition to the claims purchased, Metalore assembled a large land position (maximum six miles by three miles) in the area and in 2003, 04 and 05, we concentrated on targeting various segments for geophysics and limited drilling to ascertain the overall potential of the property. These prospective programs were conducted, more or less, on a "part time" basis, subordinate to our natural gas development.

In September, 2006, we again commenced our mining exploration program by drilling twelve holes on outlying geophysical targets and finally moved the drill back to the original discovery area that we had drilled in 2002. We drilled one hole on the north flank, of the intrusive, consistent with the previous pattern. We then gambled, turned the rig around, and drilled the next five holes along the south flank of the intrusive. All five of these relatively shallow holes (< 100 meters) intersected pervasive alteration in and along the south flank of the intrusive, with three holes yielding visible gold (front cover photo). By that time we were already two holes over our contract footage and the contractor was compelled to leave for long overdue commitments elsewhere. We finished cutting core and bagging samples by early November and had all of our assays back by early December. After reviewing our results it became imperative that some deeper drilling had to be done before any definitive conclusions could be made and reported on.



Claude Larouche, Mining Engineer, examines core at our Cedartree Lake facilities, accompanied by Blazer, October '06.

With metal prices spiking, all the major contractors were backlogged for months; however, we obtained another drill from a small contractor early in February and moved back in. We proceeded to drill another tier of five deeper holes (< 200 meters), which yielded results comparable to the previous shallower holes on the south flank.

We are now planning to drill a tier of much deeper holes (300 meters or more)<sup>2</sup> at 60° to 70° to confirm the continuity of gold mineralization to a definitive depth. We expect this drilling will be resumed as soon as suitable deep equipment and technical personnel become available.

Note, the preceding technical information in this letter is not 43-101 compliant.

On behalf of the Board,

*G.W. Chilian*  
G.W. Chilian, President

<sup>1</sup> Avalon Ventures Limited

<sup>2</sup> to intersect both tuff flanks and penetrate the entire one hundred meter width of the intrusive.

# METALORE RESOURCES LIMITED

## BALANCE SHEET AS AT MARCH 31

	2007	2006
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents (note 1)	\$ 321,016	\$ 251,200
Marketable securities (note 1)	573,758	403,495
Accounts receivable	284,664	177,780
Inventory (note 1)	40,000	42,300
	<hr/>	<hr/>
	1,219,438	874,775
Long-term investment (notes 1 and 3)	966,000	1,440,000
Natural gas properties (notes 1 and 4)	9,593,512	9,152,431
Mining properties (note 1)	3,077,459	2,685,340
Land	78,000	78,000
	<hr/>	<hr/>
	\$ 14,934,409	\$ 14,230,546
<hr/>		
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued royalties (note 5)	\$ 384,490	\$ 310,022
Corporate minimum taxes payable	30,000	50,000
Due to shareholder (note 5)	16,056	13,684
	<hr/>	<hr/>
	430,546	373,706
Future income taxes (note 1)	2,750,000	2,624,000
	<hr/>	<hr/>
	3,180,546	2,997,706
Shareholders' equity		
Share capital (notes 1, 6 and 7)	2,468,832	2,332,982
Contributed surplus (note 1)	36,634	52,484
Retained earnings	9,248,397	8,847,374
	<hr/>	<hr/>
	11,753,863	11,232,840
	<hr/>	<hr/>
	\$ 14,934,409	\$ 14,230,546
<hr/>		

**See accompanying notes**

Approved on behalf of the Board:



David J. Slater,  
Director



John C. McVicar,  
Director

# METALORE RESOURCES LIMITED

## STATEMENT OF INCOME AND RETAINED EARNINGS YEAR ENDED MARCH 31

	2007	2006
Revenue		
Natural gas production (notes 1 and 9)	\$ 2,345,455	\$ 1,941,365
Royalties	6,133	7,592
Interest and dividend income	53,212	45,127
Gain on sale of marketable securities	1,384	71,514
	<u>2,406,184</u>	<u>2,065,598</u>
Expenses		
Natural gas production (note 5)	445,735	402,986
Royalties	231,670	194,840
Depletion (notes 1 and 2)	265,307	233,088
Administration	245,004	160,814
Stock based compensation (notes 1 and 7)	-	20,634
	<u>1,187,716</u>	<u>1,012,362</u>
Income before undernoted item	1,218,468	1,053,236
Write-down of marketable securities and long-term investment (unrealized) (notes 1 and 3)	<u>519,000</u>	<u>-</u>
Income before income tax provision	699,468	1,053,236
Income tax provision (notes 1 and 8)		
Current - corporate minimum taxes	30,000	50,000
Future	126,000	309,000
	<u>156,000</u>	<u>359,000</u>
Net income	543,468	694,236
Retained earnings, beginning of year (note 2(a))	8,847,374	8,293,608
Dividends paid	<u>(142,445)</u>	<u>(140,470)</u>
Retained earnings, end of year	<u>\$ 9,248,397</u>	<u>\$ 8,847,374</u>
Basic and fully diluted earnings per share (note 1)	<u>\$ 0.31</u>	<u>\$ 0.40</u>

*See accompanying notes*

### AUDITOR'S REPORT

We have audited the balance sheets of Metalore Resources Limited as at March 31, 2007 and 2006 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 audits.

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, 2007 and 2006 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 LLP  
Chartered Accountants, Licensed Public Accountants  
Toronto, Ontario  
June 15, 2007

# METALORE RESOURCES LIMITED

## STATEMENT OF CASH FLOWS YEAR ENDED MARCH 31

	2007	2006
Operating activities		
Net income	\$ 543,468	\$ 694,236
Items not involving cash		
Gain on sale of marketable securities	(1,384)	(71,514)
Depletion	265,307	233,088
Stock based compensation	-	20,634
Write-down of marketable securities and long-term investment (unrealized)	519,000	-
Future income taxes	126,000	309,000
	<u>1,452,391</u>	<u>1,185,444</u>
Net change in non-cash working capital items		
Accounts receivable	(106,884)	41,999
Inventory	2,300	(6,200)
Accounts payable and accrued royalties	74,468	38,039
Corporate minimum taxes payable	(20,000)	50,000
	<u>(50,116)</u>	<u>123,838</u>
Cash flows from operating activities	<u>1,402,275</u>	<u>1,309,282</u>
Financing activities		
Due to shareholder	2,372	6,560
Dividends paid	(142,445)	(140,470)
Issuance of share capital (note 7)	120,000	-
Cash flows from financing activities	<u>(20,073)</u>	<u>(133,910)</u>
Investing activities		
Proceeds on disposal of marketable securities	92,734	394,232
Purchase of marketable securities	(306,613)	(345,025)
Natural gas development and exploration costs (note 1)	(706,388)	(957,011)
Mining exploration costs (note 1)	(392,119)	(99,154)
Cash flows from investing activities	<u>(1,312,386)</u>	<u>(1,006,958)</u>
Net increase in cash and cash equivalents during the year	69,816	168,414
Cash and cash equivalents, beginning of year	251,200	82,786
Cash and cash equivalents, end of year	<u>\$ 321,016</u>	<u>\$ 251,200</u>
Cash and cash equivalents consists of:		
Cash	\$ (2,887)	\$ 26,337
Guaranteed investment certificates and bankers acceptances (note 1)	323,903	224,863
	<u>\$ 321,016</u>	<u>\$ 251,200</u>
Additional cash flow information		
Income taxes paid	\$ 42,000	\$ -

**See accompanying notes**

# METALORE RESOURCES LIMITED

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED MARCH 31, 2007 and 2006

### 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 reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

#### b) Cash and cash equivalents

Cash and cash equivalents are comprised of cash and short-term investments that have a maturity date less than three months from the date of acquisition.

#### c) Marketable securities

Marketable securities are carried at the lower of cost and market value. At March 31, 2007, the market value of the securities was \$583,406 (2006 \$422,777).

#### d) Inventory

Inventory consists of pipe and fittings and 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.

#### e) Long-term investments

Long-term 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.

#### f) Natural gas properties

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, 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 before royalties determines the proportion of depletable costs to be expensed. The natural gas reserves of the Company are assessed annually.

Total capitalized costs net of accumulated depletion and future income taxes is limited to an amount equal to the estimated future net revenue from proven reserves at year end and costs, less estimated future production related general and administrative expenses, financing costs and income taxes. At March 31, 2007 and 2006, no write-down was required.

The prices used to estimate future cash flows are based on the Alberta AECO-C spot price, increased by \$1.30 per MMBTU to adjust for actual prices received near Dawn, Ontario.

Forecasted prices for the next six years and thereafter are as follows:

Remainder of	2007	7.67 per MMBTU	2010	7.55 per MMBTU
	2008	8.51 per MMBTU	2011	7.72 per MMBTU
	2009	8.15 per MMBTU	2012	7.85 per MMBTU
			Thereafter	Escalation at rate of approximately 2%

#### g) Mining properties

The Company owns a 1% net smelter return on 18 claims in the Brookbank and Beardmore area of Ontario and a 26% participating interest in approximately 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 3). 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. During the year, general and administrative costs of \$6,613 (2006 - \$6,987) and production costs of \$20,588 (2006 - \$54,834) were 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 will be written off. Mining properties are assessed annually, or as economic events dictate, for potential write-down.

#### h) 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 substantively enacted tax rates and laws that are expected to be in effect in the periods that the temporary differences are expected to reverse. The effect of changes in rates is included in earnings in the period which includes the substantive enactment.

#### i) Natural gas production

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

#### j) Stock-based compensation

The Company uses the fair value method using the Black-Scholes option pricing model to account for stock options granted to employees. Under the fair value method, the Company recognizes estimated compensation expense related to stock options over the vesting period of the options granted, with the related credit being charged to contributed surplus. Upon exercise of these stock options, amounts previously credited to contributed surplus are reversed and credited to share capital.

#### k) 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 antidilutive for fiscal 2007 and fiscal 2006.

### 2. ACCOUNTING CHANGES

- a) In 2006, the Company revised its depletion calculation to reflect the natural gas reserves calculated under National Instrument 51-101 Standards for Disclosure for Oil and Gas Activities. The adjustments, which were applied retroactively to 2004 (the first year for which the information was practicably available), increased the depletion expense in 2006 by \$121,088 (2005 - \$126,366; 2004 - \$124,212) and decreased, in the same year, the future income tax provision and basic and fully diluted earnings per share by \$41,000 (2005 - \$43,000; 2004 - \$42,000) and \$0.05 (2005 - \$0.05; 2004 - \$0.04), respectively. The net reduction to retained earnings was \$80,088 (2005 - \$83,366; 2004 - \$82,212). The accumulated net reduction to natural gas properties and future income taxes were \$371,666 and \$126,000 which resulted in an accumulated net reduction in retained earnings of \$245,666.

On subsequent review, it was determined that the change should have been reflected as a correction of an error as opposed to a change in accounting policy. However, as the natural gas reserves calculated under National Instrument 51-101 had not been calculated prior to 2004, it was considered impracticable to determine the period specific effects prior to 2004. Therefore, there is no impact to the prior years' financial statements.

- b) The CICA has issued the following new Handbook Sections which are effective for interim periods beginning on or after October 1, 2006:

(i) Handbook Section 3855, "Financial Instruments - Recognition and Measurement". The Section describes the standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. All financial assets, except for those classified as held-to-maturity, and derivative financial instruments must be measured at their fair value. All financial liabilities must be measured at their fair value if they are classified as held for trading purposes; if not, they are measured at their carrying value.

(ii) Handbook Section 1530, "Comprehensive Income", and Section 3251, "Equity". Comprehensive income is the change in equity of an enterprise during a period arising from transactions and other events and circumstances from non-owner sources. It includes items that would normally not be included in net income such as unrealized gains or losses on available for sale financial instruments. This section describes how to report and disclose comprehensive income and its components. Section 3251, "Equity", replaces Section 3250, "Surplus", and describes the changes in how to report and disclose equity and changes in equity as a result of the new requirements of Section 1530, "Comprehensive Income". Upon adoption of this Section, the financial statements will include a statement of comprehensive income.

The Company is currently evaluating the impact of the adoption of these new Sections on the financial statements.

### 3. LONGTERM INVESTMENT

In 1999, the Company purchased 3,600,000 shares of Ontex at \$0.35 per share, for total consideration of \$1,260,000. In fiscal 2002, the Company purchased an additional 600,000 shares at \$0.30 per share on a flow-through basis for \$180,000. At year end, the market value of the Ontex shares is \$966,000 (2006 - \$924,000).

At March 31, 2006, management's evaluations of the inherent value of Ontex's assets and the economic prospects of the resource industry were such that the decline in market value was considered temporary. Accordingly, a write-down of the carrying value was not deemed appropriate.

At March 31, 2007, management considered that the decline in value of the Ontex shares was other than temporary and as a result, wrote down the investment to its market value.

### 4. NATURAL GAS PROPERTIES

	2007			2006		
	Cost	Accumulated Depletion	Net	Cost	Accumulated Depletion	Net
Gas wells, transmission lines and leases	\$ 13,319,925	3,726,413	\$ 9,593,512	\$ 12,613,537	3,461,106	\$ 9,152,431

A portion of general and administrative costs of \$36,254 (2006 \$54,239) and acquisition and development costs of \$400,256 (2006 \$352,871) were capitalized to natural gas properties, the Company's core business.

# METALORE RESOURCES LIMITED

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED MARCH 31, 2007 and 2006

(Continued from previous page)

### 5. RELATED PARTY TRANSACTIONS

Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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 annual gas revenue in excess of \$1,000,000. The fiscal 2007 expense charged by SONG amounted to \$212,418 (2006 - \$168,880). The Company and SONG also have a joint ownership (52% and 48% respectively) in natural gas properties in Houghton Township, Ontario. The Company collects the proceeds for all of the gas produced from this natural gas property and provides SONG with its proportionate share of the revenue.

As at March 31, 2007, the Company owed SONG \$145,787 (2006 - \$140,717) which is comprised of amounts payable related to technical services and natural gas production of \$97,775 (2006 - \$94,172) and \$48,012 (2006 - \$46,545) respectively. This indebtedness is unsecured, non-interest bearing, due on demand and included with accounts payable and accrued royalties. The amount due to shareholder bears interest at current bank prime rates, is due on demand and is unsecured.

### 6. SHARE CAPITAL

Authorized	2007		2006	
	Number	Amount	Number	Amount
4,000,000 Number of common shares				
Issued	1,775,035	\$ 2,468,832	1,755,035	\$ 2,332,982

During the year, common share capital increased by \$135,850 on the exercise of 20,000 stock options (note 7). During 2006, there were no changes to share capital.

### 7. STOCK OPTIONS

The Company was authorized to grant 25,000 stock options.

On July 15, 2002, the Company granted 20,000 stock options, with an exercise price of \$6, to the directors of the Company. All of these options were exercised during fiscal 2007 for proceeds of \$120,000. The original expense associated with these options which was credited to contributed surplus was \$15,850. This amount has been reclassified to share capital.

On February 6, 2006 an additional 5,000 stock options, with an exercise price of \$7.50, were granted to a director for a period of four years from the grant date.

The exercise price is determined by the Board of Directors 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 at the time of being granted.

### 8. INCOME TAXES

The provision for income taxes recorded in the financial statements varies from the amount that would be computed by applying the statutory income tax rate of 33% (2006 - 34.12%) as a result of the following:

	2007	2006
Income before income tax provision	\$ 699,468	\$ 1,053,236
Anticipated income tax expense	231,000	359,000
Tax effect of the following		
Resource rate deductions	(42,500)	(32,200)
Non-taxable portion of capital transactions	86,000	(9,800)
Adjustment for substantially enacted rates	(152,300)	--
Corporate minimum taxes	30,000	50,000
Other	3,800	(8,000)
Provision for income taxes	\$ 156,000	\$ 359,000

Only corporate minimum taxes are payable as the Income Tax Act provides for certain deductions of exploration and development expenses. Tax benefits in excess of any current income are reflected in the calculation of the future income tax liability. The tax balances, available in perpetuity to reduce future income taxes, are as follows:

	2007	2006
Cumulative Canadian exploration expenses	\$2,346,900	\$2,787,836
Investment in flow through shares (note 3)	180,000	180,000
Cumulative Canadian development expenses	553,722	634,800
Cumulative Canadian oil and gas property expenses	457,582	452,740
Foreign exploration and development expenses	3,507	3,897
Undepreciated capital costs - property, plant and equipment	648,499	643,071

In addition, the Company has incurred corporate minimum taxes of \$80,000 which can be used to reduce future provincial income taxes payable. This benefit has not been recognized due to the uncertainty of realizing this benefit within the carry-forward period.

### 9. NATURAL GAS PRODUCTION

During the year, the Company received \$85,031 from one of its customers as a result of the customer notifying the Company that an omission had been made in reporting sales of the Company's field line customers in fiscal 2004 and 2005.

As the information was not available in the previous periods, and it could not be reasonably expected that the information could have been obtained in those periods, the amount has been reflected in natural gas production revenue of the current year.

### 10. COMMITMENTS

The Company is party to natural gas and mining lease commitments. As the amounts ultimately payable pursuant to these agreements are dependent on production or development, it is not practical to disclose the amount of contractual commitments in each of the next five years.

The Company has outstanding letters of guarantees of \$70,000 (2006 - \$70,000).

### 11. FORWARD CONTRACTS

The company has entered into the following forward contracts for the sale of natural gas.

Contract Period	Minimum Contract Quantity	Price (in US\$) Per MMBTU
April 2007 through October 2007	7,000 MMBTU per month	\$ 8.020
May 2007 through June 2007	5,000 MMBTU per month	7.835
April 2007	5,000 MMBTU per month	7.835
April 30, 2007	5,000 MMBTU per month	7.800
May 31, 2007	5,000 MMBTU per month	7.900
June 2007	5,000 MMBTU per month	7.960

### 12. FINANCIAL INSTRUMENTS

Fair value

The Company has various financial instruments including cash and cash equivalents, marketable securities, accounts receivable, long-term investment, accounts payable and accrued royalties, and due to shareholder. Except for the long-term investment, book values approximate fair value due to their short-term maturity.

Details of the fair market value of the long-term investment are disclosed in note 3.

Credit risk

As the Company's accounts receivable are due from one customer, there is increased exposure as a result of this concentration.

### 13. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2007 financial statements.

# METALORE RESOURCES LIMITED

## Management's Discussion & Analysis of Financial Results For the Fiscal Year ended March 31, 2007

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 for the twelve months ended March 31, 2007. 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 the fiscal year 2007, is available on SEDAR at [www.sedar.com](http://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 is a unique company in the junior resource sector. It has the lowest number of shares outstanding of any resource stock listed on the Toronto Stock Exchange (TSX). It has protected the equity of shareholders for the past thirty years by financing all exploration and development expenses with cash flow from operations. It also pays annual dividends to shareholders from operating profits.

Metalore has been active in natural gas development for over forty years and mining exploration for over sixty years. Natural gas operations are centered in Southwestern Ontario on some 40,000 acres of lease holdings in Charlotteville, Walsingham and Houghton Townships. These natural gas operations continue to represent the "core" business of the Company as well as its principal source of revenue. Grass roots mining exploration has been carried out for the past five seasons on the Company's newest mineral prospect at Cedartree Lake in the Sioux Narrows area of Northwestern Ontario.

### Current Business Strategy

The Company has strengthened its financial condition during the past year. At this juncture with the price of gold hovering above \$US 600 per ounce we have elected to concentrate on our 100% owned gold exploration prospect at Cedartree Lake. (For further information refer to the president's letter to shareholders).

### Internal Control Over Financial Reporting (ICFR)

The CEO and CFO of the Company have evaluated the effectiveness of the company's ICFR and maintain a system of Internal Controls over the accounting records that provide reasonable assurance that the financial data is accurately assembled, prepared and presented according to Canadian generally accepted accounting practices (GAAP).

The Board of Directors has reviewed and approved the accompanying financial statements for the fiscal year ended March 31, 2007 and all related financial material in this annual report. It should be noted that the preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

### Overall Performance

Metalore's 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. The Company's revenue, cash flow and financial results have been sustained over recent years as unprecedented high prices for natural gas have more than offset normal declines in production as well as the decline in the United States Dollar. Production volumes have also been marginally affected by the off-season reduction in demand by the declining local tobacco curing industry. Nevertheless, cash flow margins continue to be among the highest in the industry.

### Selected Annual Information

	Years ended		March 31:
	2007	2006	2005
	\$	\$	\$
<b>Statement of Income</b>			
Total Revenues	2,406,184	2,065,698	1,799,903
Operating expenses	1,187,716	1,012,362	910,613
Income before write down	1,218,468	1,053,236	889,290
Income per share (fully diluted) before write down	0.69	0.61	0.51
Write down of long term investment	519,000	Nil	Nil
Income before provision for income taxes	699,468	1,053,236	889,290
Income per share (fully diluted) before income taxes *	0.39	0.61	0.51
<b>Statement of Cash Flows</b>			
Cash flow from operations	1,402,275	1,309,282	1,076,378
Cash flow from operations per share	0.79	0.75	0.61
<b>Balance Sheet Data</b>			
Current Assets	1,219,438	874,775	719,853
Current liabilities	430,546	373,706	279,107
Mining properties	3,077,459	2,685,340	2,586,186
Natural gas properties	9,593,512	9,152,431	8,428,508
Total Assets	14,934,409	14,230,546	13,252,547
Total long term financial liabilities	Nil	Nil	Nil
Shareholders' Equity	11,753,863	11,232,840	10,658,440
Dividends paid	142,445	140,470	133,514
Dividends per share	0.08	0.08	0.08

\* The company pays a minimum corporate tax; however no tax on income is presently payable by the company because of an inventory of exploration and development expenditures that are carried forward.

# METALORE RESOURCES LIMITED

## MD&A (cont'd)

### Results of Operations - Commentary

Twelve Months ended March 31, 2007

#### Statement of Income & Retained Earnings

- Natural Gas Revenue has increased mainly due to increasing prices although a nominal increase in production was also realized during the fiscal year.
- Royalties revenue from natural gas wells is consistent with the prior year.
- Investment & Interest Income has risen because the company is continuing to invest in its holdings of marketable securities.
- Production expenses have increased mainly due to wage raises and the increasing price of fuel.
- Royalties expense has increased in proportion to natural gas revenues.
- Depletion expense has increased mainly in proportion to increased production and estimate of future development costs.
- Administrative expenses have increased partly due to increases in consumer prices but more significantly due to a large increase in the auditing costs dealing with the accounting standards.
- The accounting treatment of income taxes is described in notes 1(h) & 8 of the financial statements.
- Dividends paid are in accordance with the shareholder dividend policy which is stated separately in this MD&A report.

#### Statement of Cash Flows

- Cash flow from operating activities improved compared to the prior year as a result of increased natural gas production revenue.
- There was a small decrease in non cash working capital. Changes in accounts receivable and corporate minimum tax were largely offset by changes in accounts payable and inventory. This can be seen by referring to the balance sheet.
- The stock options exercised this year are described in note 7 of the financial statements.
- Natural Gas Development; no gas wells were drilled during the fiscal year but important upgrades to the production system were constructed.
- Mining Exploration expenses relate to diamond drilling at the Cedartree Lake properties.
- The company continued its acquisition of low risk marketable securities to meet its policy described in the heading "Capital Resources & Liquidity".
- The effect of the preceding lines resulted in an increase in cash in the twelve months of this reporting period of \$69,816.

#### Balance Sheet

- Cash & cash equivalents have risen in the last twelve months to a total of \$321,016.
- Marketable securities have now accumulated to \$573,758 as described in 15 above.
- Accounts receivable is for one month of natural gas production only.
- Inventory of pipe and supplies is held on hand for ongoing work on our pipe line grid.
- The long term investment is 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. This occurred in the year ended March 31, 2007 and is more fully described in note 3 of the financial statements.
- Natural Gas properties have increased in cost by the amount shown on the statement of cash flows less depletion as shown on the statement of income. Accounting for the natural gas properties is described in the notes to the financial statements, specifically notes 1 and 4.
- Mining properties have increased in cost by the amount shown on the statement of cash flows.
- Land is 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.
- Accumulated amortization has increased by the amount shown on the statement of income.
- Accounts payable and accrued liabilities are comprised of regular trade payables which by company policy are paid within 30 days and accrued royalties which are paid annually in March of each year.
- The amount due to shareholder, by company policy is paid within 30 days.
- Future income tax liabilities are the result of the carrying amount of assets/liabilities on the balance sheet being in excess/below of the tax basis of those amounts. The Income Tax Act provides for the addition of certain exploration and development expenses to tax pools, which are available to reduce future income taxes in perpetuity (see note 8 of Financial Statements herein).
- During the fiscal year share capital increased by \$135,850 as a result of the exercise of 20,000 stock options. Please refer to notes 6 and 7 of the financial statements for more details.
- Contributed surplus decreased as a result of the exercise of 20,000 stock options.
- Retained earnings has increased by net income net of dividends.

Comparative Summary & Financial Data by Quarter									
	Mar 31/07	Dec 31/06	Sept 30/06	June 30/06	Mar 31/06	Dec 31/05	Sept 30/05	June 30/05	Mar 31/05
	4 <sup>th</sup> Qtr	3 <sup>rd</sup> Qtr	2 <sup>nd</sup> Qtr	1 <sup>st</sup> Qtr	4 <sup>th</sup> Qtr	3 <sup>rd</sup> Qtr	2 <sup>nd</sup> Qtr	1 <sup>st</sup> Qtr	4 <sup>th</sup> Qtr
Revenue	781,909	584,393	553,231	486,651	560,635	590,912	440,563	473,488	505,485
Net Income	-20,313	204,174	198,252	161,355	205,791	199,007	137,873	151,565	204,689
Earnings per share	-0.01	0.12	0.11	0.09	0.12	0.11	0.08	0.09	0.12
Cash flow per share	0.21	0.23	0.21	0.17	0.12	0.21	0.17	0.18	0.16
Dividends per share	0.08	--	--	--	0.08	--	--	--	0.08

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. Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2007 financial statements.

# METALORE RESOURCES LIMITED

## MD&A (cont'd)

### Fourth Quarter

#### i) Summarised Financial Data

	For the three	months ended:
	Mar 31/07	Mar 31/06
<b>Statement of Income</b>		
Total Revenues	\$781,909	\$560,635
Total Expenses	447,672	313,314
Income before securities write down	334,237	247,321
Write down of Marketable Securities	519,000	Nil
Income taxes	(164,540)	41,530
Net after tax income	(20,313)	205,791
<b>Statement of Cash Flows</b>		
Cash flow from operations before changes in working capital	418,160	243,029
Changes in working capital	(43,052)	29,404
Cash flow from operations	375,108	272,433
Financing activities	2,372	6,560
Trading in marketable securities	(166,700)	225,463
Mining exploration	(107,981)	(26,897)
Natural gas development	(247,824)	(387,849)
Increase (decrease) in cash	(145,025)	89,709
<b>Balance Sheet Data</b> (is provided in the selected annual information paragraph on previous page)		

#### ii) Management Discussion & Analysis of Fourth Quarter

Strong revenues in the fourth quarter (\$221,274 higher than the quarter for the preceding year) yielded excellent operating results for the quarter. Royalties and depletion expense increase in line with revenue and caused expenses to rise compared to the prior year but income before taxes and before the write down of marketable securities and long-term investment was improved substantially over the same quarter for the preceding year. Unfortunately these results were marred by the write down of marketable securities and long-term investment, the full amount of which was reflected in this quarter. It was this write down that caused both income taxes and net after tax income to go negative for the quarter. It should be noted that this write down is the result of an unrealized loss of the marketable securities and long-term investment.

The very strong finish for the year resulted in much improved cash flow from operations. Changes in working capital are quarter by quarter changes in accounts receivable, inventories and accounts payable and represented nothing out of the ordinary. Financing activities for both 2006 and 2007 are small transactions with executive shareholders and represent out of pocket expense claims submitted but not yet reimbursed. Combined expenditures on Natural gas development and mining exploration were little different to the same quarter of the preceding year except that in 2007 more was spent on mining exploration relative to natural gas development. The mining exploration in 2007 consisted of diamond drilling and geological work. The natural gas development in 2007 consisted of system upgrading and renewal of leases. Cash balances were reduced for purchases of marketable securities.

#### Forward Sales Contracts

As of March 31, 2007, Metalore had three forward contracts in place.

Contract Period	Minimum Contract Quantity	Price (in US\$) per MMBTU
Apr 07 through Oct 07	7,000 MMBTU per month	\$ 8.02
May 07 through June 07	5,000 MMBTU per month	\$ 7.835
Apr 07	5,000 MMBTU per month	\$ 7.835

#### Capital Resources & Liquidity

	Y/E Mar 31/07	Y/E Mar 31/06
Current Assets	1,219,438	\$ 874,775
Current Liabilities	430,546	373,706
Excess of Current Assets over Current Liabilities	788,892	501,069

There was an increase in cash of \$69,816 after capital expenditures of \$1,098,507 during the fiscal year 2007, compared to increase in cash of \$168,414 after expenditures of \$1,056,165 during the fiscal year 2006. The expenditures were mainly comprised of natural gas development.

#### Contractual Obligations

Report for the upcoming five years

Contractual Obligations	Less than 1 year	1-3 years	4-5 years	Total
Natural Gas Leases	\$ 10,000	\$ 68,000	\$ 68,000	\$ 146,000
Natural Gas Royalties <sup>1</sup>	\$200,000	\$400,000	\$600,000	\$1,200,000
Mining Leases	\$ 0	\$ 3,078	\$ 6,156	\$ 9,234
Total Contractual Obligations	\$210,000	\$471,078	\$674,156	\$1,355,234

<sup>1</sup> Note: Estimate is based upon expected gas production.

# METALORE RESOURCES LIMITED

## MD&A (cont'd)

### **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 property and mining property costs.

Mining properties 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.

### **Internal Control Over Material Disclosure**

Metalore has been actively involved in ultra-high-risk mineral exploration for 64 years. We are survivors. Our gas operations comprise thousands of acres of checker boarded lease holdings negotiated with individual landowners on myriads of small parcels. In fact, it is rare when we are able to acquire all of the parcels within the estimated drainage pattern of a gas well. Ministry of Natural Resources legislation allows *confidentiality of information* for one whole year before public disclosure of drilling results is required. Management of Metalore has never considered the routine completion of a gas well to qualify for material disclosure.

On the other hand, even limited drill results on a mineral prospect can dramatically affect the fortunes of a company and its share price. In the far north, mining claims hosting potential economic mineral deposits are even more vulnerable to opportunists looking for "a piece of the action". Therefore, especial diligence must be exercised by management to corroborate, assemble and assimilate data before public disclosure should be made. How much drilling has been done? Can initial results be misleading? Are results extraordinary? Do our claims protect the "discovery"? Do we need more claims to protect the extensions? These are some of the serious questions that must be addressed.

Management's position on disclosure is that any information deemed "material" must be disclosed as soon as all reasonable effort has been made to protect the overall interests of the Company and its Shareholders.

### **Risk and Uncertainties**

#### **Commodity Prices**

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect the marketability of any materials discovered. Natural Gas and Mineral prices have historically fluctuated, and are affected by factors beyond the control of the company. Inflation, international economic and political trends, currency fluctuations, interest rates and worldwide production levels all have a bearing on Commodity prices. The effect of these factors cannot accurately be predicted.

#### **Exploration and mining risks**

The business of exploration for minerals involves an ultra high degree of risk. Few properties that are explored are ultimately developed into producing mines.

### **Financial Instruments**

The Company's financial instruments consist of cash, cash equivalents, marketable securities, accounts receivable, long-term investment, accounts payable and accrued royalties, and due to shareholder. It is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from these financial instruments. Management expects to adequately meet its present and future working capital and exploration and development requirements with cash flow from operations.

### **Off Balance Sheet Instrument**

The company maintains a surety bond in the amount of \$70,000, which is the maximum required by the Ministry of Natural Resources as assurance for the abandonment of non productive wells.

### **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 consulting services for the gas operations. Details are included in note 5 of the Financial Statements contained within the Company's Annual report for 2007.

### **Outstanding Share Data**

The Company has 1,775,035 common shares issued (1,780,035 fully diluted, see Notes 6 and 7 to the financial statements).

### **Shareholder Dividend Policy**

In the year 2000, Metalore introduced a policy to pay annual dividends to shareholders (subject to applicable law). On December 15, 2006 the Company paid its seventh consecutive annual dividend to Shareholders of record on November 30, 2006; this payment was for \$0.08 per share.

The dividend is converted to US currency for a significant percentage of shareholders registered with United States postal addresses.

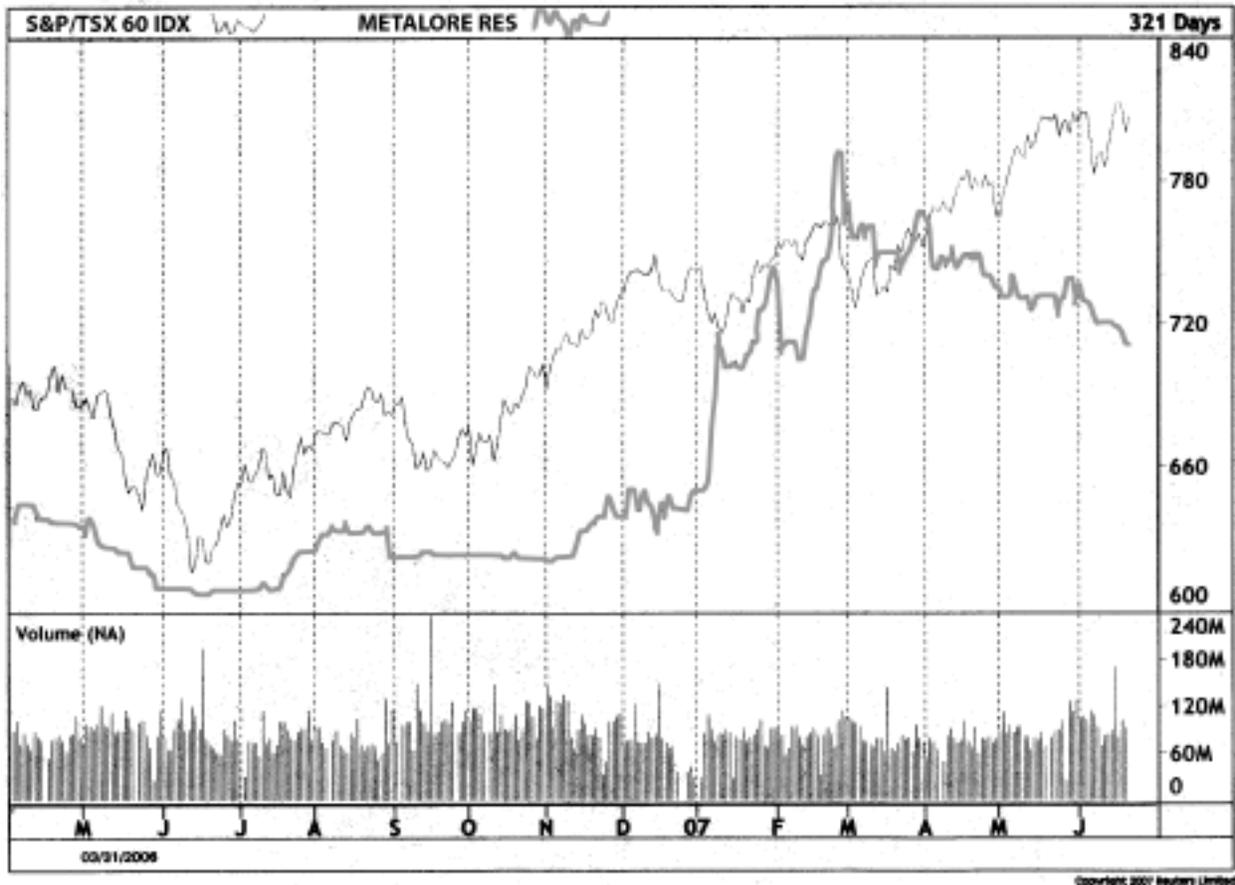
### **Regulation Compliance**

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

MD&A (cont'd)

## Comparative Price Performance Benchmark



## Market for Securities

The Company's common shares have been listed and traded on the Toronto Stock Exchange (TSX, tier one) for the past 26 years. Metalore has the uniqueness of having the lowest number of shares outstanding of any resource related company listed on the TSX.

<u>Year</u>	<u>Month</u>	<u>High</u>	<u>Low</u>	
2006	April	8.70	7.90	
	May	8.25	5.80	
	June	5.82	5.60	
	July	7.25	5.75	
	August	8.17	6.90	
	September	7.50	6.90	
	October	7.00	6.75	
	November	9.25	6.70	
	December	9.25	7.75	
	2007	January	17.10	9.10
		February	21.00	13.50
		March	19.25	16.80

# METALORE RESOURCES LIMITED

## Annual Information Form

For the year ended March 31, 2007

### Corporate Structure

The Company was incorporated in 1943 as Metalore Mining Company Limited under the laws of the Province of Ontario. 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 letters patent in 1976 and the name modified to the present Metalore Resources Limited. The Company ("Metalore" or the "Company"), is engaged in hydro-carbon and mining exploration, with headquarters at Rural Route #1 Vittoria, Ontario. Metalore's core business and main source of revenue is natural gas production and the Company maintains a substantial portfolio of undrilled leases in proximity to 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 the past year there has been a nominal increase in deliveries and revenue. The Company produces natural gas from approximately 87 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.

### Reserves Data

After producing 16 Billion Cubic Feet of gas over the past 40 years Metalore's remaining proven and probable recoverable gross reserves have currently been estimated at 18.7 BCF (see "Regulation Compliance", page 11 of MD&A included in this Annual Report).

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.

### Interests of Experts

Peter Sidey, Professional Petroleum Engineer with Spoule and Associates Limited, Calgary prepared the Reserve Reports of Independent Qualified Reserves Evaluator or Auditor during the past four fiscal years. These reports can be viewed on the SEDAR website at [www.sedar.com](http://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's 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 somewhat vulnerable to pressure increases in Union's system.

### Directors and Officers

NAME	PRICIPAL OCCUPATION	BECAME DIRECTOR	SHARES HELD	OPTIONS HELD	PROVINCE / STATE
George W. Chilian (President, CEO & Director)	Managing Director of the Corporation	1955	650,108	NIL	Ontario, Canada
Joseph Maksymchuk (Treasurer, CFO & Director)	Certified Management Accountant, Retired	2000	13,050	NIL	Ontario, Canada
Michael A. Dehn <sup>1</sup> (Director)	Senior Geologist	2005	700	5,000	Ontario, Canada
John Claire McVicar <sup>1, 2</sup> (Director)	Partner, Meen-McVicar, Insurance Brokers	1982	6,900	NIL	Ontario, Canada
Patricia Shelander <sup>2</sup> (Director)	Registered Medical Technologist	1970	35,000	NIL	Minnesota, USA
David J. Slater <sup>1, 2</sup> (Director)	Natural Gas Transport & Marketing Manager	2002	5,200	NIL	Ontario, Canada

<sup>1</sup> Members of Audit Committee

<sup>2</sup> 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.

All of the above Directors have been in attendance at all board meetings during the past fiscal year.

All of the above Directors, except Mr. Chilian and Mr. Maksymchuk, are classified as "independent" Directors.

# METALORE RESOURCES LIMITED

## Annual Information Form (cont'd)

### 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. Mr. Dehn has been a senior geologist with a major mining company for 10 years and is currently employed by a junior mining company on a full-time basis.

### Material Contracts

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

### 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](http://www.sedar.com).

### Dividends

For the past three fiscal years, a dividend of 8.0 cents per share Canadian funds was paid to shareholders. 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

1,775,035 common shares in the capital of the Company are currently issued and outstanding (1,780,035 fully diluted).

### 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, 100 University Avenue, Toronto, Ontario M5J 2Y1.

### Additional Information

Additional information relating to Metalore Resource Limited may be found on SEDAR at [www.sedar.com](http://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.

### **Schedule 'A'**

#### **Disclosure of Corporate Governance Practices ("National Instrument 58-101")**

<b>Guidelines</b>	<b>Comments</b>
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 "independent".	The Board is currently composed of six Directors. Of these six Directors, five are non-management "independent Directors."

# METALORE RESOURCES LIMITED

## Annual Information Form (cont'd)

### Disclosure of Corporate Governance Practices (Cont'd)

Guidelines	Comments
3. Disclose whether each Director is "independent".	The independent Directors on the Board are: Mrs. Patricia Shelander, Michael A. Dehn, Mr. John McVicar and Mr. David Slater.
4. Appoint a committee responsible for appointment / assessment of Directors, composed of a majority of independent 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.
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 six 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 independent.	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: <ul style="list-style-type: none"> <li>(a) the Board</li> <li>(b) the Chief Executive</li> </ul>	The Board and President have not developed position descriptions for the Board and President. The Board has not adopted a written code of "Ethical Business Conduct" as in section F1, 5. 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 <b>integrity</b> . 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.	Five of the six Directors are independent. 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 independent 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 independent 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

## Annual Information Form (cont'd)

### Schedule 'B'

#### **Audit Committee (Multilateral Instrument 52-110)**

##### **AUDIT COMMITTEE CHARTER**

Approved by Board of Directors July 9, 2004

##### **A. Purpose**

##### **B. Composition of Committee, Constitution and Frequency of Meetings**

##### **C. Responsibilities**

##### **D. Audit Committee Members**

##### **A. 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.

##### **B. 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<sup>1</sup> and financial literacy<sup>2</sup> 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.

##### **C. Responsibilities**

##### **1. Duties with Respect to 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.

<sup>1</sup> Pursuant to National Instrument 52-110 (Audit Committees) of the Canadian Securities Administrators, 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, all members of the Audit Committee should be independent directors. An "independent 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.

<sup>2</sup> 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.

# METALORE RESOURCES LIMITED

## Annual Information Form (cont'd)

- 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.
- 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

## Annual Information Form (cont'd)

### D. 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
Michael A. Dehn	Bachelor of Science 1993 in Geology at University of Waterloo For 10 years he was a Senior Geologist at Goldcorp Inc. and past 2 years has been actively involved in financings, marketing, project management and management of junior resource companies.
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 2007 and 2006:

Fee Category	2007	2006
Audit, Related & Taxation Fees	\$62,615	\$30,495
All Other Fees	Nil	Nil
Total	\$62,615	\$30,495

"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, consultations regarding financial reporting and accounting standards and translation of the annual report.

"Taxation 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.

Metalore Resources Limited Summary of the Evaluation of the Company's P&NG Reserves (As of March 31, 2007)							
Pipeline Gas (MMcf)	Remaining Reserves			Net Present Values			
	Company			Before Income Taxes (M\$)			
	Gross	Gross	Net	At 0%	At 5.0%	At 10.0%	At 15.0%
Proved Developed Producing	6,688	6,659	5,993	42,844	20,429	12,820	9,371
Proved Undeveloped	6,660	6,660	5,994	52,432	28,335	16,892	10,856
<b>Total Proved</b>	<b>13,348</b>	<b>13,319</b>	<b>11,987</b>	<b>95,276</b>	<b>48,764</b>	<b>29,711</b>	<b>20,227</b>
<b>Total Probable</b>	<b>5,382</b>	<b>4,650</b>	<b>4,185</b>	<b>42,238</b>	<b>17,685</b>	<b>8,937</b>	<b>5,098</b>
<b>Total</b>	<b>18,730</b>	<b>17,969</b>	<b>16,172</b>	<b>137,515</b>	<b>66,448</b>	<b>38,649</b>	<b>25,325</b>

Table S-2 (condensed) Summary of Selected Price Forecasts (Effective March 31, 2007)			
	Year	Alberta AECO-C - (\$Cdn/MMBtu)	Houston (\$US/MMBtu)
<b>Historical</b>	2002	4.04	3.22
	2003	6.66	5.39
	2004	6.87	6.14
	2005	8.58	8.62
	2006	7.16	7.23
	<b>Forecast</b>	2007	7.67
2008		8.51	8.32
2009		8.15	8.00
2010		7.55	7.48
2011		7.72	7.63
2012		7.85	7.75
2013		7.99	7.86
2014		8.12	7.98
2015		8.26	8.10
2016		8.40	8.22
2017		8.54	8.34

The above charts are condensed and excerpted from compliant filings (see "Reserves Data and Interests of Experts" of this AIF, page 13 herein).

# METALORE RESOURCES LIMITED

## MANAGEMENT INFORMATION CIRCULAR

June 29, 2007

### 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 1,775,035 common shares, without par value outstanding.

A list of the Shareholders will be prepared which will show the number of shares registered in the name of each Shareholder on August 10, 2007, 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 650,108 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

National Instrument 58-101 has established a set of 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. Schedule 'A' of the attached Annual Information Form is the Corporation's response to this required disclosure.

### ETHICAL BUSINESS CONDUCT

National Instrument 58-101F1, 5. refers to a Code of Ethical Business Conduct. Schedule 'A' paragraph 11 of the attached Annual Information Form (page of this Annual Report) is the Corporation's response to this required disclosure.

### STOCK OPTION PLAN

On July 15, 2002 the Company granted 25,000 shares of stock options for the Directors. At that time 20,000 shares of these options at the price of \$6.00 per share were assigned to four Directors for a period of four years. Subsequent to the 2006 fiscal year end these options were exercised.

On February 6, 2006 an additional 5,000 stock options, with an exercise price of \$7.50, were granted to a director. Further details are available in Notes 6 and 7 of the March 31, 2007 Financial Statements (page 6 of this Annual Report).

### 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, \$97,775 was owed to Southern Ontario Natural Gas for technical services and \$48,012 for revenue capitulation.

(Continued next page)

# METALORE RESOURCES LIMITED

## MANAGEMENT INFORMATION CIRCULAR

(Continued from previous page)

### 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.

### EXECUTIVE COMPENSATION

During the fiscal year ended March 31, 2007, the Corporation paid its Managing Director the sum of \$132,454 for managerial operations and paid the Directors \$2,400 for meetings and expenses for the fiscal year. The Corporation has two executive officers. The Directors remuneration was recently increased to \$200 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	2007	\$132,454	Nil	Nil
President, CEO & Managing Director	2006	\$132,454	Nil	Nil
	2005	\$132,454	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, 2007 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	650,108 <sup>3</sup>	Nil
Joseph Maksymchuk (Treasurer, CFO & Director)	Certified Management Accountant, Retired	2000	13,050	Nil
Michael A. Dehn <sup>1</sup> (Director)	Consulting Geologist,	2005	700	5,000
John C. McVicar <sup>1, 2</sup> (Director)	Partner, Meen-McVicar, Insurance Brokers	1982	6,900	Nil
Patricia Shelander <sup>2</sup> (Director)	Registered Medical Technologist	1970	35,000	Nil
David J. Slater <sup>1, 2</sup> (Director)	Natural Gas Transport & Marketing Manager	2002	5,200	Nil

<sup>1</sup> Members of Audit Committee

<sup>2</sup> Members of Corporate Governance Committee

<sup>3</sup> Southern Ontario Natural Gas Limited, a corporation controlled by George W. Chilian holds 321,108 of these shares

### AUDIT COMMITTEE CHARTER

Pursuant to Multilateral Instrument 52-110 the Company approved of an Audit Committee Charter on July 9, 2004 as set forth in Schedule "B" of the attached Annual Information Form (page 16 of this Annual Report). 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 29, 2007.

  
Joseph Maksymchuk, CFO, Treasurer

## FAREWELL TRIBUTE TO A *GREAT* COMPANION



### Ode to Blazer

May 16/97 - June 11/07

The one month old puppy was named "*Blazer*" by my son, Jon, and his wife, Michelle, and it came to suit him like a tee. His adult stature was beautiful. At 85 pounds, he stood dignified, strong and taller than most "goldens". He had large, blonde paws but his coat was a "*blaze*" of rusty red with highlights and a pure white star on his breast. He loved the lakes, the fish, the wildlife and everything about the pristine northcountry. His ancestral instincts kicked in and he became a true wilderness dog.

He had amazing *courage*; even thunderstorms didn't phase him. He could run like a wind-swept "*blaze*" and would pursue just about any wildlife scent that tempted his curiosity or taunted him. Once he chased three wolves and another time he came upon two bear cubs and their mother beside our camp. He learned from the scars of both incidents that, "Discretion was the better part of valour". Nevertheless, his *courage* was undaunted.

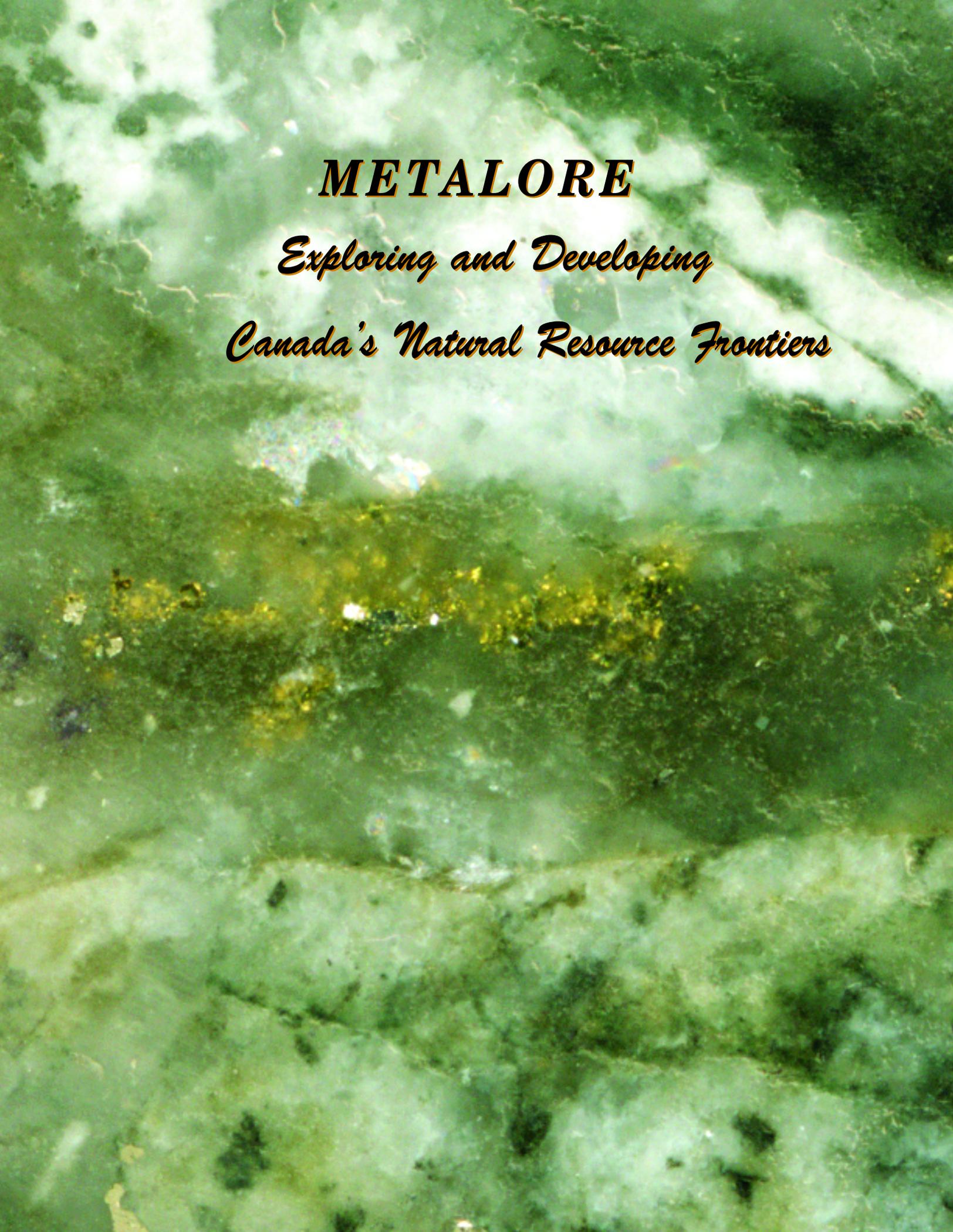
We trekked many miles together, "*blazing*" new paths (where no one had been before) while prospecting over steep, rocky hills and down wooded valleys, stopping occasionally to break a rusty rock or scoop some wild berries, or kneeling in tandem at a gurgling brook to quench our thirst. And when we'd reach just the right deadfall, we'd sit and share some lunch, and when we tired, we'd just lay down and it did him proud to be my pillow. He possessed a rare, "homing" instinct and we relied on each other. When at dusk, I'd say, "*Blazer*, take us back to the *lake* and to the *boat* ", he would turn about, and momentarily with a slight prance, start leading us back, not always in a straight line, but choosing the best route, avoiding the dense tag alders, cedar swamps and steeper climbs, usually reaching the waters' edge within a few meters of our boat.

If it was July or August when we reached the lake and we were hot, I would cut a select branch with my axe, fling it far out in the water and we'd jump in. He'd swim out and grab the stick – and keep it. And if I shouted, "Fetch it here, *Blaze!*" he'd just swim farther away as long as I kept swimming. Well, he was a "*gamer*". This was *his* game; he invented it and just never wanted it to end. But he would bring it back to me as soon as I made shore. So, you see, we not only traveled, worked and lived together; we played together too, often with a little mischievousness and comaradary.

*Blazer* was never a "pet". He was a *regal* member of our family. His *unconditional love*, *devotion* and *loyalty*; his gentle *spirit*, yet *zest for life*; his *comforting touch* to my hand, will be so greatly missed but cherished fresh in our memories for all time.

George W. Chilian, June 25/07

*Blazer* was a purebred, sired by a Canadian Grand Champion. "His registered pedigree name was "*Blazer Dover Gold Chilian*".



# **METALORE**

*Exploring and Developing  
Canada's Natural Resource Frontiers*