



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

NOTICE TO READER

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

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

Melior Resources Inc.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Thousands of Canadian Dollars)

(Unaudited)

As at	September 30, 2016	June 30 2016
Assets		
Current Assets		
Cash and cash equivalents	\$ 512	\$ 466
Prepaid expenses and other receivables	230	156
Inventories (Note 6)	58	80
	800	702
Non-Current Assets		
Investment in Asian Mineral Resources Limited (Note 4)	1,182	945
Deposits (Note 5)	1,495	1,438
Property, plant and equipment (Note 3)	5,273	5,200
Mineral properties (Note 7)	4,876	4,800
	\$ 13,626	\$ 13,085
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 11 and 14)	\$ 2,048	\$ 1,910
Current portion of obligation under finance leases (Note 8)	15	27
Loan Payable (Note 10)	3,857	3,182
	5,920	5,119
Non-Current Liabilities		
Long-term portion of finance leases (Note 8)	7	-
Decommissioning liability (Note 9)	894	853
	6,821	5,972
Shareholders' Equity		
Share capital (Note 12(a))	381,027	381,027
Contributed surplus	159,058	159,058
Accumulated other comprehensive gain (loss)	258	(253)
Deficit	(533,538)	(532,719)
	6,805	7,113
	\$ 13,626	\$ 13,085

Nature of Operations and Going Concern (Note 1)

Commitments and Contingencies (Note 11)

Approved on behalf of the Board:

"Charles Entrekin"

Director

"Mark McCauley"

Director

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

Melior Resources Inc.

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

For the Three Months Ended September 30,	2016	2015
Administrative Expenses		
Office and administration (Note 13 and 14)	\$ 548	\$ 674
Depreciation (Note 3)	182	227
Accretion (Note 9)	5	-
Loss before other income, (expenses)	(735)	(901)
Other Income (Expense)		
Interest income	12	5
Interest expense	(96)	(58)
Foreign exchange (loss)/gain	-	(27)
	(84)	(80)
Net Loss For The Period	\$ (819)	\$ (981)
Other Comprehensive Gain (Loss)		
Items that will be reclassified subsequently into income:		
Foreign currency translation adjustment	936	(346)
Unrealized gain (loss) on available-for-sale financial assets	236	(428)
	1,172	(774)
Total Comprehensive Income (Loss)	\$ 353	\$ (1,755)
Income (Loss) per common share, basic and fully diluted	\$ (0.004)	\$ (0.005)
Weighted average number of shares outstanding	211,468,945	211,468,945

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

Melior Resources Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Expressed in Thousands of Canadian Dollars) (Unaudited)

	Common Shares Number	Common Shares Amount	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total
Balance, June 30, 2015	211,468,945	\$ 381,027	\$ 159,058	\$ (4,047)	\$ (513,085)	\$ 22,953
Foreign currency translation adjustment	-	-	-	(346)	-	(346)
Net loss for the period	-	-	-	-	(981)	(981)
Unrealized gain on available-for-sale financial assets	-	-	-	(428)	-	(428)
Balance, September 30, 2015	211,468,945	\$ 381,027	\$ 159,058	\$ (4,821)	\$ (514,066)	\$ 21,198
Balance, June 30, 2016	211,468,945	381,027	159,058	(253)	(532,719)	7,113
Foreign currency translation adjustment	-	-	-	275	-	275
Net loss for the period	-	-	-	-	(819)	(819)
Unrealized loss on available-for-sale financial assets	-	-	-	236	-	236
Balance, September 30, 2016	211,468,945	\$ 381,027	\$ 159,058	\$ 258	\$ (533,538)	\$ 6,805

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

Melior Resources Inc.

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

For the Three Months Ended September 30,	2016	2015
Cash and cash equivalents (used in) provided by:		
Operating Activities		
Cash paid to suppliers, employees, and others	\$ (586)	\$ (2,912)
Interest received	12	5
Cash flows from operating activities	(574)	(2,907)
Investing Activities		
Payments for property, plant and equipment	-	(206)
Payments for mineral properties	-	(1,739)
Cash flows from investing activities	-	(1,945)
Financing Activities		
Loan proceeds	620	2,445
Arrangement fee on loan	-	(132)
Cash flows from financing activities	620	2,313
Change in cash and cash equivalents during the period	46	(2,539)
Cash and cash equivalents, beginning of period	466	3,676
Cash and cash equivalents, end of period	\$ 512	\$ 1,137

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

Melior Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended September 30, 2016 and 2015

(Expressed in Thousands of Canadian Dollars)

(Unaudited)

1. Nature of Operations and Going Concern

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

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

These consolidated interim financial statements have been prepared under the assumption that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Corporation has incurred ongoing losses and had a cumulative deficit of \$533,533 as at September 30, 2016 (June 30, 2016 - \$532,719). The continuing operations of the Corporation are dependent upon its ability to continue to raise adequate financing, to commence profitable operations in the future, and repay its liabilities arising from normal business operations as they become due. These material uncertainties may cast significant doubt upon the Corporation's ability to continue as a going concern.

As at September 30, 2016, Pala Investments Limited ("Pala") owned directly or indirectly 44.7% of the Corporation's issued and outstanding common shares.

2. Accounting Policies

Statement of Compliance

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

The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and outstanding as of November 29, 2016, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended June 30, 2016. Any subsequent changes to IFRS that are given effect in the Corporation's annual financial statements for the year ending June 30, 2017 could result in restatement of these condensed interim financial statements.

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

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

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

Melior Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended September 30, 2016 and 2015

(Expressed in Thousands of Canadian Dollars)

(Unaudited)

3. Property, Plant and Equipment

Cost	Plant and Equipment		Total
	Vehicles		
Balance, June 30, 2015	\$ 482	\$ 12,222	\$ 12,706
Additions	-	417	417
Disposals	(161)	(127)	(238)
Foreign exchange	2	29	31
Impairment (Note 7)	-	(5,602)	(5,602)
Balance, June 30, 2016	\$ 323	\$ 6,941	\$ 7,264
Additions	-	-	-
Foreign exchange	11	243	255
Balance, September 30, 2016	\$ 334	\$ 7,184	\$ 7,519
Accumulated Depreciation			
Balance, June 30, 2015	\$ 97	\$ 767	\$ 864
Disposals	(116)	(50)	(166)
Depreciation	72	1,294	1,366
Balance, June 30, 2016	\$ 53	\$ 2,011	\$ 2,064
Depreciation	8	174	182
Balance, September 30, 2016	\$ 61	\$ 2,185	\$ 2,246
Carrying Value			
At June 30, 2016	\$ 270	\$ 4,930	\$ 5,200
At September 30, 2016	\$ 273	\$ 5,000	\$ 5,273

4. Investment in Asian Mineral Resources Limited

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

5. Deposits

As at	September 30, 2016	June 30 2016
Term Deposits - Ergon utility deposit	\$ 152	\$ 146
Term Deposits - State of Queensland (Note 12)	1,302	1,252
Office lease deposit	42	40
	\$ 1,496	\$ 1,438

Melior Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended September 30, 2016 and 2015

(Expressed in Thousands of Canadian Dollars)

(Unaudited)

6. Inventories

As at	September 30, 2016	June 30 2016
Supplies	\$ 58	\$ 80

7. Mineral Properties

	Three Months Ended September 30, 2016	Year Ended June 30, 2016
Opening balance	\$ 7,829	\$ 7,829
Additions	1,739	3,350
Depreciation	112	112
Pre-production revenue	(54)	(1,539)
Impairment	-	(5,013)
Foreign exchange	94	61
Closing balance	\$ 9,720	\$ 4,800

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

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

The key assumptions and estimates used in determining the VIU were calculated using discounted after-tax cash flows based on cash flow projections in the Corporation's current life of mine plans. These projected cash flows were based on the latest expectation of future ilmenite prices, future capital expenditures, production costs estimates, discount rates and exchange rates. VIU was determined by calculating the net present value ("NPV") of the future cash flows expected to be generated by the mine. The key assumptions used by the Corporation for impairment testing are: ilmenite price per tonne US\$102-US\$160 (2015 – US\$145-US\$220); discount rate of 20% (2015 – 20%); life of mine years of 13. For the year ended June 30, 2016, impairment charges totalled \$10,615 of which \$5,602 was allocated to Plant and Equipment and \$5,013 was allocated to Mineral Properties. For the three months ended September 30, 2016, impairment charges totalled \$nil (September 30, 2015 - \$nil). Management continues to monitor and assess impairment of the Corporation's assets.

Melior Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended September 30, 2016 and 2015

(Expressed in Thousands of Canadian Dollars)

(Unaudited)

8. Obligation Under Finance Leases

As at	September 30, 2016	June 30 2016
Obligation under finance leases	\$ 22	\$ 27
Less: Current portion	(15)	(27)
Long-term portion	\$ 7	\$ -

9. Decommissioning Liability

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

	Three Months Ended September 30, 2016	Year Ended June 30, 2016
Opening balance	\$ 853	\$ 819
Accretion	6	28
Foreign exchange	35	6
Closing balance	\$ 894	\$ 853

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

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

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

10. Loan Payable

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

On July 18, 2016, the Corporation announced that it had reached an agreement with Pala to extend the expiry and repayment date of the Pala Facility from August 28, 2016 to October 31, 2017. As at July 28, 2016, an additional US\$475 remained available to be drawn down by Melior prior to the expiry of the loan on October 31, 2017.

Melior Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended September 30, 2016 and 2015

(Expressed in Thousands of Canadian Dollars)

(Unaudited)

10. Loan Payable (Continued)

On November 17, 2016, the Corporation entered into an amending agreement (the "Amending Agreement") with Pala to extend the expiry and repayment date of the Pala Facility from October 31, 2017 to October 31, 2022. Under the terms of the Amending Agreement, the Pala Facility would bear interest at 10% per annum and may not be prepaid prior to October 31, 2017, except upon completion of a liquidity event. In addition, no further advances are available under the Pala Facility and any interest payable is now payable on the settlement of the facility. Pala may demand settlement within five business days at any time on or after October 24, 2017 and is entitled to a make-whole amount of US\$2,000 in the event of the occurrence of certain liquidity events with recourse of Pala against the Corporation limited to the assets of the Corporation in an amount equal to 70% of the amount by which the proceeds of such liquidity event exceed US\$4,000 (up to a maximum amount of US\$2,000 in the aggregate). As at November 17, 2016, a total of US\$3,000 had been drawn down under the Pala Facility, including an additional US\$300 received on November 10, 2016. The total amount outstanding under the Pala Facility, including accrued interest, is US\$3,301.

Draw downs on facility	\$	3,541
Interest		273
Commitment fee on unused portion of loan facility		75
Foreign exchange		(32)
Balance, September 30, 2015	\$	3,857

11. Commitments and Contingencies

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

Goondicum Resources pays the state government a royalty of 5% of the revenue for all ilmenite sales and approximately \$A0.80/tonne for all phosphate rock sales. Included in accounts payable and accrued liabilities is A\$494 (\$496) (September 30, 2015 - A\$494 (\$465)) pertaining to production royalties.

A separate entity is also entitled to a success fee of A\$419 (\$421) if gross revenues of Goondicum Resources exceed A\$23,000 (\$23,125) in any rolling 12 month period.

Litigation

In March 2005 Adobe Ventures Inc. ("Adobe") (the predecessor entity to Coalcorp Inc. ("Coalcorp") and Melior) entered into an agreement (the "Advisory Agreement") with Rothschild pursuant to which Rothschild agreed to provide Adobe with financial advisory services in connection with its proposed acquisition of all of the share capital of Carbones Colombianos de Cerrejon SA ("Carbonos"). In September 2005, Adobe withdrew from the Advisory Agreement and, shortly thereafter, acquired Andean Coal Corporation B.V.I., which had previously acquired the right to purchase the entire capital of Carbones. On July 3, 2006 Rothschild filed a notice of claim in the Court of Milan claiming payment against Coalcorp in the amount of €436,811.00 plus interest and expenses. Coalcorp was initially successful in defending the claim but following an appeal by Rothschild, on September 6, 2016 the Court of Appeal of Milan released its decision in favour of Rothschild and ordered Melior to pay Rothschild damages of €436,811 plus interest and expenses.

Melior Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended September 30, 2016 and 2015

(Expressed in Thousands of Canadian Dollars)

(Unaudited)

11. Commitments and Contingencies (Continues)

On November 4, 2016 the Corporation entered into a settlement agreement to pay Rothschild €571,827 (\$844,016) via instalments in accordance with the following schedule:

- €75,000 (\$110,700) by November 4, 2016;
- €100,000 (\$147,600) within February 28, 2017;
- €100,000 (\$147,600) within April 30, 2017;
- €296,827 (\$438,117) within June 30, 2017.

On November 10, 2016, the Corporation paid Rothschild €75,000 (\$110,700) which was accepted by Rothschild as satisfaction of the first instalment.

Make Whole Amount

On November 17, 2016, the Corporation entered into an amending agreement with Pala, which included an obligation to pay Pala a make whole amount of US\$2,000 in the event of the occurrence of certain liquidity events. The liquidity events include:

- a direct or indirect sale of 25% or more of the shares of Goondicum or Melior Australia or interests in or assets comprising 25% or more of the fair market value of the Goondicum Property and Assets, including in each case through transactions involving one or more holding companies; or
- the acquisition of 50% or more of the voting shares of the Borrower by a person other than the Lender or its Affiliates.

12. Share Capital

(a) Authorized

Unlimited preferred shares without par value

Unlimited common shares without par value

Issued

	Number of Common Shares	Stated Value
Balance, June 30, 2015 and June 30, 2016	211,468,945	\$ 381,027
Balance, June 30, 2016 and September 30, 2016	211,468,945	\$ 381,027

Melior Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended September 30, 2016 and 2015

(Expressed in Thousands of Canadian Dollars)

(Unaudited)

12. Share Capital (Continued)

(b) Stock Options

As at September 30, 2016, 19,436,895 common shares remain available for grant under the plan. Under the plan, the exercise price of each option equals the market price of the Corporation's common shares on the date of grant or the price determined by the Board of Directors, not being less than the market price, and an option's maximum term is ten years. Options are granted upon approval by the Board of Directors.

	Number of Stock Options	Weighted Average Exercise Price
Balance, June 30, 2015 and September 30, 2015	1,710,000	\$ 0.17
Balance, June 30, 2016 and September 30, 2016	1,710,000	\$ 0.17

As at September 30, 2016 the Corporation had the following stock options outstanding and exercisable:

Expiry Date	Number of Options Exercisable	Weighted Average Number of Options Outstanding	Remaining Contractual Life (years)	Exercise Price
Sept. 21, 2018	1,710,000	1,710,000	1.98	\$ 0.17

13. General and Administrative

For the Three Months Ended September 30,	2016	2015
Salaries and benefits	201	367
Professional fees	81	132
Directors fees	-	16
General and office	133	128
Travel	6	6
Filing and regulatory fees	4	5
Environmental compliance	4	
Insurance	31	20
Utilities and fuel	63	-
Repairs and maintenance	25	-
	\$ 674	\$ 674

Melior Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended September 30, 2016 and 2015

(Expressed in Thousands of Canadian Dollars)

(Unaudited)

14. Related Party Transactions and Balances

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

For the three months ended September 30,	2016	2015
Salaries and benefits	\$ 65	\$ 93
Directors fees	\$ -	\$ 16

The Corporation and Goondicum Resources have entered into an Advisory Services Agreement with Pala Investments Limited (a significant shareholder) ("Pala") to provide the Corporation with consultancy support in evaluating potential capital investments and Goondicum Resources with support advisory services. During the three months ended September 30, 2016 the Corporation incurred consultancy fees of US\$25 (three months ended September 30, 2015 - \$25), under the terms of the Advisory Services Agreement, included in office and administration expenses. Additionally, the Corporation paid US\$100 (\$132) as an arrangement fee for the loan payable undertaken on August 27, 2015 (three months ended September 30, 2016 - \$nil). Included in accounts payable and accrued liabilities as at September 30, 2016 is US\$125 (June 30, 2015 - US\$25) pertaining to these fees and reimbursable expenses.

The Corporation entered into a secured loan agreement with Pala and the details of this loan are set out in note 10.

15. Segmented Information

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

September 30, 2016	Canada	Australia	Total
Property, plant and equipment	\$ -	\$ 5,273	\$ 5,273
Mineral properties	-	4,876	4,876
Corporate and other assets	1,420	2,057	3,477
Total assets	\$ 1,420	\$ 12,206	\$ 13,626
Net loss for the three months ended September 30, 2016	\$ 167	\$ (986)	\$ (819)

June 30, 2016	Canada	Australia	Total
Property, plant and equipment	\$ -	\$ 5,200	\$ 5,200
Mineral properties	-	4,800	4,800
Corporate and other assets	1,255	1,830	3,085
Total assets	\$ 1,255	\$ 11,830	\$ 13,085
Net loss for the three months ended September 30, 2015	\$ (275)	\$ (706)	\$ (981)

Melior Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended September 30, 2016 and 2015

(Expressed in Thousands of Canadian Dollars)

(Unaudited)

16. Subsequent Events

On November 17, 2016, the Corporation entered into an amending agreement (the "Amending Agreement") with Pala to extend the expiry and repayment date of the Pala Facility from October 31, 2017 to October 31, 2022. Under the terms of the Amending Agreement, the Pala Facility would bear interest at 10% per annum and may not be prepaid prior to October 31, 2017, except upon completion of a liquidity event. In addition, no further advances are available under the Pala Facility and any interest payable is now payable on the settlement of the facility. Pala may demand settlement within five business days at any time on or after October 24, 2017 and is entitled to a make-whole amount of US\$2,000 in the event of the occurrence of certain liquidity events with recourse of Pala against the Corporation limited to the assets of the Corporation in an amount equal to 70% of the amount by which the proceeds of such liquidity event exceed US\$4,000 (up to a maximum amount of US\$2,000 in the aggregate). As at November 17, 2016, a total of US\$3,000 had been drawn down under the Pala Facility, including an additional US\$300 received on November 10, 2016. The total amount outstanding under the Pala Facility, including accrued interest, is US\$3,301.

On November 17 2016, the Corporation entered into a put option and share purchase agreement with Pala. Under the terms of the agreement, the Corporation acquired the right to sell the 47,272,727 shares in Asian Mineral Resources ("AMR") held by the Corporation for the lessor of (i) \$0.024 per share and (ii) the 30-day volume weighted average price of the common shares of AMR on the TSXV as of the day prior to the date of the exercise notice, less 10%. The put option is subject to closing of the acquisition by AMR of Kasbah Resources Limited ("Kasbah"), which is expected to occur on December 6, 2016 and remains subject to approval of the TSXV pursuant to Policy 5.3 – Acquisitions and Dispositions of Non-Cash Assets. The put option is exercisable by the Corporation prior to February 28, 2017. Based on a sale price of \$0.024 the value of the AMR shares is \$1,135