Melkior Resources Inc.

Interim Financial Statements

For the nine-month period ended May 31, 2009

The attached financial statements have been prepared by Management of Melkior Resources Inc. and have not been reviewed by an auditor.

Melkior Resources Inc.
1 Place Ville-Marie, Suite 4000, Montréal, Québec, Canada, H3B 4M4
Tel.: (613) 721-2919   Fax: (613) 680-1091

Melkior Resources Inc.

(an exploration company)

Balance Sheets

	May 31 2009	August 31 2008
	(unaudited)	(audited)
	$	$
Assets		
Current assets		
Cash and cash equivalents (Note 3)	1,428,498	1,110,658
Short term investments (Note 4)	1,441,603	3,018,060
Taxes and other receivable	19,143	47,126
Due from partners, without interest	7,795	90,568
Taxes credits receivable	82,055	71,995
Prepaid expenses	15,947	19,978
Listed shares held for trading	61,500	615,000
	3,056,541	4,973,385
Prepaid exploration expenses	-	62,690
Exploration funds (Note 3)	-	373,930
Equipments (Note 5)	5,508	9,630
Mining assets (Note 6)		
Mining properties	1, 622,242	1,755,750
Deferred exploration expenses	7,299,637	7,496,106
	11,983,928	14,671,491
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	49,659	524,487
Due to a partner	28,117	-
	77,776	524,487
Shareholders' Equity		
Share capital (Note 7)	34,684,977	34,684,977
Contributes surplus (Note 7c)	1,292,596	1,249,429
Deficit	(24,071,421)	(21,787,402)
	11,906,152	14,147,004
	11,983,928	14,671,491

The accompanying notes are an integral part of the financial statements.

Melkior Resources Inc.

(an exploration company)

Statements of Earnings, Comprehensive loss and Deficit

(Unaudited)

	Three-month period ended May 31,		Nine-month period ended May 31,	
	2009	2008	2009	2008
	$	$	$	$
Expenses				
General and administrative	31,328	32,937	122,664	101,430
Travelling and promotion	3,176	8,765	5,630	21,903
Investors and shareholders relations		23,840		87,904
	14,183		57,108	
Professional and consulting fees	42,281	52,306	131,186	160,779
General exploration	(31,852)	-	(22,526)	-
Stock-based compensation	-	-	12,000	672,000
Amortization	1,374	1,374	4,122	1,374
Fair value variation on financial instruments held for trading and on taxes and other receivable	16,047	409,452	557,088	696,773
Write-off of mining assets	6,649	-	1,472,686	-
	83,186	528,674	2,339,958	1,742,163
Other income				
Interest income	10,265	43,467	53,230	134,404
Project management fees	(691)	3,224	2,709	20,784
Gain on disposal of mining assets	-	(2,429)	-	1,071,568
	9,574	44,262	55,939	1,226,756
Loss before income taxes	(73,612)	(484,412)	(2,284,019)	(515,407)
Future income taxes	-	-	-	323,000
Net loss and comprehensive loss	(73,612)	(484,412)	(2,284,019)	(192,407)
Basic and diluted net loss per share	-	(0.01)	(0.03)	-
Weighted average number of outstanding common shares	85,315,603	77,104,414	85,114,139	75,847,461
Deficit, beginning of period	(23,997,809)	(21,222,838)	(21,787,402)	(20,989,814)
Net loss	(73,612)	(484,412)	(2,284,019)	(192,407)
Future income taxes related to flow-through shares	-	-	-	-
Share issue expenses	-	-	-	(525,029)
Deficit, end of period	(24,071,421)	(21,707,250)	(24,071,421)	(21,707,250)

The accompanying notes are an integral part of the financial statements.

Melkior Resources Inc.
(an exploration company)
Statement of Cash Flows
(Unaudited)

	Three-month period ended May 31,		Nine-month period ended May 31,	
	2009	2008	2009	2008
	$	$	$	$
Operating activities				
Net loss for the period	(73,612)	(484,412)	(2,284,019)	(192,407)
Non-cash items:				
Stock-based compensation	-	-	12,000	672,000
Amortization	1,374	1,374	4,122	1,374
Fair value variation on financial instruments held for trading	15,946	410,000	557,357	697,000
Gain on disposal of mining assets	-	-	-	-
Write-off of mining assets	6,649	(39,773)	1,472,686	(91,218)
Recovery of future income taxes	-	2,429	-	(1,071,568)
Interest accrued on interest income	(7,271)	-	97,600	(323,000)
	(56,914)	(110,382)	(140,254)	(307,819)
Changes in non-cash working capital items				
Taxes and other receivable	92,286	381,840	27,983	138,939
Due from partners	(4,944)	50,190	7,047	(15,201)
Prepaid expenses	(9,482)	(7,045)	66,721	11,346
Accounts payable and accrued	(5,074)		(33,874)	
liabilities		46,275		61,958
Due to a partner	(5,118)	-	6,333	-
	67,668	471,260	74,210	197,042
Cash flows used in operating activities	10,754	360,878	(66,044)	(110,777)
Investing activities				
Purchase of short term investments	-	-	(2,100,000)	(3,340,000)
Disposal of short term investments	145,000	-	3,575,000	-
Exploration funds	-	202,253	373,930	(512,517)
Additions to mining properties	(16,324)	(19)	(393,870)	(42,041)
Disposal of mining properties	-	-	-	500,000
Deferred exploration expenses	(217,584)	(657,356)	(1,138,696)	(1,339,437)
Taxes credits received	67,520	241,308	67,520	241,308
Cash flows used in investing activities	(21,388)	(213,814)	383,884	(4,492,687)
Financing activities				
Issuance of common shares	-	65,000	-	1,285,000
Share issue expenses	-	-	-	(126,271)
Cash flows from financing activities	-	65,000	-	1,158,729
Net changes in cash and cash equivalents	(10,634)	212,064	317,840	(3,444,735)
Cash and cash equivalents, beginning of period	1,439,132	133,851	1,110,658	3,790,650
Cash and cash equivalents, end of period	1,428,498	345,915	1,428,498	345,915

The accompanying notes are an integral part of the financial statements.

1. Basis of presentation and accounting estimates

The financial statements of the Company have been prepared by management in accordance with generally accepted accounting principles in Canada for interim financial statements. These interim financial statements do not include all the note disclosures required for annual financial statements and therefore they should be read in conjunction with the Company's audited financial statements for the year ended August 31, 2008. The accounting policies follow that of the most recently reported audited annual financial statements, except for the change in accounting policies as disclosed in Note 2.

2. Accounting estimates and change in accounting policies

The preparation of interim financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas where management judgement is applied are mining asset valuations and stock-based compensation. Actual results could differ from management's best estimates as additional information becomes available in the future.

Taking effect September 1, 2008, the Company adopted the following new accounting policies published by the CICA:

- Section 1535, "Capital disclosures", establishes standards for disclosing information about an entity's capital and how it is managed. It describes the disclosure of the entity's objectives, policies and processes for managing capital, the quantitative data about what the entity regards as capital, whether the entity has complied with any capital requirements, and, if it has not complied, the consequences of such non-compliance. Disclosure and presentation requirements pertaining to this section are contained in Note 7d);
- Section 1400, "General Standards of Financial Statement Presentation", requires that management make an assessment of the Company's ability to continue as a going concern over a period which is at least, but not limited to, twelve months from the balance sheet date. The new requirements only address disclosures and have no impact on the Company's financial results.
- Section 3862, "Financial Instruments – Disclosures" and Section 3863 "Financial Instruments – Presentation" describe the required disclosure and presentation for the assessment of the significance of financial instruments for an entity's financial position and performance and of the nature and extent of risks arising from financial instruments to which entity is exposed and how the entity manages those risks. Disclosure and presentation requirements pertaining to this section are contained in Note 10;

Financial instruments – recognition and measurement
All financial instruments are required to be measured at fair value on initial recognition, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other liabilities.

- Financial assets and liabilities classified as held-for-trading are required to be measured at fair value, with gains and losses recognized in net earnings.
- Financial assets classified as held-to-maturity, loans and receivables and financial liabilities (other than those held-for-trading) are required to be measured at amortized cost using the effective interest method of amortization.
- Available-for-sale financial assets are required to be measured at fair value, with unrealized gains and losses recognized in other comprehensive income (loss). Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market should be measured at cost.

2. Accounting estimates change in accounting policies (Cont'd)

The Corporation has implemented the following classification:

- Cash and cash equivalents, short term investments and listed shares are classified as held-for-trading.
- Other receivable and due from partners are classified as loans and receivables.
- Payable and accruals as well as due to a partner are classified as other liabilities.

3. Cash and cash equivalents

As of May 31, 2009, cash and cash equivalents include only cash.

4. Short term investments

As of May 31, 2009, short term investments include a guaranteed investment certificate from a Canadian financial institution of $1,441,603, cashable at any time without penalties, maturing on November 4, 2009, bearing interest rates of 2.05%.

5. Equipments

	Depreciation Rate	Cost	Accumulated depreciation	May 31, 2009
		$	$	$
Exploration equipment	Straight line over 3 years	16,500	10,992	5,508

6. Mining assets

Mining properties	August 31 2008	Additions	Write-offs	May 31, 2009
	$	$	$	$
Quebec				
Launay	374,981	14,150	-	389,131
Ungava	201,800	-	(201,800)	-
Otish	39,155	12,758	(19,578)	32,335
Ontario				
Timmins West	131,837	5,766	-	137,603
Eldorado	24,853	-	-	24,853
Henderson	3,118	-	-	3,118
Loveland	94,400	-	-	94,400
Long lac	19,824	-	-	19,824
Rim Nickel	865,782	55,196	-	920,978
	1,755,750	87,870	(221,378)	1,622,242

6. Mining assets (cont'd)

Deferred exploration expenses	**August 31 2008**	**Expendi-tures**	**Tax credits**	**Write-offs**	**May 31, 2009**
	$	**$**	**$**	**$**	**$**
Quebec					
Launay	4,235,839	30,676	(5,046)	-	4,261,469
Ungava	1,134,915	15,660	(5,686)	(1,144,889)	-
Otish	147,618	36,869	-	(106,419)	78,068
Troilus	-	460,985	(68,524)	-	392,461
Ontario					
Timmins West	1,412,737	261,856	-	-	1,674,593
Eldorado	85,176	92,213	-	-	177,389
Henderson	11,254	3,468	-	-	14,722
Loveland	1,175	850	-	-	2,025
Long Lac	73,281	12,215	-	-	85,496
Rim Nickel	394,111	219,303	-	-	613,414
	7,496,106	1,134,095	(79,256)	(1,251,308)	7,299,637

a) *Troilus*
On October 20, 2008, the Company signed an agreement whereby it has the option to earn a 50% interest in some Troilus properties in Quebec from Beaufield Resources Inc. ("Beaufield") by spending $500,000 on exploration over a three year period. Of the above amount, $250,000 must be spent before June 30, 2009. Beaufield will be the operator. The President of the Company is also the President of Beaufield. The Boards of Directors of both companies have approved this transaction.

b) *Timmins West (Carscallen Gold) – Big Marsh*
On December 15, 2008, the Company acquired claims in the Carscallen Township near Timmins, Ontario for $5,000. The vendors retain a 2% Net Smelter Return royalty of which 1% can be repurchased for $1,000,000.

c) *Ungava*
Considering the market conditions where it's difficult to finance an exploration program for the Ungava project located in the far north, the Company doesn't expect to do work on the property in the near future and consequently wrote-off the mining property costs and deferred exploration expenses for $1,346,689.

d) *Otish*
Following the airborne survey completed in the fall 2008 on the McLeod molybdenum property in the Otish Mountains, the Company decided to drop half of the claims and consequently wrote off half of the mining property costs and deferred exploration expenses for $97,645. In addition, the Company wrote-off the deferred exploration expenses relating to the exploration rights on diamonds in the Otish Mountains for $28,352.

7. Share capital

Authorized:
The Company's authorized share capital consists of an unlimited number of common shares of no par value and an unlimited number of preferred shares with an 8% non-cumulative dividend, redeemable at paid up capital.

Issued and to be issued:
Changes in the Company's common share capital were as follows:

	Nine-month period ended May 31, 2009	
	Number of shares	**Amount**
		$
Balance at beginning of period	82,815,603	34,134,977
Mining properties	2,500,000	550,000
Balance at end of period	85,315,603	34,684,977

a) Stock option plan

A summary of changes of the Company's common share purchase options is presented below:

	Nine-month period ended May 31, 2009	
	Number of options	**Weighted average exercise price**
		$
Balance at beginning of period	5,870,000	0.31
Granted	300,000	0.10
Cancelled	(100,000)	0.35
Balance at end of period	6,070,000	0.30

Stock compensation cost fair value was calculated on options granted using the Black-Scholes option pricing model based on the following assumptions:

Grant date	**November 7 2008**
Optionee	Director
Number of options	300,000
Exercise price	\$0.10
Risk free interest	3.82%
Average expected volatility	98%
Expected dividend	-
Expected life (years)	5
Vesting	Immediate
Estimated fair value per option	\$0.08
Estimated fair value	\$24,000

7. Share capital (Cont'd)

Concerning the November 7, 2008 grant, the stock options were granted to a director who provides consulting services to the Company and therefore 50% of the stock-based compensation cost was capitalized in the deferred exploration expenses.

The following table summarizes information about common share purchase options outstanding and exercisable as at May 31, 2009:

Number of options outstanding	Exercise price	Expiry date
	$	
1,200,000	0.10	November 11, 2010
270,000	0.125	February 9, 2011
200,000	0.20	May 8, 2011
1,400,000	0.30	January 15, 2012
400,000	0.35	October 26, 2012
1,900,000	0.50	December 17, 2012
400,000	0.25	February 25, 2013
300,000	0.10	November 7, 2013
6,070,000		

b) Warrants

A summary of changes of the Company's warrants is presented below:

	Nine-month period ended May 31, 2009	
	Number of warrants	Weighted average exercise price
		$
Balance at beginning of period	12,508,885	0.41
Expired	(473,683)	0.52
Balance at end of period	12,035,202	0.40

Warrants outstanding as at May 31, 2009 are as follows:

Number of warrants	Exercise price	Expiry date
	$	
2,903,226	0.25	December 18, 2011 [1)]
1,659,999	0.60	March 13, 2012 [2)]
590,000	0.60	March 27, 2012 [3)]
1,578,947	0.60	May 8, 2012 [4)]
303,030	0.33	November 1, 2009
5,000,000	0.35	June 9, 2013 [5)]
12,035,202		

7. Share capital (Cont'd)

Note:
1) The expiry date was extended from December 18, 2008 to December 18, 2011.
2) The expiry date was extended from September 13, 2008 to March 13, 2012.
3) The expiry date was extended from September 27, 2008 to March 27, 2012.
4) The expiry date was extended from May 8, 2009 to May 8, 2012.
5) The expiry date was extended from June 9, 2009 to June 9, 2013

c) Contributed surplus

A summary of changes of the Company's contributed surplus is presented below:

	Nine-month period ended May 31, 2009
	$
Balance at beginning of the period	1,249,429
Stock-based compensation cost (Note 5a)	43,167
Balance at end of period	1,292,596

e) Policies and processes for managing capital

The capital of the Company consists of the items included in shareholders' equity of $11,906,152 as of May 31, 2009 ($14,147,004 as of August 31, 2008). The Company's objectives when managing capital are to safeguard its ability to continue its operations as well as its acquisition and exploration programs. As needed, the Company raises funds through private placements. The Company doesn't use long term debts since it doesn't generate operating revenues. There is no dividend policy. The Company doesn't have any externally imposed capital requirements neither regulatory nor contractual requirements to which it is subject, unless the Company closes a flow-through private placement where the funds are restricted in use for exploration expenses.

8. Related party transactions

In the normal course of operations:

a) For the nine-month period ended May 31, 2009 ("Q2-2009'), companies controlled by an officer and director charged:
   i) Professional fees relating to geology amounting to $38,890 ($43,631 for the nine-month period ended May 31, 2008 ("Q3-2008")) capitalised in deferred exploration expenses;
   ii) Management fees amounting to $35,535 ($30,225 for Q3-2008) expensed in professional and consulting fees;
   iii) Rent totalling $27,000 ($27,000 for Q3-2008) expensed in general and administrative;
   iv) Medical fees of $5,319 (nil in Q3-2008) expensed in general and administrative.
b) For Q3-2009, a company controlled by an officer charged professional fees of $45,625 ($41,781 for Q3-2008);
c) For Q3-2009, a director (nominated November 7, 2008) charged
   i) Professional fees relating to geophysics or geology of $27,150 capitalised in deferred exploration expenses or mining properties;
   ii) Consulting fees of $6,600 expensed in investors and shareholders relations or professional and consulting fees.

8. Related party transactions (Cont'd)

d) As at May 31, 2009, the balance due to the related parties amounted to $22,149 (May 31, 2008 – $22,799) and was recorded in accounts payable and accrued liabilities. This amount is subject to the same conditions as those of non related parties.

These related party transactions were recorded at the exchange value, which is the consideration determined and agreed to by the related parties.

9. Statement of cash flows

	Three-month period ended May 31,		Nine-month period ended May 31,	
	2009	2008	2009	2008
	$	$	$	$
Additional information				
Interest cashed	4,543	6,473	153,166	57,201
Issuance of shares for acquisition of mining properties	-	550,000	-	660,000
Agent warrants granted for raising capital	-	-	-	75,758
Future income taxes accounted for in share issue expenses	-	-	-	323,000
Tax credits receivable applied against deferred exploration expenses	12,738	-	77,580	27,848
Exercise of options credited to share capital on exercise	-	10,000	-	23,000
Additions of mining properties and deferred exploration expenses included in accounts payable and accrued liabilities	10,916	359,307	10,916	359,307
Due from partners included in deferred exploration expenses and mining properties	-	29,052	-	29,052
Due to a partner included in deferred exploration expenses	21,784	-	21,784	-
Amortization included in deferred exploration expenses	-	-	-	2,748
Listed shares received on disposal of mining assets	-	1,312,000	-	1,312,000
Stock-based compensation included in deferred exploration expenses	-	28,750	-	67,083

10. Financial instruments

The Company is exposed to various financial risks resulting from both its operations and its investments activities. The Company's management monitors financial risks. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

The Company's main financial risk exposure and its financial risk management policies are as follows:

10. Financial instruments (Cont'd)

Interest rate risk
The short term investments, exploration funds and part of the cash and cash equivalents bear interest at a fixed rate and the Company is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations. Interest rates 1% higher would have decreased the fair value of these by $5,990 as of May 31, 2009. The Company's other financial assets and liabilities do not comprise any interest rate risk since they do not bear interest.

Credit Risk
The Company is subject to concentrations of credit risk through cash and cash equivalents, short-term investments and exploration funds. The Company maintains substantially all of its cash and cash equivalents, short term investments and exploration funds in financial instruments guaranteed by either a major Canadian financial institution or by the Canadian Government. The maximum credit risk is equivalent to the carrying value. The Company aims at signing partnership agreements with established companies and follows closely their cash position to reduce its credit risk on due from partners.

Liquidity risk
Management serves to maintain a sufficient amount of cash and cash equivalents, and to ensure that the Company has at his disposal sufficient sources of financing such as private placements. The Company establishes cash budgets to ensure it has the necessary funds to fulfill its obligations. Being able to obtain new funds allows the Company to pursue its activities and even tough the Company was successful in the past, there is no guarantee that it will succeed in the future.

Market risk
Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk in trading its listed shares and unfavourable market conditions could result in the disposal of its listed shares at less than favourable prices.

The listed shares held by the Company are exclusively shares from a Venture issuer who's activities are in the mineral exploration field. Those shares were obtained following the sale of mining assets in the Otish Basin in December 2007 and the original value based on the closing price on the stock market was $1,312,000. As of May 31, 2009, the value of these listed shares is $61,500.

As of May 31, 2009, a 10% decrease in the closing price on the stock market would result in an estimated increase in net after-tax loss of approximately $6,150.

Fair Value
The fair value of the listed shares held for trading is based on the closing price on the stock market.

11. Subsequent event

On June 30, 2009, the Company closed a private placement of 4,758,928 units at a price of $0.21 per unit for gross proceeds of $999,375. Each unit is comprised of one common share and one common share purchase warrant. Each common share purchase warrant will entitle its holder to purchase one additional common share at a price of $0.35 per common share for a period of 24 months following the closing date. The Company paid a cash finder's fee to PI Financial Corp. equivalent to 7 % of the gross proceeds raised by the finder, in the amount of $22,050 plus 10% in finder's warrants, in the amount of 150,000 warrants. Each warrant entitles the finder to purchase one additional common share of the Company at a price of $0.25 per common share for a period of 24 months following the closing date. The total finder's warrant cost amount to $28,500 and this fair value was estimated using the Black-Scholes model with no expected dividend yield, an expected volatility of 112%, a risk-free interest rate of 1.76% and an expected life of options of 2 years.