



CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2013 AND 2012
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Melior Resources Inc.

Condensed Interim Statements of Financial Position (Expressed in Thousands of Canadian Dollars) (Unaudited)

As at	December 31, 2013	June 30 2013
Assets		
Current Assets		
Cash and cash equivalents	\$ 22,287	\$ 22,877
Prepaid expenses and other receivables	75	82
	22,362	22,959
Investment in Asian Mineral Resources Limited (Note 3)	1,655	1,418
	\$ 24,017	\$ 24,377
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 423	\$ 165
Shareholders' Equity		
Share capital (Note 4(a))	375,885	375,885
Contributed surplus	159,058	159,058
Accumulated other comprehensive loss	(3,545)	(3,782)
Deficit	(507,804)	(506,949)
	23,594	24,212
	\$ 24,017	\$ 24,377

Nature of Operations (Note 1)

Approved on behalf of the Board:

"Mr. Remo Mancini"
Director

"Dr. Charles Entrekin"
Director

The accompanying notes are an integral part of these condensed interim financial statements

Melior Resources Inc.

Condensed Interim Statements of Operations and Comprehensive Loss (Expressed in Thousands of Canadian Dollars) (Unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2013	2012	2013	2012
Administrative Expenses				
Office and administration	\$ 569	\$ 422	\$ 1,006	\$ 692
Loss before other expenses and income taxes	(569)	(422)	(1,006)	(692)
Other Income (Expense)				
Interest income	73	61	147	130
Foreign exchange gain (loss)	5	6	4	(5)
	78	67	151	125
Loss from continuing operations	(491)	(355)	(855)	(567)
Income from discontinued operations	-	397	-	860
Net (loss) Income for the period	\$ (491)	\$ 42	\$ (855)	\$ 293
Other Comprehensive Gain (Loss)				
Items that will be reclassified subsequently into income:				
Re-classification adjustment for net losses included in (income) loss for the period	-	-	-	-
Unrealized gain (loss) on available-for-sale financial assets	237	-	237	(1,891)
Total comprehensive loss	\$ (254)	\$ 42	\$ (618)	\$ (1,598)
Per common share, basic and fully diluted:				
(Loss) income from continuing operations	\$ (0.003)	\$ (0.002)	\$ (0.005)	\$ (0.003)
(Loss) Income from discontinued operations	\$ 0.000	\$ 0.002	\$ 0.000	\$ 0.005
Net (loss) income	\$ (0.003)	\$ 0.000	\$ (0.005)	\$ 0.002
Weighted average number of shares outstanding	173,380,974	173,380,974	173,380,974	173,380,974

The accompanying notes are an integral part of these condensed interim financial statements

Melior Resources Inc.

Condensed Interim Statements of Changes in Shareholders' Equity

(Expressed in Thousands of Canadian Dollars)

(Unaudited)

	Common Shares Number	Common Shares Amount	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total
Balance, June 30, 2012	173,380,974	\$ 375,885	\$ 159,058	\$ (945)	\$ (507,233)	\$ 26,765
Net income	-	-	-	-	293	293
Unrealized loss on available-for-sale financial assets	-	-	-	(1,891)	-	(1,891)
Balance, December 31, 2012	173,380,974	\$ 375,885	\$ 159,058	\$ (2,836)	\$ (506,940)	\$ 25,167
Balance, June 30, 2013	173,380,974	\$ 375,885	\$ 159,058	\$ (3,782)	\$ (506,949)	\$ 24,212
Net loss	-	-	-	-	(855)	(855)
Unrealized loss on available-for-sale financial assets	-	-	-	237	-	237
Balance, December 31, 2013	173,380,974	\$ 375,885	\$ 159,058	\$ (3,545)	\$ (507,804)	\$ 23,594

The accompanying notes are an integral part of these condensed interim financial statements

Melior Resources Inc.
Condensed Interim Statements of Cash Flows
(Expressed in Thousands of Canadian Dollars)
(Unaudited)

For the Six Months Ended December 31,	2013	2012
Cash and cash equivalents (used in) provided by:		
Operating Activities		
Net loss from continuing operations	\$ (855)	\$ (567)
Non-cash items included in net loss:		
Changes in non-cash working capital balances	265	156
Cash flows from continuing operations	(590)	(411)
Cash flows from discontinued operations	-	860
Cash flows from operating activities	(590)	449
Investing Activities		
Repayment from Asian Mineral Resources Limited	-	300
Cash flows from continuing operations	-	300
Cash flows from discontinued operations	-	-
Cash flows from investing activities	-	300
Change in cash and cash equivalents during the period	(590)	749
Cash and cash equivalents, beginning of period	22,877	22,333
Cash, end of period	\$ 22,287	\$ 23,082

The accompanying notes are an integral part of these condensed interim financial statements

Melior Resources Inc.

Notes to Condensed Interim Financial Statements Six Months Ended December 31, 2013 and 2012 (Expressed in Thousands of Canadian Dollars) (Unaudited)

1. Nature of Operations

Melior Resources Inc., (the "Corporation"), is a Canadian investment company focused on making strategic investments in, and developing, resource based opportunities offering capital appreciation potential.

The Corporation is incorporated under the laws of the province of British Columbia, Canada. The Corporation's principal place of business is 120 Adelaide Street West, Suite 2500, Toronto, Ontario, Canada.

As at December 31, 2013, Pala Investments Limited ("Pala") owned directly or indirectly 54.52% of the Corporation's issued and outstanding common shares.

2. Summary of Significant Accounting Policies

Statement of Compliance

The Corporation applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these condensed interim financial statements are based on IFRS issued and outstanding as of February 13, 2014, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended June 30, 2013. Any subsequent changes to IFRS that are given effect in the Corporation's annual financial statements for the year ending June 30, 2014 could result in restatement of these condensed interim financial statements.

New Standards Not Yet Adopted and Interpretations Issued But Not Yet Effective

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 will be effective as at January 1, 2018. The Company is in the process of assessing the impact of this pronouncement.

Melior Resources Inc.

Notes to Condensed Interim Financial Statements Six Months Ended December 31, 2013 and 2012 (Expressed in Thousands of Canadian Dollars) (Unaudited)

2. Summary of Significant Accounting Policies (Continued)

New Standards Adopted During the Current Period

- (i) IFRS 10 – Consolidated financial statements (“IFRS 10”) was issued by the IASB in May 2011. IFRS 10 is a new standard which identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: power over an investee; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity’s returns. IFRS 10 is effective for annual periods beginning on or after January 1, 2013. The Company adopted this standard on July 1, 2013, with no resulting impact on its condensed interim financial statements.
- (ii) IFRS 11 – Joint arrangements (“IFRS 11”) was issued by the IASB in May 2011. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and expenses in accordance with the arrangement, whereas entities in the latter case account for the arrangement using the equity method. IFRS 11 is effective for annual periods beginning on or after January 1, 2013. The Company adopted this standard on July 1, 2013, with no resulting impact on its condensed interim financial statements.
- (iii) IFRS 12 – Disclosure of interests in other entities (“IFRS 12”) was issued by the IASB in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities, including joint arrangements, special purpose vehicles, and off balance sheet vehicles. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. The Company adopted this standard on July 1, 2013, with no resulting impact on its condensed interim financial statements.
- (iv) IFRS 13 – Fair value measurement (“IFRS 13”) was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRSs. The key points of IFRS 13 are as follows:
- fair value is measured using the price in a principal market for the asset or liability, or in the absence of a principal market, the most advantageous market;
 - financial assets and liabilities with offsetting positions in market risks or counterparty credit risks can be measured on the basis of an entity’s net risk exposure;
 - disclosures regarding the fair value hierarchy have been moved from IFRS 7 to IFRS 13, and further guidance has been added to the determination of classes of assets and liabilities;
 - a quantitative sensitivity analysis must be provided for financial instruments measured at fair value;
 - a narrative must be provided discussing the sensitivity of fair value measurements categorized under Level 3 of the fair value hierarchy to significant unobservable inputs;
 - and information must be provided on an entity’s valuation processes for fair value measurements categorized under Level 3 of the fair value hierarchy.
- IFRS 13 is effective for annual periods beginning on or after January 1, 2013. The Company adopted this standard on July 1, 2013, with no resulting impact on its condensed interim financial statements.
- (v) In addition, there have been amendments to existing standards, including IAS 27, Separate Financial Statements (IAS 27), and IAS 28, Investments in Associates and Joint Ventures (IAS 28). IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

Melior Resources Inc.

Notes to Condensed Interim Financial Statements Six Months Ended December 31, 2013 and 2012 (Expressed in Thousands of Canadian Dollars) (Unaudited)

3. Investment in Asian Mineral Resources Limited

On June 29, 2012, the Corporation completed a strategic investment in Asian Mineral Resources Limited ("AMR") by means of a private placement whereby it purchased 47,272,727 common shares of AMR (the "AMR Shares") at \$0.11 per AMR Share for total consideration of \$5,200 (the "Strategic Investment"). The common shares are recorded at fair value. The Corporation owns and controls, directly and indirectly, a total of 47,272,727 AMR Shares representing approximately 6% of the issued and outstanding AMR Shares on an undiluted basis.

In connection with the transaction, the Corporation advanced \$300 to AMR, which was repaid during fiscal 2013.

4. Share Capital

(a) Authorized

Unlimited preferred shares without par value
Unlimited common shares without par value

Issued

	Number of Common Shares	Stated Value
Balance, June 30, 2012, June 30, 2013, and December 31, 2013	173,380,974	\$ 375,885

(b) Stock Options

As at December 31, 2013, 18,718,097 common shares remain available for grant under the plan. Under the plan, the exercise price of each option equals the market price of the Corporation's common shares on the date of grant or the price determined by the Board of Directors, not being less than the market price, and an option's maximum term is ten years. Options are granted upon approval by the Board of Directors.

	Number of Stock Options	Weighted Average Exercise Price
Balance, June 30, 2012 and December 31, 2012	3,390,000	\$ 0.25
Balance, June 30, 2013 and December 31, 2013	2,010,000	\$ 0.31

As at December 31, 2013, the Corporation had the following stock options outstanding and exercisable:

Expiry Date	Number of Options Exercisable	Weighted Average Number of Options Outstanding	Remaining Contractual Life (years)	Exercise Price
March 27, 2014	150,000	150,000	0.24	\$ 1.50
March 27, 2014	150,000	150,000	0.24	0.75
Sept. 21, 2018	1,710,000	1,710,000	4.73	0.17
	2,010,000	2,010,000	4.06	\$ 0.31

Melior Resources Inc.

Notes to Condensed Interim Financial Statements Six Months Ended December 31, 2013 and 2012 (Expressed in Thousands of Canadian Dollars) (Unaudited)

5. Related Party Transactions

Remuneration of key management personnel of the Corporation was as follows:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2013	2012	2013	2012
Salaries and benefits	\$ 62	\$ 84	\$ 123	\$ 157
Directors fees	\$ 60	\$ -	\$ 116	\$ 51
Share based payments	\$ -	\$ -	\$ -	\$ -
Share-based compensation	\$ -	\$ -	\$ -	\$ -

The Corporation has entered into an Advisory Services Agreement with Pala Investments Limited to provide the Corporation with consultancy support in evaluating potential capital investments. During the three and six months ended December 31, 2013 the Corporation incurred consultancy fees of US\$100,000 and US\$200,000, respectively, paid to Pala Investments Limited under the terms of the Agreement. Included in accounts payable and accrued liabilities as at December 31, 2013 is \$200,000 (June 30, 2013 - \$Nil) pertaining to these fees.