



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

NOTICE TO READER

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

Melior Resources Inc.

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

As at	September 30, 2015	June 30 2015
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,137	\$ 3,676
Prepaid expenses and other receivables	423	1,166
Inventories (Note 6)	91	85
	1,651	4,927
Non-Current Assets		
Investment in Asian Mineral Resources Limited (Note 4)	1,655	2,127
Deposits (Note 5)	1,606	1,209
Property, plant and equipment (Note 3)	11,670	11,842
Mineral properties (Note 7)	9,720	7,829
	\$ 26,302	\$ 27,934
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 11 and 14)	\$ 1,703	\$ 4,060
Current portion of obligation under finance leases (Note 8)	82	54
Loan Payable (Note 10)	2,513	-
	4,298	4,114
Non-Current Liabilities		
Long-term portion of finance leases (Note 8)	6	48
Decommissioning liability (Note 9)	800	819
	5,104	4,981
Shareholders' Equity		
Share capital (Note 12(a))	381,027	381,027
Contributed surplus	159,058	159,058
Accumulated other comprehensive loss	(4,821)	(4,047)
Deficit	(514,066)	(513,085)
	21,198	22,953
	\$ 26,302	\$ 27,934

Nature of Operations and Going Concern (Note 1) Commitments and Contingencies (Note 11)

Approved on behalf of the Board:

"Joseph Connolly"
Director

"Mark McCauley"
Director

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

Melior Resources Inc.

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

For the Three Months Ended September 30,	2015	2014
Administrative Expenses		
Office and administration (Note 13 and 14)	\$ 674	\$ 752
Depreciation (Note 3)	227	179
Loss before other income, (expenses)	(901)	(931)
Other Income (Expense)		
Interest income	5	72
Interest expense	(58)	(2)
Foreign exchange (loss)/gain	(27)	(1)
	(80)	69
Net Loss For The Period	\$ (981)	\$ (862)
Other Comprehensive Loss		
Items that will be reclassified subsequently into income:		
Foreign currency translation adjustment	(346)	(685)
Unrealized loss on available-for-sale financial assets	(428)	(945)
	(774)	(1,630)
Total Comprehensive Loss	\$ (1,755)	\$ (2,492)
Loss per common share, basic and fully diluted	\$ (0.005)	\$ (0.004)
Weighted average number of shares outstanding	211,468,945	211,468,945

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

Melior Resources Inc.

Condensed Interim Consolidated 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, 2014	211,468,945	\$ 381,027	\$ 159,058	\$ (2,874)	\$ (510,150)	\$ 27,061
Foreign currency translation adjustment	-	-	-	(685)	-	(685)
Net loss for the period	-	-	-	-	(862)	(862)
Unrealized gain on available-for-sale financial assets	-	-	-	(945)	-	(945)
Balance, September 30, 2014	211,468,945	\$ 381,027	\$ 159,058	\$ (4,504)	\$ (511,012)	\$ 24,569
Balance, June 30, 2015	211,468,945	381,027	159,058	(4,047)	(513,085)	22,953
Foreign currency translation adjustment	-	-	-	(346)	-	(346)
Net loss for the period	-	-	-	-	(981)	(981)
Unrealized loss on available-for-sale financial assets	-	-	-	(428)	-	(428)
Balance, September 30, 2015	211,468,945	\$ 381,027	\$ 159,058	\$ (4,821)	\$ (514,066)	\$ 21,198

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

Melior Resources Inc.

Condensed Interim Consolidated Statements of Cash Flows (Expressed in Thousands of Canadian Dollars) (Unaudited)

For the Three Months Ended September 30,	2015	2014
Cash and cash equivalents (used in) provided by:		
Operating Activities		
Cash paid to suppliers, employees, and others	\$ (2,912)	\$ (1,407)
Interest received	5	46
Cash flows from operating activities	(2,907)	(1,361)
Investing Activities		
Payments for property, plant and equipment	(206)	(1,075)
Payments for mineral properties	(1,739)	(59)
Cash flows from investing activities	(1,945)	(1,134)
Financing Activities		
Loan proceeds	2,445	-
Arrangement fee on loan	(132)	-
Cash flows from financing activities	2,313	-
Change in cash and cash equivalents during the period	(2,539)	(2,495)
Cash and cash equivalents, beginning of period	3,676	18,544
Cash and cash equivalents, end of period	\$ 1,137	\$ 16,049

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

Melior Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended September 30, 2015 and 2014

(Expressed in Thousands of Canadian Dollars)

(Unaudited)

1. Nature of Operations and Going Concern

Melior Resources Inc., (the "Corporation"), is a Canadian 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.

These consolidated interim financial statements have been prepared under the assumption that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Corporation has incurred ongoing losses and had a cumulative deficit of \$514,066 as at September 30, 2015 (June 30, 2015 - \$513,085). The continuing operations of the Corporation are dependent upon its ability to continue to raise adequate financing, to commence profitable operations in the future, and repay its liabilities arising from normal business operations as they become due. These material uncertainties may cast significant doubt upon the Corporation's ability to continue as a going concern.

As at September 30, 2015, Pala Investments Limited ("Pala") owned directly or indirectly 44.7% of the Corporation's issued and outstanding common shares.

2. 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 IFRS Interpretations Committee ("IFRIC"). These condensed interim consolidated 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 consolidated financial statements are based on IFRS issued and outstanding as of November 18, 2015, 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, 2015. Any subsequent changes to IFRS that are given effect in the Corporation's annual financial statements for the year ending June 30, 2016 could result in restatement of these condensed interim financial statements.

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

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for annual periods commencing after January 1, 2014 or later periods. Many are not applicable or do not have a significant impact to the Corporation and have been excluded from the table below. The following have not yet been adopted and are being evaluated to determine their impact on the Corporation and the expected adoption date.

- (i) 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 Corporation is in the process of assessing the impact of this pronouncement.

Melior Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended September 30, 2015 and 2014

(Expressed in Thousands of Canadian Dollars)

(Unaudited)

3. Property, Plant and Equipment

Cost	Vehicles	Plant and Equipment	Total
Balance, June 30, 2014	\$ 325	\$ 3,850	\$ 4,175
Additions	168	8,704	8,872
Foreign exchange	(11)	(330)	(341)
Balance, June 30, 2015	\$ 482	\$ 12,224	\$ 12,706
Additions	-	206	206
Foreign exchange	(10)	(253)	(263)
Balance, September 30, 2015	\$ 472	\$ 12,177	\$ 12,649
Accumulated Depreciation			
Balance, June 30, 2014	\$ 15	\$ 55	\$ 70
Depreciation	82	712	794
Balance, June 30, 2015	\$ 97	\$ 767	\$ 864
Depreciation	23	92	115
Balance, September 30, 2015	\$ 120	\$ 859	\$ 979
Carrying Value			
At June 30, 2015	\$ 385	\$ 11,457	\$ 11,842
At September 30, 2015	\$ 352	\$ 11,318	\$ 11,670

4. 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.

5. Deposits

As at	September 30, 2015	June 30 2015
Term Deposits - Ergon utility deposit	\$ 233	\$ 238
Term Deposits - State of Queensland (Note 12)	1,334	932
Office lease deposit	39	39
	\$ 1,606	\$ 1,209

Melior Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended September 30, 2015 and 2014

(Expressed in Thousands of Canadian Dollars)

(Unaudited)

6. Inventories

As at	September 30, 2015	June 30 2015
Supplies	\$ 91	\$ 85

7. Mineral Properties

	Three Months Ended September 30, 2015	Year Ended June 30, 2015
Opening balance	\$ 7,829	\$ 3,320
Additions	1,739	4,646
Depreciation	112	712
Pre-production revenue	(54)	(890)
Change in decommissioning estimate	-	192
Foreign exchange	94	(151)
Closing balance	\$ 9,720	\$ 7,829

The Goondicum ilmenite Project comprises two mining leases located in Central Queensland, Australia and is wholly-owned by Goondicum Resources. Goondicum Resources mined the deposit for a period of nine months between fiscal 2012 and 2013 before placing the mine on care and maintenance in June of 2013. Goondicum Resources commenced the upgrade and the necessary work to restart the Goondicum mine, in August 2014. Goondicum Resources commenced mineral commissioning of the upgraded Goondicum mine processing facility in April 2015.

In August of 2015 the Corporation suspended operations at its Goondicum operations due to unfavourable movements in the ilmenite market. Consequently, the Corporation undertook an impairment test on the cash generating unit being the plant, property and equipment and mineral properties. For the impairment test, a value in use model ("VIU") was used to determine the recoverable amount as this was expected to be higher than sale value less costs of disposal.

The key assumptions and estimates used in determining the VIU were calculated using discounted after-tax cash flows based on cash flow projections in the Corporation's current life of mine plans. These projected cash flows were based on the latest expectation of future ilmenite prices, future capital expenditures, production costs estimates, discount rates and exchange rates. VIU was determined by calculating the net present value ("NPV") of the future cash flows expected to be generated by the mine. The key assumptions used by the Corporation for impairment testing are: ilmenite price per tonne US\$145-US\$220; discount rate of 20%; life of mine years of 13. For the three months ended September 30, 2015, impairment charges totalled \$nil (September 30, 2014 - \$nil). Management continues to monitor and assess impairment of the Corporation's assets, particularly in light of the weakness in the ilmenite market.

8. Obligation Under Finance Leases

As at	September 30, 2015	June 30 2015
Obligation under finance leases	\$ 88	\$ 102
Less: Current portion	(82)	(54)
Long-term portion	\$ 6	\$ 48

Melior Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended September 30, 2015 and 2014

(Expressed in Thousands of Canadian Dollars)

(Unaudited)

9. Decommissioning Liability

For the Corporation, asset retirement obligations primarily relate to the dismantling of the Goodicum Ilmenite Project. The estimate of future site removal and restoration costs depends on the development of environmentally acceptable mine closure plans. A summary of the changes in the provision for reclamation liabilities is set out below.

	Three Months Ended September 30, 2015	Year Ended June 30, 2015
Opening balance	\$ 819	\$ 638
Accretion	-	22
Re-measurement of estimate	-	192
Foreign exchange	(19)	(33)
Closing balance	\$ 800	\$ 819

The mine closure provision liability is based upon numerous estimates and assumptions, as follows:

- (a) Total undiscounted amount of future retirement costs was determined to be \$1,282;
- (b) Weighted average risk-free interest rate at 3.25%; and
- (c) The \$863 undiscounted provision is expected to be fully disbursed in fiscal 2029.

The Corporation has posted rehabilitation deposits totalling \$1,334 with the State of Queensland as security for the Corporation's obligation under the mine closure plan.

10. Loan Payable

On August 17, 2015, the Corporation entered into a US\$5,000 loan facility agreement with Pala Investments Limited, bearing interest at 10% per annum, a term of 365 days from the first draw down, and subject to a commitment fee equal to 2% of the unused portion of the loan facility, calculated daily. The Corporation paid Pala an arrangement fee of US\$100, upon the initial draw down against the loan facility. The Loan facility is secured by the assets of the Corporation.

Initial draw down on facility, August 29, 2015	\$ 2,445
Interest	23
Commitment fee on unused portion of loan facility	12
Foreign exchange	33
Balance, September 30, 2015	\$ 2,513

Melior Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended September 30, 2015 and 2014

(Expressed in Thousands of Canadian Dollars)

(Unaudited)

11. Commitments and Contingencies

There are currently two separate entities that have a contractual entitlement to receive a royalty based on the gross income of Goondicum Resources derived from all mineral sales from tenements. The total of these royalties is 1.2375% of gross income. A third entity holds the right to receive a gross income royalty of 1.0125% of gross income derived from tenements on all minerals except ilmenite and apatite.

Goondicum Resources pays the state government a royalty of 5% of the revenue for all ilmenite sales and approximately \$A0.80/tonne for all phosphate rock sales. Included in accounts payable and accrued liabilities is A\$494 (\$465) (June 30, 2015 - A\$494 (\$475)) pertaining to production royalties.

A separate entity is also entitled to a success fee of A\$419 (\$394) if gross revenues of Goondicum Resources exceed A\$23,000 (\$21,625) in any rolling 12 month period.

Litigation

In March 2005 Adobe Ventures Inc. ("**Adobe**") (the predecessor entity to Coalcorp Inc. ("**Coalcorp**") and Melior) entered into an agreement (the "**Advisory Agreement**") with Rothschild pursuant to which Rothschild agreed to provide Adobe with financial advisory services in connection with its proposed acquisition of all of the share capital of Carbones Colombianos de Cerrejon SA ("**Carbones**"). In September 2005, Adobe withdrew from the Advisory Agreement and, shortly thereafter, acquired Andean Coal Corporation B.V.I., which had previously acquired the right to purchase the entire capital of Carbones. On July 3, 2006 Rothschild filed a notice of claim in the Court of Milan claiming payment against Coalcorp in the amount of €436,811 plus interest and expenses. Coalcorp successfully defended the claim ultimately obtaining a favourable ruling from the Court of Milan on March 4, 2011. On April 20, 2012, Rothschild filed a notice of appearance before the Court of Appeal of Milan seeking to overturn the initial judgment. Rothschild's appeal is predicated on the assertion that the individual who provided an oral declaration terminating the Advisory Agreement on behalf of Adobe did not have the requisite authority and that, in any case, Coalcorp acquired Carbones. Melior filed its notice of appearance on December 20, 2012 and appeared before the Court of Appeal of Milan on February 28, 2013 and again on May 21, 2015. Melior has asked the court to reject Rothschild's appeal and confirm the initial ruling of the Court of Milan.

12. 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, 2014 and June 30, 2015,	211,468,945	\$ 381,027
Balance, June 30, 2015 and September 30, 2015	211,468,945	\$ 381,027

Melior Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended September 30, 2015 and 2014

(Expressed in Thousands of Canadian Dollars)

(Unaudited)

12. Share Capital (Continued)

(b) Stock Options

As at September 30, 2015, 19,436,895 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, 2014 and September 30, 2014	1,710,000	\$ 0.17
Balance, June 30, 2015 and September 30, 2015	1,710,000	\$ 0.17

As at September 30, 2015 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	2.98	\$ 0.17

13. General and Administrative

For the Three Months Ended September 30,	2015	2014
Investigation of actual and prospective investments	\$ -	\$ 54
Salaries and benefits	367	327
Professional fees	132	49
Directors fees	16	33
General and office	128	123
Travel	6	23
Filing and regulatory fees	5	6
Environmental compliance	-	58
Insurance	20	32
Utilities and fuel	-	24
Repairs and maintenance	-	23
	\$ 674	\$ 752

Melior Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended September 30, 2015 and 2014

(Expressed in Thousands of Canadian Dollars)

(Unaudited)

14. Related Party Transactions and Balances

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

For the three months ended September 30,	2015	2014
Salaries and benefits	\$ 93	\$ 109
Directors fees	\$ 16	\$ 33

The Corporation and Goondicum Resources have entered into an Advisory Services Agreement with Pala Investments Limited (a significant shareholder) ("Pala") to provide the Corporation with consultancy support in evaluating potential capital investments and Goondicum Resources with support advisory services. During the three months ended September 30, 2015 the Corporation incurred consultancy fees of US\$25 (three months ended September 30, 2014 - \$25), under the terms of the Advisory Services Agreement, included in office and administration expenses. Additionally, the Corporation paid US\$100 (\$132) as an arrangement fee for the loan payable undertaken on August 27, 2015 (three months ended September 30, 2015 - \$nil). Included in accounts payable and accrued liabilities as at September 30, 2015 is US\$25 (June 30, 2015 - US\$55) pertaining to these fees and reimbursable expenses.

15. Segmented Information

The Corporation operates in one segment and has one head office segment - the exploration and development of mineral properties, which are located in Australia. Identifiable assets are:

September 30, 2015	Canada	Australia	Total
Property, plant and equipment	\$ -	\$ 11,670	\$ 11,670
Mineral properties	-	9,720	9,720
Corporate and other assets	2,564	2,348	4,912
Total assets	\$ 2,564	\$ 23,738	\$ 26,302
Net loss for the three months ended September 30, 2015	\$ (275)	\$ (706)	\$ (981)

June 30, 2015	Canada	Australia	Total
Property, plant and equipment	\$ -	\$ 11,842	\$ 11,842
Mineral properties	-	7,829	7,829
Corporate and other assets	4,084	4,179	8,263
Total assets	\$ 4,084	\$ 23,850	\$ 27,934
Net loss for the three months ended September 30, 2014	\$ (186)	\$ (676)	\$ (862)