CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

(EXPRESSED IN CANADIAN DOLLARS)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Melior Resources Limited were prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the financial statements. Management acknowledges responsibility for the preparation and presentation of the annual consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Corporation's circumstances. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements and (ii) the consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Corporation, as of the date of and for the periods presented by the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Corporation and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Corporation. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Corporation for issuance to the shareholders.

Management recognizes its responsibility for conducting the Corporation's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

MSCM LLP
Accountants & Advisors for a Complex World

Independent Auditors' Report

To the Shareholders of
Melior Resources Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Melior Resources Inc., which comprise the consolidated statements of financial position as at June 30, 2012, June 30, 2011 and July 1, 2010 and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years ended June 30, 2012 and 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Melior Resources Inc. as at June 30, 2012, June 30, 2011 and July 1, 2010 and its financial performance and its cash flows for the years ended June 30, 2012 and 2011 in accordance with International Financial Reporting Standards.

Signed: ***"MSCM LLP"***

Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
October 16, 2012

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Melior Resources Inc.

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

As at	**June 30, 2012**	June 30, 2011	July 1, 2010
Assets			
Current Assets			
Cash and cash equivalents	**$ 22,333**	$ 30,827	$ 19,218
Accounts receivable	**-**	-	99
Prepaid expenses and deposits	**113**	242	103
Restricted cash (Note 6)	**-**	-	8,384
Due from Asian Mineral Resources Limited (Note 9)	**300**	-	-
Investment in Formation Metals Inc. (Note 7)	**-**	1,211	-
Investment in Oracle Mining Corp (Note 8)	**-**	7,589	-
Assets of discontinued operations (Note 5)	**-**	3,937	19,211
	22,746	43,806	47,015
Investment in Formation Metals Inc. (Note 7)	**-**	-	7,865
Investment in Asian Mineral Resources Limited (Note 9)	**4,255**	-	-
	$ 27,001	$ 43,806	$ 54,880
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	**$ 236**	$ 3,245	$ 4,388
Current portion of bonds payable (Note 10)	**-**	8,057	-
Liabilities of discontinued operations (Notes 1 and 5)	**-**	418	4,483
	236	11,720	8,871
Long-term debt (Note 10)	**-**	-	8,530
Liabilities of discontinued operations (Notes 1 and 5)	**-**	-	210
	236	11,720	17,611
Shareholders' Equity			
Share capital (Note 11(a))	**375,885**	375,836	375,836
Contributed surplus	**159,058**	158,633	158,633
Accumulated other comprehensive loss	**(945)**	(8)	-
Deficit	**(507,233)**	(502,375)	(497,200)
	26,765	32,086	37,269
	$ 27,001	$ 43,806	$ 54,880

Nature of Operations (Note 1)
Subsequent Events (Note 19)

Approved on behalf of the Board:

"Mr. Robert Dietrich"
Director

"Dr. Charles Entrekin"
Director

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

Melior Resources Inc.
Consolidated Statements of Operations and Comprehensive (Loss)
(Expressed in Thousands of Canadian Dollars)

For the years ended June 30,	2012	2011
Administrative Expenses		
Office and administration	$ 1,344	$ 1,573
Loss before other income (expenses) and income taxes	(1,344)	(1,573)
Other Income (Expense)		
Interest Income	210	950
Share-based compensation (Notes 4(a), 11(c))	(425)	-
Interest on bonds payable	(191)	(1,125)
Foreign exchange gain (loss)	139	(1,110)
(Loss) Gain on sale of marketable securities	(2,976)	286
Gain on disposition of convertible debenture	-	2,917
Loss on settlement with Goldman Sachs (Note 6)	-	(6,144)
	(3,243)	(4,226)
Loss from continuing operations	(4,587)	(5,799)
(Loss) Income from discontinued operations (Note 5)	(271)	624
Net loss for the year	$ (4,858)	$ (5,175)
Other Comprehensive Loss		
Re-classification adjustment for net gains and (losses) included in loss for the year	8	-
Unrealized loss on available-for-sale financial assets	(945)	(8)
Total comprehensive loss	$ (5,795)	$ (5,183)
Per common share, basic and fully diluted:		
Loss from continuing operations	$ (0.03)	$ (0.03)
(Loss) Income from discontinued operations	$ (0.00)	$ 0.00
Net loss	$ (0.03)	$ (0.03)
Weighted average number of shares outstanding	173,288,773	173,007,049

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

Melior Resources Inc.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Thousands of Canadian Dollars)

	Common Shares Number	Common Shares Amount	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total
Balance, July 1, 2010	**173,007,049**	**$ 375,836**	**$ 158,633**	**$ -**	**$ (497,200)**	**$ 37,269**
Net loss	-	-	-	-	(5,175)	(5,175)
Unrealized (loss) on available-for-sale financial assets	-	-	-	(8)	-	(8)
Balance, June 30, 2011	**173,007,049**	**$ 375,836**	**$ 158,633**	**$ (8)**	**$ (502,375)**	**$ 32,086**
Issued during the period	373,925	49	-	-	-	49
Stock-based compensation	-	-	425	-	-	425
Net loss	-	-	-	-	(4,858)	(4,858)
Re-classification adjustment for net gains and (losses) included in loss for the year	-	-	-	8	-	8
Unrealized loss on available-for-sale financial assets	-	-	-	(945)	-	(945)
Balance, June 30, 2012	**173,380,974**	**$ 375,885**	**$ 159,058**	**$ (945)**	**$ (507,233)**	**$ 26,765**

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

Melior Resources Inc.
Consolidated Statements of Cash Flows
(Expressed in Thousands of Canadian Dollars)

For the years ended June 30,	2012	2011
Cash and cash equivalents (used in) provided by:		
Operating Activities		
Net loss from continuing operations	$ (4,587)	$ (5,799)
Non-cash items included in net loss:		
Stock-based compensation	425	-
Shares issued for non-cash consideration	49	-
Foreign exchange (gain) loss	165	(682)
Loss (gain) on sale of marketable securities	2,976	(284)
Gain on disposition of convertible debenture	-	(2,970)
Loss on settlement with Goldman Sachs	-	6,241
Convertible debenture interest settled in shares	-	(968)
Changes in non-cash working capital balances:	120	(919)
Cashflows from continuing operations	(852)	(5,381)
Cashflows from discontinued operations	(1,243)	1,427
Cashflows from operating activities	(2,095)	(3,954)
Investing Activities		
Acquisition of marketable securities	-	(7,848)
Acquisition of investment in Asian Mineral Resources Limited	(5,200)	-
Advances to Asian Mineral Resources Limited	(300)	-
Proceeds on settlement with Goldman Sachs	-	1,772
Proceeds on disposition of convertible debenture.	-	9,500
Proceeds on sale of marketable securities	6,236	847
Cash flows from continuing operations	736	4,271
Cash flows from discontinued operations	-	10,264
Cash flows from investing activities	736	14,535
Financing Activities		
Repayment of long-term debt	(8,592)	-
Financing cash flows from continuing operations	(8,592)	-
Financing cash flows from discontinued operations	-	-
Cash flows from financing activities	(8,592)	-
Foreign exchange loss on cash held in foreign currency	214	628
Change in cash and cash equivalents during the year	(9,737)	11,209
Cash and cash equivalents, beginning of year	32,070	20,861
Cash and cash equivalents, end of year	$ 22,333	$ 32,070

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

Melior Resources Inc.
Consolidated Statements of Cash Flows (Continued)
(Expressed in Thousands of Canadian Dollars)

For the years ended June 30,		**2012**		2011
Cash and cash equivalents are comprised of:				
Cash and cash equivalents - continuing operations	**$**	**22,333**	$	30,827
Cash and cash equivalents - discontinued operations	**$**	**-**	$	1,243
	$	**22,333**	$	32,070

Cash and cash equivalents consist of the following:				
Cash	**$**	**167**	$	10,741
Short-term investments	**$**	**22,166**	$	21,329
	$	**22,333**	$	32,070

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.

On September 28, 2011, the Corporation changed its name to Melior Resources Inc. Effective September 29, 2011, the common shares and warrants commenced trading on the TSXV under the symbols MLR and MLR.WT.B, respectively.

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.

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 all of Melior's off-shore subsidiaries for gross proceeds of $0.001. After cash costs of $75, the Corporation reported a net loss on disposition of $275.

2. Statement of Compliance

The Corporation prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") which require publicly accountable enterprises to apply these standards effective for years beginning on or after January 1, 2011. Accordingly, these are the Corporation's first annual financial statements prepared in accordance with IFRS as issued by the IASB and have been prepared in accordance with IFRS 1, First Time Adoption of Financial Reporting Standards ("IFRS 1") as discussed in note 16.

Subject to certain transition elections and exceptions noted in note 16, the Corporation has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at July 1, 2010 throughout all periods presented, as if these policies had always been in effect. Note 16 discloses the impact of the transition to IFRS on the Corporation's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Corporation's financial statements for the year ended June 30, 2011 prepared under Canadian Generally Accepted Accounting Principles.

The consolidated financial statements were authorized for issue by the Audit Committee on behalf of the Board of Directors of the Corporation on October 15, 2012.

These financial statements are presented in Canadian dollars.

3. Significant Accounting Policies

(a) Basis of presentation:

These consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified as at fair value through profit or loss or available-for-sale, which are measured at fair value.

(b) Basis of consolidation:

These consolidated financial statements include the accounts of the Corporation and its subsidiaries, all of which are wholly-owned. All significant intercompany transactions and balances have been eliminated.

3. Significant Accounting Policies (Continued)

(c) Translation of foreign currencies:

The Corporation's functional and presentation currency is the Canadian dollar. Functional currency is also determined for each of the Corporation's subsidiaries, and items included in the financial statements of the subsidiary are measured using that functional currency. The functional currency of all of Corporation's subsidiaries has also been determined to be the Canadian dollar.

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities not denominated in the functional currency are translated at the period end rates of exchange. Foreign exchange gains and losses are recognized in the statement of operations and comprehensive loss.

(d) Financial Instruments:

The Corporation recognizes financial assets and financial liabilities when the Corporation becomes a party to a contract.

Measurement in subsequent years depends on the classification of the financial instrument.

i) Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management (fair value option), or if they are derivative assets that are not part of an effective and designated hedging relationship. Financial assets classified as FVTPL are measured at fair value, with changes recognized in the consolidated statements of operations and comprehensive loss.

The Corporation's financial assets classified as FVTPL include cash and cash equivalents, restricted cash and the embedded derivative component (conversion feature) of the investment in Formation Metals.

ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such by management or not classified in any of the other categories. Available-for-sale financial assets are measured at fair value with changes recognized in other comprehensive income. Upon sale or impairment, the accumulated fair value adjustments recognized in other comprehensive income are recorded in the consolidated statements of operations.

Available-for-sale financial assets include the investment in Formation Metals Inc., investment in Oracle Mining Corp and the investment in Asian Mineral Resources Limited.

iii) Loans and receivables

Loans and receivables are non-derivative financial assets that have fixed or determinable payments and are not quoted in an active market. Subsequent to initial recognition, loans and receivables are carried at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of an instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument to the net carrying amount on initial recognition.

Accounts receivable are classified as loans and receivables.

3. Significant Accounting Policies (Continued)

(d) Financial Instruments: (Continued)

iv) Other financial liabilities

Other financial liabilities are financial liabilities that are not classified as FVTPL. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

The Corporation's financial liabilities classified as other financial liabilities include accounts payable and accrued liabilities and long-term debt.

(e) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid investments with an original maturity of ninety days or less.

(f) Income taxes:

Income taxes are determined using the assets and liability method. Under this method, deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred income tax assets are recognized to the extent that realization is considered probable.

(g) Stock-based compensation:

Stock options granted are settled with shares of the Corporation. The expense is determined based on the fair value of the award granted and recognized over the period when services are received, which is usually the vesting period. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period. At the end of each reporting period, the Corporation re-assesses its estimates of the number of awards that are expected to vest and recognizes the impact of the revisions in the statement of operations and comprehensive loss.

(h) Per share information:

Basic loss per share is computed by dividing the loss for the year available to common shareholders by the weighted average number of shares outstanding during the years. Diluted loss per share is computed similarly to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the years. Options and warrants are anti-dilutive and, therefore, have not been taken into account in the per share calculations.

3. Significant Accounting Policies (Continued)

Future Accounting Changes

The following accounting pronouncements have been released but have not yet been adopted by the Corporation.

(a) IFRS 9 Financial Instruments

In November 2009, the IASB issued, and subsequently revised in October 2010, IFRS 9 Financial Instruments (IFRS 9) as a first phase in its ongoing project to replace IAS 39. IFRS 9, which is to be applied retrospectively, is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

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. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The standard also adds guidance on the classification and measurement of financial liabilities. Management has not yet determined the potential impact the adoption of IFRS 9 will have on the Corporation’s consolidated financial statements.

(b) IFRS 13 Fair Value Measurement

On May 12, 2011, the IASB issued IFRS 13 Fair Value Measurement (IFRS 13). IFRS 13, which is to be applied prospectively, is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

IFRS 13 defines fair value, provides a framework for measuring fair value and includes disclosure requirements for fair value measurements. IFRS 13 will be applied in cases when another IFRS requires (or permits) fair value measurement. Management has not yet determined the potential impact that the adoption of IFRS 13 will have on the Corporation’s consolidated financial statements.

(c) Presentation of Financial Statements

In June 2011, the IAS made amendments to IAS 1, "Presentation of Financial Statements", which will require companies to group items presented in Other Comprehensive Income on the basis of whether they will or will not be subsequently reclassified to profit or loss. The amended version of IAS 1 is effective for the annual periods beginning on or after July 1, 2012, with earlier adoption permitted. The Corporation expects the amendment to IAS 1 to have minimal impact on the Corporation's consolidated financial statements and anticipates adopting the standard in the first quarter of fiscal 2013.

(d) Other

In May 2011, the IASB issued IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. The Corporation does not believe the changes resulting from these new standards are relevant to its consolidated financial statements.

In June 2011, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 19 Employee Benefits, primarily related to accounting for defined benefit pension plans. The Corporation does not believe the changes resulting from these amendments will have an impact on its consolidated financial statements.

4. Critical Accounting Estimates and Judgements

The preparation of these consolidated financial statements requires the Corporation to apply judgment when making estimates and assumptions that affect the reported amounts recognized in the financial statements. These estimates have a direct effect on the measurement of transactions and balances recognized in the financial statements. Actual results could differ from estimates.

In addition, the Corporation has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the financial statements.

(a) Share-based compensation

Management is required to make certain estimates when determining the fair value of stock options awards and the number of awards that are expected to vest. These estimates affect the amount recognized as stock-based compensation in the statement of operations. For the year ended June 30, 2012 the Corporation recognized $425 of stock-based compensation expense (2011 - $Nil).

(b) Income Taxes

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only become final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

5. Sale of La Francia I and II and Discontinued Operations

On May 14, 2008, the Corporation announced that it had determined that all assets not core to the objectives of its new strategic plan would be disposed of or wound down. In particular, this meant the disposition of the Caypa mine and the Cartagena port lands and associated port license. Accordingly, these businesses are classified as discontinued operations.

On June 27, 2008, the Corporation through its subsidiary, Andean Coal Corporation BVI ("Andean"), entered into a sale and purchase agreement ("SPA") with Xira, a Corporation incorporated in Panama, to sell 40% of its interest in Carbones Colombianos del Cerrejon S.A. ("CCC"), the holder of the mining contract at Caypa. Consideration consisted of up to $25.0 million, payable in tranches, as well as the payment of a $1.00 per tonne sales commission on all coal sold by CCC. Under the SPA, Andean transferred 40% of its shareholding in CCC to Xira in consideration for the immediate payment of $1.0 million. Subsequent payments of $7.0 million, $6.0 million and $6.0 million were required to be made 13, 22 and 25 months, respectively, from the closing date. An additional $5.0 million payment could be received by the Corporation upon the exercise of its option to dispose of the remaining 60%, and upon the satisfaction of certain conditions, to be satisfied no later than 28 months from completion or December 31, 2010.

The Corporation, Xira and former members of the Corporation's management and other parties to various claims amongst them announced that they entered into a settlement agreement dated as of January 31, 2010 (the "Settlement Agreement") to settle all matters in dispute amongst the parties. These disputes and litigation matters have been previously disclosed in full in continuous disclosure documents, including interim and annual financial statements and other shareholder communications throughout 2009 and early 2010.

As part of the Settlement Agreement, Xira agreed to pay $34.0 million payable as follows: (i) $7.0 million on February 8, 2010, (ii) $17.0 million on March 15, 2010, (iii) $8.0 million on September 15, 2010 and (iv) $2.0 million on January 31, 2011. All payments were received as scheduled.

(Expressed in Thousands of Canadian Dollars)

5. Sale of La Francia I and II and Discontinued Operations (Continued)

The Settlement Agreement also provided that: (i) on March 15, 2010, the 40% shareholding in CCC (the owner of the Caypa Mine) held in escrow would be released to Xira and the remaining 60% shareholding in CCC held by certain of the Corporation's subsidiaries would be assigned to Xira; (ii) Andean agreed to waive its sales commission on production from the Caypa Mine and cancel any outstanding payments; (iii) Blue Pacific Assets Corp. ("Blue Pacific") agreed to terminate its royalty on production from the La Francia I Mine and cancel any outstanding royalty payments; (iv) all litigation and regulatory proceedings among the parties would be terminated; (v) all parties would release the others as part of the settlement; and (vi) the releases in favour of Xira and the former management group would be held in escrow until receipt of the final payment from Xira due on January 31, 2011. All conditions were met as of January 31, 2011.

The income from the respective discontinued operations is as follows:

Year ended June 30, 2012	La Francia I	Caypa	Cartagena	Total
Revenue	$ -	$ -	$ -	$ -
Income before income taxes	4	-	-	4
Loss on disposition, net of taxes	(275)	-	-	(275)
Net loss from discontinued operations	(271)	-	-	(271)
Basic and diluted income from discontinued operations per share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)

Year ended June 30, 2011	La Francia I	Caypa	Cartagena	Total
Revenue	$ -	$ -	$ -	$ -
Income before income taxes	624	-	-	624
Net income from discontinued operations	624	-	-	624
Basic and diluted loss from discontinued operations per share	$ 0.00	$ 0.00	$ 0.00	$ 0.00

(Expressed in Thousands of Canadian Dollars)

5. Sale of La Francia I and II and Discontinued Operations (Continued)

The carrying values of the net assets related to the discontinued operations are as follows:

June 30, 2012	La Francia I	Caypa	Cartagena	Total
Current assets	$ -	$ -	$ -	$ -
Current liabilities	-	-	-	-
Long-term liabilities	-	-	-	-
Net assets (liabilities) of discontinued operations	$ -	$ -	$ -	$ -

June 30, 2011	La Francia I	Caypa	Cartagena	Total
Current assets	$ 3,937	$ -	$ -	$ 3,937
Current liabilities	(418)	-	-	(418)
Long-term liabilities	-	-	-	-
Net assets (liabilities) of discontinued operations	$ 3,519	$ -	$ -	$ 3,519

July 1, 2010	La Francia I	Caypa	Cartagena	Total
Current assets	$ 8,731	$ 10,480	$ -	$ 19,211
Current liabilities	(4,483)	-	-	(4,483)
Long-term liabilities	-	-	(210)	(210)
Net assets (liabilities) of discontinued operations	$ 4,248	$ 10,480	$ (210)	$ 14,518

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 all of the Corporation's 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 net proceeds of $0.001 ('the Coalcorp AVV Transaction'). The Corporation incurred legal and other professional expenses of $75. As a result of the Coalcorp AVV Transaction, assets of discontinued operations of $3.9 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 date, resulting in a net loss on disposal of $275 during the year ended June 30, 2012.

6. CNRI Settlement

On March 3, 2011 the Corporation entered into a Settlement Agreement (the "CNRI Settlement") with certain affiliates of the Goldman Sachs Group, Inc. ("Goldman Sachs"), including Colombian Natural Resources I SAS ("CNRI") and Colombian Natural Resources II SAS (together with CNRI, the "CNR Parties").

In accordance with the terms of an escrow agreement dated March 19, 2010 among Computershare, Melior, and the CNR Parties, Computershare was holding USD$8,000 in escrow in connection with the Transaction and recorded on the statement of financial position as restricted cash. Upon completion of the CNRI Settlement, a payment of USD$6,231 was released by Computershare to the CNR Parties and USD$1,769 was released to Melior. This resulted in a loss of $6,144 (USD$6,231) and was recorded in the statement of operations for the year ended June 30, 2011.

(Expressed in Thousands of Canadian Dollars)

7. Investment in Formation Metals Inc.

On May 6, 2010, the Corporation invested $8,000 in an unsecured convertible debenture in Formation Metals Inc. (“Formation”). The debenture had an initial term of 18 months with an interest rate of 12%, payable in common shares in the capital of Formation (“Formation Shares”). Interest was calculated daily and payable quarterly in Formation Shares, subject to regulatory approval at a price equal to the five-day volume weighted average trading price at the time of issue.

During fiscal 2011, the Corporation redeemed $1,000 of the debenture for 666,666 Formation Shares under the terms of the conversion rights of the underlying agreement. The Corporation also received two interest payments made under the debenture in the form of an aggregate of 429,772 Formation Shares.

During the year ended June 30, 2011, the Corporation sold an aggregate of 300,800 Formation Shares for net proceeds of $670, resulting in a gain of $286.

On March 14, 2011, the Corporation completed an agreement with Formation for the prepayment of the remaining $7,000 debenture outstanding. Following this agreement, the Corporation surrendered the debenture to Formation upon receipt of $9,333 in cash and 400,000 Formation Shares. This resulted in a gain on disposition of the debenture of $2,917.

On June 30, 2011 Melior held 1,195,638 Formation Shares, with a market value of $1,211. These shares were designated as available-for-sale marketable securities on the Corporation's statement of financial position and are presented at fair market value. The Formation Shares were sold during the current period for net proceeds of $961, resulting in a loss on sale of $607 which has been recorded in the statement of operations and comprehensive loss.

The following table summarizes the value of each debenture component and the embedded derivative component of this compound financial instrument:

	June 30, 2012	June 30, 2011	July 1, 2010
Debenture component	**$ -**	$ -	$ 7,310
Embedded derivatives component	**-**	-	555
Total Investment in Formation Metals Inc.	**$ -**	$ -	$ 7,865

8. Investment in Oracle Mining Corp.

On November 8, 2010, the Corporation acquired 6,000,000 common shares of Oracle Mining Corp. ("Oracle"), a company listed on the TSXV, by means of a non-brokered private placement at a subscription price of $1.25 per common share for an aggregate cost of $7,846, including transaction costs. During fiscal 2011, the Corporation sold 123,100 shares for a net realized gain of $14, and acquired a further 119,900 shares on the open market.

On June 30, 2011, the Corporation held 5,996,800 common shares of Oracle, with a market value of $7,589.

During the year ended June 30, 2012, the Corporation sold its holdings in Oracle for net proceeds of $5,309, resulting in a loss on disposition of $2,369, which has been recorded on the statement of operations and comprehensive loss.

(Expressed in Thousands of Canadian Dollars)

9. 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").

Concurrent with the completion of the Strategic Investment, AMR and the Corporation also entered into an investor rights agreement pursuant to which AMR has granted the Corporation the right to designate one nominee to be appointed to its Board of Directors. After closing of the Strategic Investment, the Corporation owns and controls, directly and indirectly, a total of 47,272,727 AMR Shares representing approximately 13.2% 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 in full subsequent to June 30, 2012.

10. Long-term Debt

As at June 30, 2012, the principal maturities of long-term debt are as follows:

	June 30, 2012	June 30, 2011	July 1, 2010
12% senior secured guaranteed notes, due August 31, 2011	**$ -**	$ 8,057	$ 8,530
Less: current portion	**-**	(8,057)	-
	$ -	$ -	$ 8,530

The Corporation did not make the scheduled $6.9 million interest payment on its Senior Notes due on December 31, 2009 in order to preserve its cash position while it reviewed its strategic position and did not make such payment within the 30-day cure period which ended on January 31, 2010, which then resulted in an event of default under the Note Indenture. In connection with the Sale of La Francia I and II and pursuant to the terms of the Note Indenture, the Corporation made an offer on January 28, 2010 to repurchase the outstanding Senior Notes at the required 102% premium (plus any accrued interest) in accordance with the terms of the Note Indenture. Concurrently with the Restricted Asset Transfer Offer, the Corporation also made an offer to repurchase all remaining outstanding Senior Notes for 100% of the principal amount. The outstanding interest was paid prior to closing. The face value of the bonds of $8 million reflects the fair market value.

The senior guaranteed notes, including all outstanding interest payable, were repaid in full on August 31, 2011.

(Expressed in Thousands of Canadian Dollars)

11. Share Capital

(a) Authorized

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

Issued

	Number of Common Shares		Stated value
Balance, July 1, 2010 and June 30, 2011	173,007,049	$	375,836
Shares issued for services	373,925		49
Balance, June 30, 2012	**173,380,974**	**$**	**375,885**

During the year ended June 30, 2012, 373,925 shares were issued to one of the former Directors of the Corporation in accordance with a consulting agreement. These shares have been valued and recorded at the market price on the day of their issuance and the corresponding charge has been recorded in office and administration expenses.

(b) Warrants

The following summarizes the warrant activity for the years ended ended June 30, 2012 and 2011:

	Number of Warrants	Weighted Average Exercise Price	
Balance, June 30, 2010	106,395,329	$	4.28
Expired	(24,642,862)		5.60
Balance, June 30, 2011	81,752,467	$	3.93
Expired	(19,878,577)		8.40
Balance, June 30, 2012	**61,873,890**	**$**	**2.50**

As of June 30, 2012, the following warrants were outstanding:

Expiry Date	Number of Warrants	Exercise Price (Cdn)
June 5, 2013	61,873,890	$ 2.50

(Expressed in Thousands of Canadian Dollars)

11. Share Capital (Continued)

(c) Stock Options

As at June 30, 2012, 17,338,097 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, July 1, 2010 and June 30, 2011	600,000	$ 1.13
Granted and issued during the year	3,875,000	0.17
Cancelled/forfeited	(1,085,000)	0.43
Balance, June 30, 2012	**3,390,000**	**$ 0.25**

The Corporation used the Black Scholes option pricing model to estimate the fair value of the options granted using the following assumptions:

Risk-free interest rate	1.85%
Expected stock price annual volatility	100.0%
Expected life	6 years
Estimated forfeiture rate	Nil
Expected dividend yield	0.0%
Fair value cost per option	$0.108

As at June 30, 2012, 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	1.74	Cdn	$ 1.50
March 27, 2014	150,000	150,000	1.74		0.75
Sept. 21, 2018	3,090,000	3,090,000	6.23		0.17
	3,390,000	**3,390,000**	**5.83**	**Cdn**	**$ 0.25**

12. Related Party Transactions

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

	2012	2011
Salaries and benefits	**$ 259**	$ 272
Share based payments	**$ 49**	$ -
Stock-based compensation	**$ 220**	$ -

(Expressed in Thousands of Canadian Dollars)

13. Income Taxes

The following table reconciles the expected tax recovery at the Canadian Federal and Provincial statutory rate of 27.25% (2011 - 30%) to the amount recognized in the statement of loss and comprehensive loss:

		2012		2011
Loss from continuing operations, before income taxes	**$**	**4,858**	$	(5,799)
Expected income tax recovery	**$**	**(1,324)**	$	(1,696)
Difference in tax rates between foreign jurisdictions and Canada		**-**		152
Non-recognition of tax assets and future tax rate reductions		**492**		(156)
Foreign exchange differences, non-deductible expenses and other		**(53)**		(123)
Gain on sale of investment not subject to taxation		**885**		-
Non-deductible settlement with Goldman Sachs		**-**		1,823
Deferred income tax recovery	**$**	**-**	$	-

Deferred income taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred income tax assets have not been recognized in respect of the following items:

		2012		2011
Non-capital loss carry-forwards	**$**	**131,084**	$	127,731
Eligible capital expenditures		**8,470**		9,107
Capital loss carry-forwards		**1,459**		-
Mineral property exploration and development		**841**		1,434
Share issue costs		**-**		1,630
Investment		**945**		-
Other		**98**		274
	$	**142,897**	$	140,176

At June 30, 2012 the Corporation had Canadian non-capital loss carried forwards of approximately $131 million for income tax purposes. The losses may be utilized to reduce future years taxable income earned in Canada and expire between 2023 and 2032. Deductible temporary differences and exploration expenditures do not expire under current tax legislation and can be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

14. Capital Disclosures

The Corporation's objectives, when managing capital, are to safeguard cash as well as maintain financial liquidity and flexibility in order to preserve its ability to meet financial obligations and deploy capital to grow its business. In the definition of capital, the Corporation includes, as disclosed on its statement of financial position: deficit of $507,233; capital stock, contributed surplus $375,885 and $159,058 respectively, and long-term debt, including the current portion, $Nil.

The Corporation's financial strategy is designed to maintain a flexible capital structure consistent with the objectives stated above and to respond to business growth opportunities and changes in economic conditions. In order to maintain or adjust its capital structure, the Corporation may purchase shares for cancellation pursuant to normal course issuer bids, issue new shares, repay outstanding debt, issue new debt (secured, unsecured, convertible and/or other types of debt instruments), refinance existing debt with different characteristics, acquire or dispose of assets or adjust the amount of cash and short-term investments balances. The Corporation is currently not subject to externally imposed capital requirements.

15. Financial Instruments

Fair Values

The investment in Formation Metals Inc. comprised a compound financial instrument. Within this investment, embedded derivatives (the conversion feature) were identified and separated ("embedded derivative component") from the host instrument. The fair value of the embedded derivative component was determined using a financial model, which considers the interdependencies among the various embedded derivatives. The fair value of the debenture component was based on the valuation date, share price of Formation at period end, share volatility, risk free interest rate, and yield.

Assets and liabilities carried at fair value must be classified using a three-level hierarchy that reflects the significance and transparency of the inputs used in making the fair value measurements. The classifications are as follows: the use of quoted market prices for identical assets or liabilities (Level 1), internal models using observable market information as inputs (Level 2) and internal models without observable market information as inputs (Level 3).

The Corporation’s financial instruments measured at fair value include cash and cash equivalents, restricted cash, Due from Asian Mineral Resources Limited, marketable securities comprising the investment in Formation Metals, Investment in Oracle Mining, and Investment in Asian Mineral Resources Limited. These financial assets are reported at Level 1 of the fair value hierarchy. The Corporation has no financial assets and liabilities measured at fair value at Level 2 or Level 3 as at June 30, 2012, June 30, 2011, or July 1, 2010.

Risk Management

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

Credit Risk

Credit risk on financial instruments arises from the potential for counterparties to default on their obligations to the Corporation. Current credit exposure relates to the loss that would be incurred if the Corporation's counterparties were to default on their current obligations. To minimize the Corporation's exposure to credit risk, the Corporation holds all its cash and cash equivalent balances at a major Canadian financial institution with an AA rating from Standard and Poors.

15. Financial Instruments

Risk Management (Continued)

Liquidity Risk

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at June 30, 2012, the Corporation had cash and cash equivalents of $22,333 (June 30, 2011 - $30,827, July 1, 2010 - $19,218) to settle current liabilities, including liabilities relating to discontinued operations, $236 (June 30, 2011 - $11,720, July 1, 2010 - $8,871). Most of the Corporation's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms.

Market Risk

Market risk is the risk of loss that may arise from changes in interest rates, foreign exchange rates and commodity prices.

(a) Interest Rate Risk

Interest on the Corporation's long-term debt and cash and cash equivalents is based on both fixed and variable rates and exposes the Corporation to interest rate risk. The Corporation has not entered into any derivative agreements to mitigate this risk. The impact in the change in interest rates of 1% in either direction at June 30, 2012 would be $223 per year on the interest earned on cash and cash equivalents.

(b) Foreign Currency Risk

As at June 30, 2012, a nominal portion of the Corporation's cash and cash equivalents were held in United States dollars, accordingly, the Corporation is not exposed to material foreign exchange risk. Derivative financial instruments are not used to reduce exposure to fluctuations in foreign exchange rates.

(c) Price Risk

The Corporation's investment in the common shares of Asian Mineral Resources Limited ("Asian") is subject to fair value fluctuations. As at June 30, 2012, if the stock price of the common shares of Asian had changed by 10% with all other variables held constant, comprehensive loss for the year would have varied by approximately $30 and reported shareholders' equity would have varied by approximately $30.

16. Transition to IFRS

Overview

First-time adoption of IFRS

The adoption of IFRS requires the application of IFRS 1, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS effective at the end of an entity's first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

The Corporation has elected to apply the following optional exemptions in its preparation of its opening IFRS consolidated statement of financial position as at July 1, 2010, the Corporation's Transition Date.

- To apply IFRS 2 Share-based Payments only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date.
- To apply IFRS 3 Business Combinations prospectively from the Transition Date, therefore not restating business combinations that took place prior to the Transition Date.
- To elect to designate certain existing financial instruments as available-for-sale as at the Transition Date.
- To elect apply IAS 21 The Effect of Changes in Foreign Exchange Rates prospectively from the Transition Date, and deem the cumulative translation differences for all foreign operations to be zero at the Transition Date.

16. Transition to IFRS (Continued)

IFRS 1 does not permit changes to estimates that have been made previously. Estimates used in the preparation of the Corporation's opening IFRS statement of financial position, and other comparative information restated to comply with IFRS, are consistent with those made previously under current Canadian GAAP.

Changes to Accounting Policies

The following summarizes the significant changes to the Corporation's accounting policies on adoption of IFRS, and the effect on the Corporation's consolidated financial statements.

Share-based Payments

In certain circumstances, IFRS requires a different measurement of share-based compensation than Canadian GAAP. In particular, IFRS requires that each tranche (that vests separately) must be treated as a separate grant and that an estimate of forfeitures be included in the determination of the expense associated with stock option grants.

Due to the nature of the Corporation's stock options, these changes in accounting policy did not have a significant impact on the Corporation's financial statements.

Financial Instruments

IFRS requires that financial instruments, except those classified as at fair value through profit and loss, be recognized net of transaction costs. Under Canadian GAAP, the Corporation's accounting policy was to expense transaction costs related to long-term debt as incurred.

The effect of applying these changes in accounting policies was a decrease in the carrying value of long-term debt and a corresponding decrease in the deficit.

Functional currency

IFRS requires that the functional currency of the Corporation and its subsidiaries be determined separately, and the process of considering factors to determine functional currency is somewhat different than Canadian GAAP.

The Corporation has determined that the functional currency under IFRS of the Corporation and all of its subsidiaries is the Canadian Dollar. Under Canadian GAAP, the functional currency of the Corporation and all of its subsidiaries was the United States Dollar. The Corporation also decided to change its presentation currency to the Canadian Dollar.

The change in the functional currency of the Corporation and all of its subsidiaries was applied retrospectively, and resulted in changes to the translation of these entities into the presentation currency. Transactions in currencies other than the Canadian Dollar are translated into Canadian Dollars using the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities not denominated in the Canadian Dollars are translated at the period end rates of exchange. Foreign exchange gains and losses are recognized in the statement of operations and comprehensive loss. Previously under Canadian GAAP, similar translation methods were used, however transactions and balances were translated into United States dollars.

16. Transition to IFRS (Continued)

Reconciliation of Canadian GAAP to IFRS

The following provides reconciliations of shareholders' equity and the comprehensive income from Canadian GAAP to IFRS for the respective periods. The adoption of IFRS did not have a material impact on the consolidated statement of cash flows.

(thousands of United States dollars)	Note	June 30, 2011	July 1, 2010
Shareholders' equity under Canadian GAAP	a)	**$ 32,839**	$ 35,431
Financial instruments - transaction costs		**19**	131
		$ 32,858	$ 35,562
Translated to Canadian Dollar Functional Currency (thousands of Canadian dollars)			
Shareholders' equity under IFRS	b)	**$ 32,086**	$ 37,269

(thousands of United States dollars)	Note	Year Ended June 30, 2011
Comprehensive income (loss) under Canadian GAAP		**$ (2,592)**
Financial instruments - transaction costs	a)	**(112)**
		$ (2,704)
Translated to Canadian Dollar Functional Currency (thousands of Canadian dollars)		
Comprehensive income under IFRS	b)	**$ (5,183)**

(a) The effect of the change in accounting policy to measure long-term debt net of transaction costs.

(b) The result, in thousands of Canadian dollars, of the change in functional currency to Canadian dollars, applied retrospectively.

16. Transition to IFRS (Continued)

Reconciliation of Canadian GAAP to IFRS (Continued)

The following provides a reconciliation of the consolidated statements of financial position and statements of operations and comprehensive loss from Canadian GAAP to IFRS at the respective dates. The IFRS adjustments are referenced to the explanatory notes directly above.

	June 30, 2010 Canadian GAAP USD (000s)	IFRS Adjustment USD (000s)	USD (000s)	July 1, 2010 Translated to CAD functional and presentation currency IFRS
		(a)		(b)
Assets				
Current assets				
Cash and cash equivalents	$ 18,338	$ -	$ 18,338	**$ 19,218**
Accounts receivable	94	-	94	**99**
Prepaid expenses and deposits	98	-	98	**103**
Restricted cash	8,000	-	8,000	**8,384**
Assets of discontinued operations	18,331	-	18,331	**19,211**
	44,861	-	44,861	**47,015**
Investment in Formation Metals Inc.	7,505	-	7,505	**7,865**
	$ 52,366	$ -	$ 52,366	**$ 54,880**
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	$ 4,187	$ -	$ 4,187	**$ 4,388**
Liabilities of discontinued operations	4,278	-	4,278	**4,483**
	8,465	-	8,465	**8,871**
Long-term debt	8,270	(131)	8,139	**8,530**
Liabilities of discontinued operations	200	-	200	**210**
	16,935	(131)	16,804	**17,611**
Shareholders' Equity				
Share capital	333,375	-	333,375	**375,836**
Contributed surplus	144,856	-	144,856	**158,633**
Deficit	(442,800)	131	(442,669)	**(497,200)**
	35,431	131	35,562	**37,269**
	$ 52,366	$ -	$ 52,366	**$ 54,880**

16. Transition to IFRS (Continued)

Reconciliation of Canadian GAAP to IFRS (Continued)

The following provides a reconciliation of the consolidated statements of financial position and statements of operations and comprehensive loss from Canadian GAAP to IFRS at the respective dates. The IFRS adjustments are referenced to the explanatory notes directly above.

	June 30, 2011 Canadian GAAP USD (000s)	IFRS Adjustment USD (000s)	USD (000s)	June 30, 2011 Translated to CAD functional and presentation currency IFRS
		(a)		(b)
Assets				
Current assets				
Cash and cash equivalents	$ 31,569	$ -	$ 31,569	**$ 30,827**
Accounts receivable	-	-	-	**-**
Prepaid expenses and deposits	247	-	247	**242**
Investment in Formation Metals Inc.	1,240	-	1,240	**1,211**
INvestment in Oracle Mining Corp.	7,772	-	7,772	**7,589**
Assets of discontinued operations	4,032	-	4,032	**3,937**
	44,860	-	44,860	**43,806**
Investment in Formation Metals Inc.	-	-	-	**-**
	$ 44,860	$ -	$ 44,860	**$ 43,806**
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	$ 3,323	$ -	$ 3,323	**$ 3,245**
Current portion of bonds payable	8,270	(19)	8,251	**8,057**
Liabilities of discontinued operations	428	-	428	**418**
	12,021	(19)	12,002	**11,720**
Shareholders' Equity				
Share capital	333,375	-	333,375	**375,836**
Contributed surplus	144,856	-	144,856	**158,633**
Accumulated other comprehensive loss	(215)	-	(215)	**(8)**
Deficit	(445,177)	19	(445,158)	**(502,375)**
	32,839	19	32,858	**32,086**
	$ 44,860	$ -	$ 44,860	**$ 43,806**

16. Transition to IFRS (Continued)

Reconciliation of Canadian GAAP to IFRS (Continued)

Year Ended June 30, 2011	Canadian GAAP USD (000s)	IFRS Adjustment USD (000s)	USD (000s)	Translated to CAD functional and presentation currency IFRS
		(a)		(b)
Administrative Expenses				
Office and administration	$ 1,566	$ -	$ 1,566	**$ 1,573**
Loss from continuing operations before other income (expenses) and income taxes	(1,566)	-	(1,566)	**(1,573)**
Other Income (Expense)				
Interest income	936	-	936	**950**
Interest on bonds payable	(1,011)	(112)	(1,123)	**(1,125)**
Foreign exchange gain (loss)	1,043	-	1,043	**(1,110)**
Gain on sale of marketable securities	284	-	284	**286**
Gain on disposition of convertible debenture	2,965	-	2,965	**2,917**
Loss on settlement with Goldman Sachs Group	(6,231)	-	(6,231)	**(6,144)**
	(2,014)	(112)	(2,126)	**(4,226)**
Net loss from continuing operations for the year, before taxes	(3,580)	(112)	(3,692)	**(5,799)**
Current income taxes	-	-	-	**-**
Future income taxes	-	-	-	**-**
Loss from continuing operations	(3,580)	(112)	(3,692)	**(5,799)**
Income from discontinued operations	1,203	-	1,203	**624**
Net (loss)	(2,377)	(112)	(2,489)	**(5,175)**
Other comprehensive loss	(215)	-	(215)	**(8)**
Comprehensive (loss)	$ (2,592)	$ (112)	$ (2,704)	**$ (5,183)**

(Expressed in Thousands of Canadian Dollars)

17. Segmented Information

Operating Segment

The Corporation's assets by geographic areas as at June 30, 2012 and 2011 are as follows:

June 30, 2012	Colombia	Canada and Other	Total
Total assets	$ -	$ 27,001	$ 27,001

June 30, 2011	Colombia	Canada and Other	Total
Total assets	$ 4,094	$ 39,712	$ 43,806

The Corporation's revenue and expenses by geographic areas for the years ended June 30, 2012 and 2011 are as follows:

Year ended June 30, 2012	Colombia	Canada and Other	Total
Income (expenses)	$ (271)	$ (4,587)	$ (4,858)
Income (loss) for the year	**$ (271)**	**$ (4,587)**	**$ (4,858)**

Year ended June 30, 2011	Colombia	Canada and Other	Total
Income (expenses)	$ 624	$ (5,799)	$ (5,175)
Income (loss) for the year	$ 624	$ (5,799)	$ (5,175)

18. Comparative Information

Certain comparative amounts have been reclassified in order to conform with current period financial statement presentation.

19. Subsequent Events

a) On October 1, 2012, Pala Investments Limited ("PIL") made an offer to purchase, for a purchase price of $0.11 per share in cash for all of the outstanding Common Shares of Melior it does not own. The Offer includes any Common shares that may become outstanding after the date of the Offer and prior to November 5, 2012 upon the exercise of options, warrants or other rights to acquire Common Shares. PIL and its affiliates owned directly or indirectly 76,195,833 Common Shares or approximately 44% of the outstanding Common Shares as that the date of the Offer.

b) Under the terms of the agreement for the sale of "the Coalcorp International AVV transaction" noted in note 5, the Corporation is entitled to received, 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. Subsequent to June 30, 2012 the Company received US$460 from the purchaser of Coalcorp International AVV for its share of cash recovered. The US$460 will be recognised as a gain from discontinued operations in the 1st quarter of the year end June 30, 2013.