



CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2014 AND 2013
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

NOTICE TO READER

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

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

As at	March 31, 2014	June 30 2013
Assets		
Current Assets		
Cash and cash equivalents	\$ 21,101	\$ 22,877
Prepaid expenses and other receivables	97	82
Loan receivable (Note 4)	505	-
	21,703	22,959
Investment in Asian Mineral Resources Limited (Note 3)	2,836	1,418
	\$ 24,539	\$ 24,377
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 934	\$ 165
Shareholders' Equity		
Share capital (Note 5(a))	375,885	375,885
Contributed surplus	159,058	159,058
Accumulated other comprehensive loss	(2,364)	(3,782)
Deficit	(508,974)	(506,949)
	23,605	24,212
	\$ 24,539	\$ 24,377

Nature of Operations (Note 1)
Subsequent Event (Note 8)

Approved on behalf of the Board:

"Mr. Joseph Connolly"
Director

"Dr. Charles Entrekín"
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 March 31,		Nine Months Ended March 31,	
	2014	2013	2014	2013
Administrative Expenses				
Office and administration (Note 6)	\$ 1,217	\$ 229	\$ 2,223	\$ 921
Loss before other expenses and income taxes	(1,217)	(229)	(2,223)	(921)
Other Income (Expense)				
Interest income	75	77	222	207
Foreign exchange gain (loss)	(28)	2	(24)	(3)
	47	79	198	204
Loss from continuing operations	(1,170)	(150)	(2,025)	(717)
Income from discontinued operations	-	281	-	1,141
Net (loss) income for the period	\$ (1,170)	\$ 131	\$ (2,025)	\$ 424
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	1,181	-	1,418	(1,891)
Total comprehensive gain/(loss)	\$ 11	\$ 131	\$ (607)	\$ (1,467)
Per common share, basic and fully diluted:				
(Loss) income from continuing operations	\$ (0.007)	\$ (0.001)	\$ (0.012)	\$ (0.004)
(Loss) Income from discontinued operations	\$ 0.000	\$ 0.002	\$ 0.000	\$ 0.007
Net (loss) income	\$ (0.007)	\$ 0.001	\$ (0.012)	\$ 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	-	-	-	-	424	424
Unrealized loss on available-for-sale financial assets	-	-	-	(1,891)	-	(1,891)
Balance, March 31, 2013	173,380,974	\$ 375,885	\$ 159,058	\$ (2,836)	\$ (506,809)	\$ 25,298
Balance, June 30, 2013	173,380,974	\$ 375,885	\$ 159,058	\$ (3,782)	\$ (506,949)	\$ 24,212
Net loss	-	-	-	-	(2,025)	(2,025)
Unrealized gain on available-for-sale financial assets	-	-	-	1,418	-	1,418
Balance, March 31, 2014	173,380,974	\$ 375,885	\$ 159,058	\$ (2,364)	\$ (508,974)	\$ 23,605

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 Nine Months Ended March 31,	2014	2013
Cash and cash equivalents (used in) provided by:		
Operating Activities		
Net loss from continuing operations	\$ (2,025)	\$ (717)
Non-cash items included in net loss:		
Changes in non-cash working capital balances	754	(24)
Loan receivable	(505)	-
Cash flows from continuing operations	(1,776)	(741)
Cash flows from discontinued operations	-	1,142
Cash flows from operating activities	(1,776)	401
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	(1,776)	701
Cash and cash equivalents, beginning of period	22,877	22,333
Cash, end of period	\$ 21,101	\$ 23,034

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

Melior Resources Inc.

Notes to Condensed Interim Financial Statements

Nine Months Ended March 31, 2014 and 2013

(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 March 31, 2014, Pala Investments Limited ("Pala") owned directly or indirectly 54.52% of the Corporation's issued and outstanding common shares.

On March 31, 2014, the Company entered into a share sale and purchase agreement (the "Share Purchase Agreement") with respect to the acquisition of 100% of the issued and outstanding shares of Belridge Enterprises Pty Ltd ("Belridge").

Belridge is an Australian incorporated company which owns the Goondicum Ilmenite Project located in Queensland, Australia. The Proposed Transaction will constitute a "Change of Business" transaction of the Corporation in accordance with Policy 5.2 of the TSX Venture Exchange ("the Exchange").

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 May 27, 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 Nine Months Ended March 31, 2014 and 2013 (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 Nine Months Ended March 31, 2014 and 2013 (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. Loan Receivable

Pursuant to an amended loan agreement dated March 21, 2014, the Company advanced \$500 to Belridge for working capital purposes, bearing interest at a rate of 15% per annum. The loan is due June 30, 2014 and secured by a general security agreement over Belridge assets. As at March 31, 2014, \$5 interest had accrued under the terms of the credit facility.

5. 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 March 31, 2014	173,380,974	\$ 375,885

(b) Stock Options

As at March 31, 2014, 15,628,097 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 March 31, 2013	3,390,000	\$ 0.25
Balance, June 30, 2013	2,010,000	\$ 0.31
Expired	(300,000)	\$ 1.13
Balance, March 31, 2014	1,710,000	\$ 0.17

Melior Resources Inc.

Notes to Condensed Interim Financial Statements Nine Months Ended March 31, 2014 and 2013 (Expressed in Thousands of Canadian Dollars) (Unaudited)

5. Share Capital (Continued)

(c) Stock Options (Continued)

As at March 31, 2014 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
Sept. 21, 2018	1,710,000	1,710,000	4.48	0.17

6. General and Administrative

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2014	2013	2014	2013
Investigation of prospective investments	\$ 1,001	\$ -	\$ 1,503	\$ 19
Directors fees	64	66	180	165
Salaries and benefits	66	63	189	205
General and office	30	22	123	70
Professional fees	25	55	121	385
Insurance	8	6	23	18
Filing and regulatory fees	18	11	38	43
Travel	5	6	46	16
	\$ 1,217	\$ 229	\$ 2,223	\$ 921

7. Related Party Transactions

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2014	2013	2014	2013
Salaries and benefits	\$ 66	\$ 63	\$ 189	\$ 196
Directors fees	\$ 64	\$ 66	\$ 180	\$ 165
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 nine months ended March 31, 2014 the Corporation incurred consultancy fees of US\$145,888 and US\$345,888, respectively, under the terms of the Advisory Services Agreement. Included in accounts payable and accrued liabilities as at March 31, 2014 is US\$145,888 (June 30, 2013 - \$Nil) pertaining to these fees and reimbursable expenses.

Melior Resources Inc.

Notes to Condensed Interim Financial Statements Nine Months Ended March 31, 2014 and 2013 (Expressed in Thousands of Canadian Dollars) (Unaudited)

8. Subsequent Event

On May 5, 2014, the Company announced that Belridge had entered into an agreement to purchase a 1.0125% royalty from Goody Investments Pty Ltd (“Goody”) on the gross income from all ilmenite and apatite sold from the Goondicum project. Goody will maintain a royalty interest over other minerals on the property. Belridge will pay Goody AUS\$600,000 for the royalty interest.

The purchase of the royalty by Belridge was funded through the extension of the existing short term financing facility between Melior and Belridge. The loan has been increased by a further C\$900,000, to a total of C\$1,400,000, to include the payment of the royalty and to fund ongoing operational costs through to closing of acquisition of Belridge.

On May 15, 2014 the Company received final approval from the TSX Venture Exchange and has completed the acquisition of 100% of the issued and outstanding share of Belridge Enterprises Pty. Ltd owner of the Goondicum ilmenite project.