Management's Discussion and Analysis
Consolidated Financial Statements

MELIOR RESOURCES INC.

Year ended
June 30, 2014

MELIOR RESOURCES INC.
(“Melior” or the “Corporation”)

Management’s Discussion and Analysis of Financial Condition and Results of Operations
For The Year Ended June 30, 2014
(All amounts, except per share amounts and where specified, are in Canadian Dollars)

This Management’s Discussion and Analysis (“**MD&A**”) of the results of operations, liquidity and capital resources of Melior Resources Inc. (“**Melior**” or the “**Corporation**”) constitutes management’s review of the Corporation’s financial and operating performance for the fiscal year ended June 30, 2014, the Corporation’s financial condition and future prospects. Except as otherwise noted, this discussion is dated September 18, 2014 and should be read in conjunction with the Corporation’s audited financial statements and the notes thereto for the fiscal year ended June 30, 2014 and the Corporation’s audited financial statements and the notes thereto and related MD&A for the fiscal year ended June 30, 2013. The Corporation prepares its financial statements in Canadian dollars and all amounts in this MD&A are expressed in Canadian dollars, unless otherwise stated.

Securities regulators encourage companies to disclose forward-looking information to help investors understand a company’s future prospects. This discussion contains statements about the Corporation’s future financial condition, results of operations and business. See “Forward Looking Information” below for more information on forward-looking statements.

Forward Looking Information

This MD&A contains certain forward-looking statements. Forward-looking statements generally can be identified by the use of statements that include words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “estimate”, “may”, “will” or other similar words or phrases suggesting future outcomes or other expectations, beliefs, estimates, plans, objectives, assumptions, projections, intentions or statements about future events or performance. Similarly, statements contained in, but not limited to, the sections “Overview of the Corporation’s Business”, “Outlook”, “Results of Discontinued Operations”, “Liquidity and Capital Resources”, and “Commitments and Contingencies” of this MD&A, including those with respect to the implementation of the Corporation’s business strategy, the development of the Goondicum Ilmenite Project (defined below) and expectations concerning the Corporation’s financial condition, results of operations, business, assets, prices, foreign exchange rates, earnings, market conditions, capital expenditures, risks, availability of regulatory approvals, corporate objectives and plans or goals, are or may be forward-looking statements. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, the factors discussed under “Risk Factors”. Although the forward-looking statements contained in this MD&A are based upon what management of the Corporation believes are reasonable assumptions, the Corporation cannot assure readers that actual results will be consistent with these forward-looking statements. Investors and others should carefully consider risk factors including, without limitation, those set out under the heading “Risk Factors”, and not place undue reliance on forward-looking statements. Forward-looking statements are made as of the date of this MD&A and the Corporation assumes no obligation to update or revise any forward looking statements to reflect new events or circumstances, except as required by law.

Overview of the Corporation's Business

On May 15, 2014, the Corporation completed the acquisition (the "**Belridge 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 and apatite mining and processing facility near the town of Monto in Queensland, Australia (the "**Goondicum Ilmenite Project**"). The transaction constituted a "Change of Business" transaction of the Corporation in accordance with Policy 5.2 of the TSX Venture Exchange (the "**TSXV**"). Concurrent with closing of the acquisition, the Corporation was re-classified from a Tier 1 Investment Issuer to a Tier 1 Mining Issuer on the TSXV.

On August 27, 2014 (with further clarification on September 5, 2014), the Corporation announced that it has commenced the upgrade and restart of the Goondicum Ilmenite Project which it expects to complete during the quarter ending June 30, 2015. The Goondicum mine has been in operation several times previously producing and selling over 60kt of ilmenite. Highlights of the restart include:

- Expected 50% increase in throughput of the processing plant to 375 tonnes per hour;
- Installation of additional equipment to enhance product quality and recovery as well as plant availability; and
- Construction of a new access road to the mine, reducing haulage distance to port by approximately 35%, or 100km.

As disclosed in the press release, the proposed upgrades will build on the A$120 million of historically invested capital and are expected to result in increased production and significantly lower operating costs than those previously achieved by the mine. These expectations represent management's objectives based on its internal analysis and studies of project scope, capital costs and production plans (the "**Internal Analysis**") which have included detailed mechanical and electrical design as well as quotes on equipment and construction work packages. However, the Internal Analysis relies in part on inferred resources and does not constitute a preliminary feasibility study or a feasibility study for the purposes of National Instrument 43-101 ("**NI 43-101**"). As a result, the Internal Analysis is subject to increased uncertainty and technical and economic risks of project failure and there can be no assurance that management's expectations will be achieved. See "Risk Factors – Business Risk Factors – Exploration and Estimates of Mineral Reserves and Resources".

Discontinued Operations

On March 16, 2012, the Corporation completed the sale of all of the common stock of its wholly owned subsidiary, Coalcorp International AVV, which was the holding company for numerous off-shore subsidiaries. As of the closing date, the purchaser acquired, on an 'as is, where is' basis, all of the issued and outstanding shares of Coalcorp International AVV for nominal net proceeds of one dollar (the "**Coalcorp AVV Transaction**"). As a result of the Coalcorp AVV Transaction, assets of discontinued operations of $3.6 million, liabilities of discontinued operations of $0.4 million and other associated liabilities of $3.0 million were removed from Melior's balance sheet as of the closing, resulting in a net loss on disposal of $275,000 during the year ended June 30, 2012.

Under the agreement for the Coalcorp AVV Transaction, the Corporation is entitled to receive, subject to certain terms and conditions, a share of net recoveries of cash, if any, that the purchaser receives as a result of winding up or re-organizing any of the Coalcorp International AVV subsidiaries. During the year ended June 30, 2013, the Corporation received $1.141 million from the purchaser of Coalcorp International AVV for its share of cash recovered. The receipts were recognised as a gain from discontinued operations.

Changes to Board of Directors and Officers

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

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

On March 30, 2014, Mr. Remo Mancini, Mr. Muneeb Yusuf and Mr. Evgenij Iorich resigned as directors of the Corporation. Mr. Joseph Connolly, Mr. Glenn Black and Mr. Martyn Buttenshaw were appointed to the Corporation's board of directors (the "**Board**") on March 30, 2014. Mr. Mark McCauley was appointed to the Board and assumed the role of Chief Executive Officer of the Corporation on May 15 2014.

Outlook

The Corporation is focused on the development of the Goondicum Ilmenite Project located in Queensland Australia. The project involves equipment and infrastructure upgrades anticipated to result in higher production rates and lower production costs, resulting in more robust financial outcomes across market cycles.

Once restarted, the Goondicum mine will use basic open-pit mining and processing techniques and is expected to produce approximately 200,000 tonnes per annum of ilmenite and associated apatite from its resource base of 1.9 million tonnes of indicated and 1.93 million tonnes of inferred in-situ ilmenite resource. The operation is expected to employ approximately 80 personnel directly and through direct contractor relationships.

Selected Financial Information

Years ending June 30,

	IFRS (in $ thousands)		
	2014	**2013**	**2012**
Revenue from continuing operations	-	-	-
(Loss) from continuing operations	(3,201)	(857)	(4,587)
Earnings (loss) from discontinued operations	-	1,141	(271)
Net income (loss) for year	(3,201)	284	(4,858)
Basic earnings (loss) per share ($)(1):			
Continuing operations	(0.02)	(0.00)	(0.03)
Discontinued operations	-	0.01	-
Total assets	29,697	24,377	27,001
Total short term obligations	1,914	165	236
Total long term obligations	722	-	-

1. Basic and dilutive loss per share is calculated by dividing the net loss by the weighted average number of shares in issue during the year. As a result of consolidated net losses the potential effect of exercising stock options and, as

applicable, warrants has not been included in the calculation of loss per share because to do so would be anti-dilutive.

Results of continuing operations for the three months ended June 30, 2014 compared to the three months ended June 30, 2013

The Corporation reported a loss from continuing operations of $1.176 million for the three months ended June 30, 2014 as compared to a loss of $140,000 during the three months ended June 30, 2013.

The increase in net loss from continuing operations of $1.036 million was principally due to professional fees incurred to complete the Belridge Acquisition on May 15, 2014, the fees relating to a “Change of Business” transaction in accordance with Policy 5.2 of the TSXV and the Belridge working capital post acquisition.

Results of continuing operations for the year ended June 30, 2014 compared to the year ended June 30, 2013

The Corporation reported a loss from continuing operations of $3.201 million for the year ended June 30, 2014 as compared to a loss of $857,000 during the year ended June 30, 2013.

The increase in net loss from continuing operations of $2.344 million is principally due to the:

- Increase in investigation professional fees and costs for actual and prospective investments from $49,000 during the year ended June 30, 2013 to $2.129 million during the year ended June 30, 2014;
- Increase in general and administrative costs of $148,000 (excluding investigative professional fees and costs noted above), from $1.105 million during the year ended June 30, 2013 to $1.253 million during the year ended June 30, 2014 as a result of acquiring Belridge;
- Increase in depletion and depreciation expense from nil during the year ended June 30, 2013 to $70,000 during the year ended June 30, 2014 as a result of acquiring Belridge.

Administrative Expenses

General and administrative expenses were $1.229 million and $3.452 million for the three months and year ended June 30, 2014, respectively (2013 - $233,000 and $1.154 million). General and administrative expenses relate primarily to consulting, professional and administration expenses for the continuing operations of the Corporation, the evaluation of new investment opportunities and completion of the Belridge Acquisition. General and administrative expenses have increased as compared to the corresponding period in the prior year as a result of the increased activities of the Corporation.

Interest Income and Expense

Interest income earned during the three months and year ended June 30, 2014 amounted to $57,000 and $279,000, respectively (2013 - $83,000 and $290,000) and related to the interest earned on the Corporation’s cash and cash equivalent balances. The decrease in the amount of interest earned on cash balances is attributable to lower cash balances during the year ended June 30, 2014 as compared to the prior year.

Total interest expense incurred during the three months and year ended June 30, 2014 amounted to $2,000 and $2,000, respectively (2013 - $nil and $nil). The increase in the interest expense is a result of the finance lease obligations arising from the Belridge Acquisition.

Foreign Exchange Gains/Losses

Foreign currency exchange rates affected the Corporation's monetary assets and liabilities denominated in currencies other than Canadian dollars. The Corporation recorded a net foreign exchange gain of $2,000 for the three months ended June 30, 2014 and a loss of $26,000 for the year then ended, as compared to a gain of $10,000 and $7,000 for the corresponding periods in 2013. The change in foreign exchange from a gain in 2013 to a loss in 2014 was a result of the movement of US dollar denominated cash balances of the Corporation.

At June 30, 2014, the Corporation holds only a nominal amount of cash denominated in US dollars and has a nominal amount of US dollar denominated liabilities.

The Belridge Acquisition resulted in the Corporation including Australian dollar denominated assets of $6.1 million and liabilities of $2.4 million on its balance sheet.

Share Based Compensation

The Corporation did not grant stock options during the twelve months ended June 30, 2014 (2013 - nil).

Results of Continuing Operations

As a result of the factors discussed above, the Corporation recorded losses from continuing operations of $1.2 million or $0.006 per share for the three months ended June 30, 2014 as compared to losses from continuing operations of $140,000 or $0.001 per share for the three months ended June 30, 2013.

Results of Discontinued Operations

On March 16, 2012, the Corporation completed the sale of all of the common stock of its wholly owned subsidiary, Coalcorp International AVV for nominal net proceeds of one dollar. As a result of the Coalcorp AVV Transaction, assets of discontinued operations of $3.6 million, liabilities of discontinued operations of $400,000 and other associated liabilities of $3.0 million were removed from Melior's balance sheet, resulting in a net loss on disposal of $275,000 during the year ended June 30, 2012.

The Corporation is entitled to receive, subject to certain terms and conditions, a share of net recoveries of cash, if any, that the purchaser of Coalcorp International AVV receives as a result of winding up or re-organizing any of the Coalcorp International AVV subsidiaries. The Corporation received $nil (2013- $1.141 million) from discontinued operations in the twelve months ended June 30, 2014.

Net Profit/Loss

Taking into account both continuing and discontinued operations, the Corporation recorded a net loss of $1.176 million or $0.006 per share in the three month period ended June 30, 2014 (2013 – loss of $140,000 or $0.001 per share). The Corporation recorded a net loss of $3.201 million or

$0.018 per share for the year ended June 30, 2014 (2013 – net income of $284,000 or $0.002 per share).

Summary of Quarterly Results

	Year End 2014				Year End 2013			
	(in $ millions)							
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial								
($millions except per share)								
Revenue from continuing operations	-	-	-	-	-	-	-	-
Earnings/(loss) from continuing operations	(1.1)	(1.2)	(0.5)	(0.4)	(0.1)	(0.1)	(0.4)	(0.2)
Net earnings/(loss)	(1.1)	(1.2)	(0.5)	(0.4)	(0.1)	0.1	(0.0)	0.3
Earnings/(loss) per share from continuing operations	(0.006)	(0.007)	(0.003)	(0.002)	(0.001)	(0.001)	(0.002)	(0.001)
Net earnings/(loss) per share (1)	(0.006)	(0.007)	(0.003)	(0.002)	(0.001)	0.001	0.000	0.001
Cash (used in) provided by continuing operations	(1.0)	(1.2)	(0.4)	(0.2)	(0.2)	(0.3)	(0.3)	(0.3)
Capital expenditures	(1.7)	-	-	-	-	-	-	-
Cash and cash equivalents net of short-term debt	16.6	20.2	21.9	22.4	22.7	22.8	22.7	22.6

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

Liquidity and Capital Resources

The continuing operations cash and cash equivalents balance as at June 30, 2014 was $18.5 million, compared to $22.9 million as at June 30, 2013.

The $4.3 million decrease in cash balances as at June 30, 2014 as compared to June 30, 2013 is the result of payment of general and administrative expenses of $3.4 million, interest income of $279,000 and investing activities of $1.6 million.

The pre-commissioning capital budget for the restart of the Goondicum Ilmenite Project is A$13 million which will be invested over an eight month construction period and will be followed by a subsequent phase of commissioning and ramp-up. This capital cost budget is based on the Internal Analysis and is subject to increased uncertainty and risks and there can be no assurance that the actual costs will not materially exceed such budget. Melior has entered into letters of intent with several key potential customers, many of whom were previous customers of the Goondicum mine. Melior intends to negotiate binding offtake agreements with these and/or other potential customers prior to commencement of commissioning of the projects.

Melior believes that it has sufficient capital to meet its obligations as they come due and to cover continuing corporate costs estimated at approximately $800,000 per annum along with the upgrade and restart of the Goondicum Ilmenite Project. Additional funding may be required in the future, depending on the scale of prospective investment opportunities Melior pursues or further requirements for the Goondicum Ilmenite Project.

Commitments and Contingencies

As at June 30, 2014, $1.9 million of the Corporation's obligations are current and due within the year. The Corporation's non-current obligations of $0.7 million as at June 30, 2014 are comprised primarily of a decommissioning liability which is secured by a term deposit and finance lease obligations. The Corporation has sufficient cash resources to meet its current commitments.

Debt

The Corporation had $140,000 (2013 - $nil) of finance lease debt outstanding as at June 30, 2014.

Off-Balance Sheet Arrangements

Up to 38,087,971 common shares of the Corporation may become issuable to the Belridge shareholders as earn-out consideration if certain conditions are met as described in the Melior press release of March 31, 2014. The Corporation has no further off-balance sheet arrangements.

Related Party Transactions

Pala Investments Holding Limited is a significant shareholder of Asian Mineral Resources Limited ("**AMR**") and owns either directly or indirectly 94,528,199 or approximately 44.7% of the common shares of Melior. As such, AMR is a "related party" of the Corporation for the purposes of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") and the Corporation's investment in AMR constituted a "related party transaction" within the meaning of MI 61-101. Further details with respect to the AMR share purchase transaction can be found in Melior's annual information form for the year ended June 30, 2013.

Risk Factors

Business Risk Factors:

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

Exploration and Estimates of Mineral Reserves and Resources

Mineral exploration and development involves a high degree of risk. Success in exploiting mineral resources and reserves is the result of a number of factors, including the level of geographical and technical expertise, the quality of land available for exploration and other factors. The economics of developing mineral properties are affected by many factors including the cost of operations, variations in grade, fluctuation in prices and fluctuation in exchange rates. Failure to meet project delivery timetables and budgets may impact potential performance, delay cash inflows and increase capital costs.

Mineral reserves and resources estimates for projects are based on the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies which derive estimates of costs based upon anticipated tonnage and grades to be mined and processed. There are numerous uncertainties inherent in estimating ore reserves and assumptions that are valid at the time of estimation however may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated.

Melior has elected to restart the Goondicum Ilmenite Project based on its Internal Analysis which details the scope of the project, calculates the required project capital to achieve production targets and shows the anticipated cash cost of production and return on capital. Pursuant to Section 4.2(6) of the Companion Policy to NI 43-101, due to this work being undertaken on inferred resources, the Corporation does not disclose project reserves or any associated information pertaining to the project. The Corporation's Internal Analysis in respect of the Goondicum Ilmenite Project is preliminary in nature, includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty that management's expectations will be realized.

Section 4.2(6) of the Companion Policy to NI 43-101 recognizes that there may be situations where the issuer decides to put a mineral project into production without first establishing mineral reserves. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources estimated will be converted into mineral reserve. Historically, such projects have had a much higher risk of economic or technical failure. As the Internal Analysis in respect of the Goondicum Ilmenite Project has been largely based around inferred resources, Melior acknowledges that this could result in increased uncertainty and technical and economic risks of project failure.

Operating risks

Once the Goondicum Ilmenite Project is operational, the activities of the Corporation will also be subject to all of the hazards and risks normally associated with exploration, development and operation of natural resource projects. These risks and uncertainties include environmental hazards, industrial accidents, labour disputes, mechanical failures of the mining equipment or other key plant or machinery, grade problems, transportation problems and periodic interruptions due to inclement or hazardous weather conditions and other acts of God. Should any of the risks affect the Corporation, its business, operations or assets, it may significantly reduce production for prolonged periods and cause the cost of production to increase to a point where it would no longer be economical to continue operations.

Volatility of Mineral Prices

The future profitability of the Corporation will depend on the market price of ilmenite and apatite. Mineral prices fluctuate widely and are affected by numerous factors beyond the Corporation's control, including global supply and demand, political and economic conditions, advancements in mineral processing and currency exchange fluctuations. The effect of these factors on the price of the minerals that the Corporation sells cannot accurately be predicted.

Government Legislation & Policies

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

Environmental Regulation

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

Rehabilitation

Costs associated with rehabilitating land disturbed during the mining process and addressing environmental, health and community issues are estimated and provided for based on the most current information available. Estimates may, however, be insufficient, inaccurate and/or further issues may be identified that were not previously anticipated or accounted for by management.

Attraction and Retention of Personnel

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

Reliance on Key Personnel

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

Conflicts of Interest

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

Financial Instruments and Associated Risks:

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

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

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

Foreign Currency Risk

Cash and cash equivalents are comprised of cash at banks and on hand, and short term money market instruments with an original maturity of three months or less. As at June 30, 2014, only a nominal portion of the Corporation's cash and cash equivalents were held in United States or Australian dollars. Accordingly, management believes that the Corporation is not exposed to material foreign exchange risk. The rate published by the Bank of Canada at the close of business on June 30, 2014 was US$0.94 per Canadian dollar and at noon on June 30, 2014 was A$0.99 per Canadian dollar.

Going forward, the Corporation is expected to incur significant capital and operating expenses in Australian dollars during the development of the Goondicum Ilmenite Project. During the development phase, the Corporation intends to hedge this risk by holding sufficient cash to cover its Australian dollar commitments in an Australian dollar account. This will effectively fix the development costs of the project in Canadian dollars but may create unrealized and realized foreign exchange profits and losses in the future. The Corporation may revise this policy in the future.

Once the Goondicum Ilmenite Project comes online the revenue stream for this project will be in US dollars. Therefore, once the project is completed, the Corporation will be exposed to fluctuations in Australian and US dollars. Accordingly, the Corporation is subject to the risks inherent in exchange rate fluctuations.

The Corporation does not use derivative instruments to reduce its exposure to foreign currency risk.

Additional Capital Requirements

Melior believes that it has sufficient capital to meet its obligations as they come due and has capacity to fund continuing corporate costs estimated at approximately $0.8 million per annum and the restart of the Goondicum Ilmenite Project. Additional funding may be required to account for cost overrun or impact of other unforeseen events.

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

Capital Risk Management

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

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

Credit Risk

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

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

Liquidity Risk Management

The Corporation manages liquidity risk by maintaining adequate cash balances in order to meet liabilities as they come due. As at June 30, 2014, the Corporation had cash and cash equivalents of $18.5 million (June 30, 2013 - $22.9 million) to settle liabilities of $2.6 million (June 30, 2013 - $0.2 million). The only financial liabilities or commitments of the Corporation that bear interest are the $140,000 of equipment finance leases.

Interest Rate Risk Management

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

Outstanding Share Data

As at September 18, 2014, the Corporation has 211,480,974 common shares outstanding, which are listed on the TSXV under the symbol "MLR". The Corporation also has 1,710,000 stock options (each exercisable for one common share) outstanding which, if exercised, would result in proceeds of approximately $290,700.

Additional Information

Additional information relating to the Corporation, including the Corporation's annual information form for the year ended June 30, 2013, is available for viewing on SEDAR at www.sedar.com and on the Corporation's web site at www.meliorresources.com. The Corporation cautions that information contained on, or accessible through, these websites is current only as at the date of such information.