Management's Discussion and Analysis
Consolidated Financial Statements

MELIOR RESOURCES INC.
(FORMERLY COALCORP MINING INC.)

Year ended
June 30, 2013

MELIOR RESOURCES INC.
("Melior" or the "Corporation")

Management's Discussion and Analysis of Financial Condition and Results of Operations
For The Year Ended June 30, 2013
(All amounts, except per share amounts and where specified, are in thousands of Canadian Dollars)

Information contained in this Management's Discussion and Analysis ("**MD&A**") is given as of September 11, 2013 unless otherwise indicated. All amounts are in Canadian dollars unless otherwise noted.

This MD&A should be read in conjunction with the audited financial statements and accompanying notes of the Corporation for the fiscal year ended June 30, 2013 and the audited financial statements and accompanying notes and related MD&A of the Corporation for the fiscal year ended June 30, 2012.

IFRS replaced Canadian GAAP for publicly accountable enterprises, including the Corporation, effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Accordingly, the accompanying financial statements for the year ended June 30, 2013 have been prepared in accordance with accounting policies consistent with IFRS. The transition to IFRS required a restatement of the Corporation's fiscal 2011 financial information from its original Canadian GAAP basis to ensure that the fiscal 2011 comparative information presented in the financial statements and this MD&A reflect accounting policies consistent with IFRS.

Financial information for periods prior to July 1, 2010 has not been restated for the changes in accounting policies resulting from the adoption of IFRS, however the financial position as at July 1, 2010 has. For the purposes of this MD&A, the term "Canadian GAAP" refers to Canadian generally accepted accounting principles before the adoption of IFRS.

Forward Looking Information

This MD&A contains certain forward-looking statements. Forward-looking statements generally can be identified by the use of statements that include words such as "believe", "expect", "anticipate", "intend", "plan", "estimate", "may", "will" or other similar words or phrases suggesting future outcomes or other expectations, beliefs, estimates, plans, objectives, assumptions, projections, intentions or statements about future events or performance. Similarly, statements contained in, but not limited to, the sections "Overview of the Corporation's Business", "Outlook", "Results of Discontinued Operations", "Liquidity and Capital Resources", and "Commitments and Contingencies" of this MD&A, including those with respect to expectations concerning assets, prices, foreign exchange rates, earnings, market conditions, capital expenditures, risks, availability of regulatory approvals, corporate objectives and plans or goals, are or may be forward-looking statements. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, the factors discussed under "Risk

Factors". Although the forward-looking statements contained in this MD&A are based upon what management of the Corporation believes are reasonable assumptions, the Corporation cannot assure readers that actual results will be consistent with these forward-looking statements. Investors and others should carefully consider risk factors including, without limitation, those set out under the heading "Risk Factors", and not place undue reliance on forward-looking statements. Forward-looking statements are made as of the date of this MD&A and the Corporation assumes no obligation to update or revise any forward looking statements to reflect new events or circumstances, except as required by law.

Forward-looking statements in this MD&A include, but are not limited to, statements with respect to:

- the implementation of the Corporation's business strategy; and
- the development of the Corporation's potential investment opportunities.

Overview of the Corporation's Business

On March 31, 2011, the Corporation announced it had developed and adopted a revised business strategy, intended to capitalize on the Board's and management's expertise and enable the Corporation to invest and aid growth in projects in the mining, metallurgical and mineral industries, in connection with its graduation to the TSX Venture Exchange.

The strategy calls for strategic investments in resource based opportunities offering capital appreciation potential, in particular, debt or equity participation in investee companies, with projects nearing maturity. Melior believes it can add value through active involvement from not only a financial standpoint, but also by the contribution of guidance and additional mining and corporate finance expertise. Melior may make initial investments of debt, equity or a combination thereof in public or private companies through a variety of financial instruments including, but not limited to, private placements, participation in initial public offerings, convertible loans, loans with equity bonus provisions or purchase options and the like. In most cases, one or more nominees of the Corporation will join the board of directors of the investee company.

<u>Discontinued Operations</u>

On March 16, 2012, the Corporation completed the sale of all of the common stock of its wholly owned subsidiary, Coalcorp International AVV, which was the holding company for numerous off-shore subsidiaries. As of the closing date, the purchaser acquired, on an 'as is, where is' basis, all of the issued and outstanding shares of Coalcorp International AVV for nominal net proceeds of one dollar (the "**Coalcorp AVV Transaction**"). As a result of the Coalcorp AVV Transaction, assets of discontinued operations of $3.6 million, liabilities of discontinued operations of $0.4 million and other associated liabilities of $3.0 million were removed from Melior's balance sheet as of the closing, resulting in a net loss on disposal of $275 during the year ended June 30, 2012. Under the agreement for the Coalcorp AVV Transaction, the Corporation is entitled to receive, subject to certain terms and conditions, a share of net recoveries of cash, if any, that the purchaser receives as a result of winding up or re-organizing any of the Coalcorp International AVV subsidiaries. During the year ended June 30, 2013 the Corporation received $1,141 from the purchaser of Coalcorp International AVV for its share of cash recovered. The receipts were recognised as a gain from discontinued operations.

Changes to Board of Directors and Officers

On October 2, 2012, the Corporation announced the appointment of Mr. Thomas Masney, CA as the Chief Financial Officer on the resignation of Mr. Rishi Tibriwal.

On February 14, 2013, Mr. Charles Entrekin, Mr. Evgenij Iorich, Mr. Remo Mancini and Mr. Muneeb Yusuf were elected as directors of Melior at the annual and special meeting of the shareholders.

Investment in Asian Mineral Resources Limited

On June 25, 2012, Melior entered into a subscription agreement (as amended on June 29, 2012) with Asian Mineral Resources Limited ("**AMR**"), pursuant to which the Corporation acquired 47,272,727 common shares in the capital of AMR. The investment is recorded at fair value. AMR used the proceeds to fund capital expenditures to bring its Ban Phuc Nickel Project into commercial production. The Ban Phuc nickel mine was officially opened on June 29, 2013.

Letter of Intent with Firestone Ventures Inc.

On May 16, 2012, Melior announced that its Board had commenced a review of strategic alternatives with the objective of enhancing shareholder value. On July 5, 2013 the Corporation announced that it had entered into a letter of intent in connection with a proposed transaction pursuant to which Melior would acquire all of the issued and outstanding common shares of Firestone Ventures Inc. ("**Firestone**") in consideration for the issuance to Firestone shareholders of one Melior common share for each 2.895 Firestone common shares held. The proposed transaction was subject to a number of conditions, including confirmatory due diligence by Melior and the negotiation of mutually satisfactory definitive acquisition documentation. Melior also announced that Melior had agreed to provide Firestone with a bridge loan of up to $500,000. On August 30, 2013, Melior announced that it had terminated the bridge loan, under which no amounts had been advanced, and that it no longer intended to proceed with its proposed acquisition of Firestone.

Outlook

The Corporation continues to evaluate its options including, but not limited to, continuing to explore investment opportunities, a corporate reorganization or other strategic options.

Selected Financial Information

	Years ending June 30,		
	IFRS in CDN$		
($ thousands)	**2013**	**2012**	**2011**
Revenue from continuing operations	-	-	-
(Loss) from continuing operations	(857)	(4,587)	(5,799)
Earnings (loss) from discontinued operations	1,141	(271)	624
Net income (loss) for year	284	(4,858)	(5,175)
Basic earnings (loss) per share ($)[(1)]:			
Continuing operations	(0.00)	(0.03)	(0.03)
Discontinued operations	0.01	0.00	0.00
Total assets	24,377	27,001	43,806
Total long and short term obligations	165	236	11,720

1. Basic and dilutive loss per share is calculated by dividing the net loss by the weighted average number of shares in issue during the year. As a result of consolidated net losses the potential effect of exercising stock options and, as applicable, warrants has not been included in the calculation of loss per share because to do so would be anti-dilutive.

Results of continuing operations for the three months ended June 30, 2013 compared to the three months ended June 30, 2012

The Corporation reported a loss from continuing operations of $140 for the three months ended June 30, 2013 as compared to a loss of $218 during the three months ended June 30, 2012.

The decrease in net loss from continuing operations of $78 is principally due to lower professional fees relating to actual and potential acquisitions and higher investment income.

Results of continuing operations for the year ended June 30, 2013 compared to the year ended June 30, 2012

The Corporation reported a loss from continuing operations of $857 for the year ended June 30, 2013 as compared to a loss of $4,587 during the year ended June 30, 2012.

The decrease in net loss from continuing operations of $3,712 is principally due to the:

- Decrease on the net loss of $2,976 on the disposal of marketable securities of Oracle Mining Corp. and Formation Metals Inc. during the year ended June 30, 2012 to nil during the year ended June 30, 2013;
- Decrease in share-based compensation from $425 during the year ended June 30, 2012 to nil during the year ended June 30, 2013;
- Decrease in interest expense on the Corporation's 12% senior secured guaranteed notes due August 31, 2011 (the "**Senior Notes**") from $191 during the year ended June 30, 2012 to nil during the year ended June 30, 2013 as the Senior Notes matured on August 31, 2011;
- Decrease in the foreign exchange gain by $132 from $139 during the year ended June 30, 2012 to $7 during the year ended June 30, 2013, as only a small amount of cash and cash equivalents were held in foreign currency during the year ended June 30, 2013.

- Increase in interest income of $80 from $210 during the year ended June 30, 2012 to $290 during the year ended June 30, 2013. The Corporation only earned interest income on its cash balances during the years ended June 30, 2012 and 2013 and higher rates of interest during the year ended June 30, 2013 resulted in the increase in interest income;
- Decrease in office and administrative expenses of $190 from $1,344 during the year ended June 30, 2012 to $1,154 during the year ended June 30, 2013 as a result of the reduced activities of the Corporation.

General and Administrative Expenses

General and administrative expenses were $233 and $1,154 for the three months and year ended June 30, 2013, respectively (2012 - $280 and $1,344). General and administrative expenses relate primarily to consulting, professional and administration expenses for the continuing operations of the Corporation and the evaluation of new investment opportunities and have decreased as compared to the corresponding period in the prior year as a result of the decreased activities of the Corporation.

Interest Income and Expense

Interest income earned during the three months and year ended June 30, 2013 amounted to $83 and $290, respectively (2012 - $68 and $210) and related to the interest earned on the Corporation's cash and cash equivalent balances. Increases in the amount of interest earned on cash balances were the reason for the increase in the amount of interest earned during the periods.

Total interest expense incurred during the three months and year ended June 30, 2013 amounted to nil and nil, respectively (2012 - $nil and $191). The decrease in the interest expense is due to the Senior Notes having matured on August 31, 2011.

Foreign Exchange Gains/Losses

Foreign currency exchange rates affected the Corporation's monetary assets and liabilities denominated in currencies other than Canadian dollars. The Corporation recorded a net foreign exchange gain of $6 for the three months ended June 30, 2013 and a gain of $7 for the year then ended, as compared to a gain of $1 and $139 for the corresponding periods in 2012. The change in the foreign exchange gain from 2012 to 2013 was a result of the movement of a significant amount of US dollar denominated cash balances of the Corporation to Canadian dollars. At June 30, 2013, the Corporation holds only a nominal amount of cash denominated in US dollars and has no significant foreign currency denominated liabilities.

Share Based Compensation

The Corporation did not grant stock options during the twelve months ended June 30, 2013. The Corporation granted 3,090,000 stock options to the directors and officers of the Corporation in September 2011. All of these options were granted under the Corporation's stock option plan, vested immediately and are exercisable for a period of 7 years from the date of the grant.

The Corporation recorded share based compensation of $425 using the Black Scholes option pricing model to estimate the fair value of the options granted and used the following assumptions:

Risk-free interest rate	1.85%

Expected stock price annual volatility	100.0%
Expected life	7 years
Estimated forfeiture rate	Nil
Expected dividend yield	0.0%
Fair value cost per option	$0.108

Results of Continuing Operations

As a result of the factors discussed above, the Corporation recorded losses from continuing operations of $140 or $0.001 per share for the three months ended June 30, 2013 as compared to losses from continuing operations of $218 or $0.001 per share for the three months ended June 30, 2012. Losses from continuing operations were $857 or $0.00 per share for the year ended June 30, 2013 as compared to $4,587 or $0.03 per share during the year ended June 30, 2012.

Results of Discontinued Operations

On March 16, 2012, the Corporation completed the sale of all of the common stock of its wholly owned subsidiary, Coalcorp International AVV for nominal net proceeds of one dollar. As a result of the Coalcorp AVV Transaction, assets of discontinued operations of $3.6 million, liabilities of discontinued operations of $0.4 million and other associated liabilities of $3.0 million were removed from Melior's balance sheet, resulting in a net loss on disposal of $275 during the year ended June 30, 2012.

The Corporation is entitled to receive, subject to certain terms and conditions, a share of net recoveries of cash, if any, that the purchaser of Coalcorp International AVV receives as a result of winding up or re-organizing any of the Coalcorp International AVV subsidiaries. The Corporation received $463 on August 2, 2012, a further $397 on December 12, 2012 and a further $281 on March 11, 2013 for its share of cash recovered and $1,141 has been recognised as income from discontinued operations in the twelve months ended June 30, 2013.

Net Profit/Loss

Taking into account both continuing and discontinuing operations, the Corporation recorded a net loss of $140 or $0.001 per share in the three month period ended June 30, 2013 (2012 – loss of $218 or $0.001 per share). The Corporation recorded a net income of $284 or $0.002 per share for the year ended June 30, 2013 (2012 – loss of $4,858 or $0.03 per share).

Summary of Quarterly Results

	Year End 2013				Year End 2012			
	IFRS in millions of Canadian dollars							
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial								
($millions except per share)								
Revenue from continuing operations	-	-	-	-	-	-	-	-
Earnings from continuing operations	(0.1)	(0.1)	(0.4)	(0.2)	(0.3)	(0.5)	(4.2)	0.4
Net earnings/(loss)	(0.1)	0.1	(0.0)	0.3	(0.3)	(0.8)	(4.2)	0.4
Earnings/(loss) per share from continuing operations	(0.001)	(0.000)	(0.002)	(0.001)	(0.001)	(0.001)	(0.02)	0.002
Net earnings/(loss) per share (1)	(0.001)	0.001	0.000	0.001	(0.001)	(0.003)	(0.03)	0.002
Cash (used in) provided by continuing operations	(0.2)	(0.3)	(0.2)	(0.2)	6.1	(0.6)	(0.6)	(4.2)
Capital expenditures	-	-	-	-	-	-	-	-
Cash and cash equivalents net of short-term debt	22.7	22.8	22.7	22.6	22.1	28.0	28.7	26.6

(1) Basic and dilutive loss per share is calculated by dividing the net loss by the weighted average number of shares in issue during the year. As a result of consolidated net losses the potential effect of exercising stock options and, as applicable, warrants has not been included in the calculation of loss per share because to do so would be anti-dilutive.

Liquidity and Capital Resources

The continuing operations cash and cash equivalents balance as at June 30, 2013 was $22.9 million, compared to $22.3 million as at June 30, 2012.

The $0.6 million increase in cash balances as at June 30, 2013 as compared to June 30, 2012 is the result of payment of office and administrative expenses of $1,154, interest income of $290, the repayment of an advance of $300 from AMR and cash receipts from discontinued operations of $1,141.

Melior believes that it has sufficient capital to meet its obligations as they come due and to cover continuing corporate costs estimated at approximately $0.9 million per annum. Future investments will be funded from the Corporation's current cash position. Additional funding may be required in the future, depending on the scale of prospective investment opportunities Melior pursues.

Financial Instruments and Risk Management

The Corporation has classified its cash, cash equivalents and receivables as loans and receivables, which are measured at amortized cost. Payables and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The carrying value of cash and equivalents, deposits, receivables, accounts payable and accrued liabilities reflected in the consolidated statement of financial position approximate fair value because of the short term nature of these instruments.

The Corporation's risk exposures and the impact on the Corporation's financial instruments are summarized below:

Credit Risk Management

The Corporation's main credit risk arises from its cash and cash equivalents deposits with banks. All of the Corporation's cash and cash equivalents are with one major Canadian chartered bank, from which management believes the risk of loss to be remote. The Corporation limits its counterparty credit risk on its deposits by dealing only with financial institutions with AA or above credit ratings.

Liquidity Risk Management

The Corporation manages liquidity risk by maintaining adequate cash balances in order to meet liabilities as they come due. As at June 30, 2013, the Corporation had cash and cash equivalents of $22.9 million (June 30, 2012 - $22.3 million) to settle liabilities of $0.2 million (June 30, 2012 - $0.2 million). None of the Corporation's financial liabilities or commitments are interest bearing.

Foreign Currency Risk Management

Cash and cash equivalents are comprised of cash at banks and on hand, and short term money market instruments with an original maturity of three months or less. As at June 30, 2013, only a nominal portion of the Corporation's cash and cash equivalents were held in United States dollars. Accordingly, management believes that the Corporation is not exposed to material foreign exchange risk. The rate published by the Bank of Canada at the close of business on June 30, 2013 was US$0.9508 per Canadian dollar. The Corporation does not use derivative instruments to reduce its exposure to foreign currency risk.

Interest Rate Risk Management

The Corporation has cash balances that earn interest subject to fluctuations in the prime rate. The Corporation's current policy is to invest excess cash in investment-grade deposit certificates issued by its banking institutions. The Corporation periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management believes the interest rate risk is remote as investments have maturities of three months or less and the Corporation currently does not carry interest bearing debt at floating rates.

Capital Risk Management

The Corporation defines capital as total shareholders' equity including share capital, other reserves and deficit. The Corporation manages its capital to ensure that adequate funds are available to settle its liabilities as they arise and reviews and evaluates investment opportunities that are achievable within existing resources.

The Corporation is not subject to any externally imposed capital requirements including by a regulator or lending institution.

Commitments and Contingencies

All of the Corporation's obligations in the aggregate amount of $0.2 million, as at June 30, 2013 are current and due within the year. The Corporation has sufficient cash resources to meet its current commitments

Debt

Throughout the year ended June 30, 2011, US$8.27 million principal amount of Senior Notes were outstanding. The Senior Notes matured on August 31, 2011, for which a final payment of US$8.4 million in respect of principal and interest was made.

The Corporation did not have any debt outstanding as at June 30, 2013.

Off Balance Sheet Arrangements

The Corporation has no off-balance sheet arrangements.

Related Party Transactions

Pala Investments Holding Limited (**"Pala**") is a significant shareholder of AMR and owns either directly or indirectly 94,528,199 or approximately 54.52% of the common shares of Melior. As such, AMR is a "related party" of the Corporation for the purposes of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") and the AMR investment constituted a "related party transaction" within the meaning of MI 61-101. Further details with respect to the AMR share purchase transaction can be found in Melior's current annual information form.

Risk Factors

The Corporation is exposed to a number of risks and uncertainties. Such risks could materially affect the Corporation's future results and could cause actual events to differ materially from those described in forward-looking statements relating to the Corporation. The risks described herein, or in documents incorporated by reference herein, may not be the only risks facing the Corporation. Additional risks not currently known or not currently considered to be material may also have an adverse impact on the Corporation's business.

<u>Investment Risk</u>

The success of the Corporation's investment strategy will depend, in part, on its ability to:

- identify suitable investments;
- negotiate the purchase of such investments on terms acceptable to it;
- complete the investments within expected time frames; and
- capitalize on such investments.

The Corporation may not be able to identify appropriate investments or acquire any suitable investments that it identifies. Moreover, competition may reduce the number of investment opportunities available to the Corporation and may lead to unfavourable terms as part of any investment, including high purchase prices.

Additional Capital Requirements

Melior has limited funds with which to develop and maintain its asset portfolio. The pursuit of the Corporation's business strategy may require substantial additional financing. Failure to obtain sufficient financing could result in a delay or abandonment of the Corporation's business strategy. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to the Corporation and might involve substantial dilution to existing shareholders. Failure to raise capital when needed would have a material adverse effect on the Corporation's ability to pursue its business strategy, and accordingly could negatively impact the Corporation's business, financial condition and results of operations.

Diversification Risk

Melior is primarily engaged in making strategic investments in mining, metallurgical or mineral opportunities and the consequent concentration in those businesses may result in a higher degree of volatility and price fluctuation than other investments that have better industry diversification. Melior will not enjoy the possible benefits associated with a more diversified asset portfolio. Moreover, even while Melior's intention is towards diversifying its investments in the resource sector, its value is closely tied to its investments and any adverse change in these investments would have a significant impact on Melior's value. There can be no assurance that Melior's investment activities will be profitable. There can be no assurance that Melior will be able to generate sufficient activity to be profitable in the future and Melior's limited operating history providing advisory services in the mining, metallurgical and mineral sectors makes an evaluation of its prospects difficult. Future results of operations may fluctuate significantly based upon numerous factors including economic conditions, activities of competitors, commodity prices and the ability of Melior to develop and maintain a diversified asset portfolio.

Economic Conditions

Unfavourable economic and equity market conditions, such as recessions, interest rate changes or international currency fluctuations, may adversely impact Melior's investment activities and, in the case of any loans Melior may make, the returns generated by those loans. A negative impact on the value of Melior's portfolio or the returns thereon would likely have a negative impact on the market price of the Corporation's common shares. Unfavourable economic and market conditions could also decrease Melior's net income, reduce demand for its services, and limit access to capital markets.

Marketability and Underlying Securities

The value of the Corporation's common shares will vary according to the value of the securities in which Melior invests, which will depend, in part, upon the performance of the issuers of such securities. Fluctuations in the market values of such securities may occur for a number of reasons beyond the control of Melior including economic conditions, investor sentiment, global events and prices for base and precious metals. There is no assurance that an adequate market will exist for securities acquired by Melior. Certain investments made by Melior, including those securities listed on an exchange and not subject to resale restrictions, may be relatively illiquid and may decline in price if a significant number of such securities are offered for sale. In the case of equity investments in private issuers, there would be no public market and a risk that one may never develop.

Risks Associated with Investments in Resource Issuers

In general, Melior's business is to make investments (debt, equity or a combination of both) in mining, metallurgical or mineral resource issuers. The business activities of resources issuers are typically speculative and may be adversely affected by sector specific risk factors, outside the control of the resource issuer, which may ultimately have an impact on Melior's investments in these businesses. Risks associated with the resource sector include, without limitation, the following:

- the business of exploring minerals involves a high degree of risk. Many of the risks associated with exploration are beyond control of resource issuers. Many of the resource issuers that Melior invests in may not hold, discover or successfully exploit commercial quantities of minerals and/or may not have a history of earnings or payment of dividends;

- the marketability of natural resources which may be acquired or discovered by a resource issuer will be affected by numerous factors beyond the control of such resource issuer. These factors include market fluctuations in the price of metals, metal concentrates, and minerals, the proximity and capacity of natural resource markets and processing equipment, government regulations including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of materials and environmental protection. The exact effect of these factors cannot be accurately predicted, but any one, or a combination, of these factors could result in a resource issuer not producing an adequate return for shareholders;

- a resource issuer may become subject to liability for pollution, cave-ins or other hazards against which a resource issuer cannot insure, or against which it may elect not to insure. Such liabilities may have a material, adverse effect on such resource issuer's financial position and on the value of the securities of such resource issuer held as part of Melior's investment portfolio;

- a resource issuer's operations are subject to government legislation, policies and controls relating to prospecting, land use, trade, environmental protection, taxation, rates of exchange, return of capital and labour relations. A resource issuer's property interests may be located in foreign jurisdictions; its exploration operations in such jurisdictions may be affected in varying degrees by the extent of political and economic stability and by changes in regulations or shifts in political or economic conditions that are beyond the control of the resource issuer. Such factors may adversely affect the resource issuer's business and/or its property holdings. Although a resource issuer's exploration activities may be carried out in accordance with all applicable rules and regulations at any point in time, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of the resource issuer's operations. Amendments to current laws and regulations governing the operations of a resource issuer or more stringent enforcement of such laws and regulations could have a substantial adverse impact on the financial results of the resource issuer; and

- a resource issuer's operations may be subject to environmental regulations enacted by government agencies from time to time. A breach of such legislation may result in the imposition on the resource issuer of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which has lead to stricter standards and enforcement and greater fines and penalties for non-compliance. The cost of compliance with government regulations may reduce the profitability of a resource issuer's operations.

Competition

Melior operates in the extremely competitive financial services industry and competes with a large number of companies that provide equity, debt and/or mezzanine financing. Many of Melior's competitors have greater financial, technical and other resources than Melior. These competitors may be able to respond more quickly and successfully to new or changing opportunities.

Realization of Benefits from Investments

There is a risk that some or all of the expected benefits of investments may fail to materialize, or may not occur within the time periods anticipated by management of the Corporation. The realization of such benefits may be affected by a number of factors, many of which are beyond the control of the Corporation. The failure to realize some or all of the expected benefits of such investments could have a material adverse effect on the business, financial condition and results of operations of the Corporation.

Attraction and Retention of Personnel

The Board may experience delays in hiring, or be unable to hire or retain, experienced and qualified new management for the Corporation within the timeframes necessary or upon terms acceptable to the Corporation. The competition for qualified personnel in the mining and metallurgical industry is intense and there can be no assurance that the Corporation will be able to attract and retain the personnel necessary for the implementation of its business strategy.

Reliance on Key Personnel

Melior is dependent upon the personal efforts, performance and commitment of its management and the Board, who are responsible for the future development of Melior's business. To carry out its investment activities, Melior will be relying upon the business judgment, expertise and integrity of Melior's management and the Board. To the extent that the services of any member of management or the Board became unavailable for any reason, a disruption to the operations of Melior could result and may delay the implementation of the Corporation's business strategy.

Conflicts of Interest

Melior's directors and officers may serve as directors or officers of other companies in the same business as Melior, natural resource companies or companies providing services to Melior, or they may have significant shareholdings in natural resource companies. To the extent that such companies participate in transactions in which Melior participates, the directors of Melior may have a conflict of interest in negotiating and concluding terms to the extent of such participation. Furthermore, part of Melior's investment strategy is to place at least one Melior nominee on the board of directors of its investee companies. Confidentiality and judiciary conflict issues may arise and any director may be recused from participating in or voting at a Board meeting. If a conflict of interest arises at a Board meeting, any director who has a conflict will abstain from voting in connection with the transaction in accordance with the *Business Corporations Act* (British Columbia).

Foreign Currency Risk

The Corporation's functional currency is the Canadian Dollar; however, future major investments may be transacted in US dollars or other foreign currencies. Accordingly, the Corporation is subject to the risks inherent in exchange rate fluctuations.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Corporation is subject to credit risk primarily attributable to its cash and short-term investments.

Outstanding Share Data

As at September 11, 2013, the Corporation has 173,380,974 common shares outstanding, which are listed on the TSX Venture Exchange under the symbol "MLR". The Corporation also has 2,010,000 stock options (each exercisable for one common share) outstanding which, if exercised, would result in proceeds of approximately $828,200.

Additional Information

Additional information relating to the Corporation, including the Corporation's current annual information form, is available for viewing on SEDAR at www.sedar.com and on the Corporation's web site at www.meliorresources.com. The Corporation cautions that information contained on, or accessible through, these websites is current only as at the date of such information.