Melkior Resources Inc.

Interim Financial Statements

For the six-month period ended February 28, 2009

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

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Melkior Resources Inc.
(an exploration company)
Balance Sheets

	February 28 2009	August 31 2008
	(unaudited)	(audited)
	$	$
Assets		
Current assets		
Cash and cash equivalents (Note 3)	1,439,132	1,110,658
Short term investments (Note 4)	1,574,778	3,018,060
Taxes and other receivable	111,429	47,126
Due from partners, without interest	17,372	90,568
Taxes credits receivable	136,837	71,995
Prepaid expenses	6,465	19,978
Listed shares held for trading	82,000	615,000
	3,368,013	4,973,385
Prepaid exploration expenses	-	62,690
Exploration funds (Note 3)	-	373,930
Equipments (Note 5)	6,882	9,630
Mining assets (Note 6)		
Mining properties	1,605,918	1,755,750
Deferred exploration expenses	7,175,739	7,496,106
	12,156,552	14,671,491
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	61,975	524,487
Due to a partner	114,813	-
	176,788	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	(23,997,809)	(21,787,402)
	11,979,764	14,147,004
	12,156,552	14,671,491

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

Melkior Resources Inc.
(an exploration company)
Statements of Earnings, Comprehensive Income and Deficit
(Unaudited)

	Three-month period ended		Six-month period ended	
	February 28, 2009	February 29, 2008	February 28, 2009	February 29, 2008
	$	$	$	$
Expenses				
General and administrative	33,898	48,332	91,336	68,493
Travelling and promotion	1,850	9,401	2,454	13,138
Investors and shareholders relations	29,162	51,951	42,925	64,064
Professional and consulting fees	49,741	75,508	88,905	108,473
General exploration	1,983	-	9,326	-
Stock-based compensation	-	672,000	12,000	672,000
Amortization	1,374	-	2,748	-
Fair value variation on financial instruments held for trading and on taxes and other receivable	10,887	287,064	541,041	287,321
Write-off of mining assets	1,466,037	-	1,466,037	-
	1,594,932	1,144,256	2,256,772	1,213,489
Other income				
Interest income	12,118	49,173	42,965	90,937
Project management fees	200	10,471	3,400	17,560
Gain on disposal of mining assets	-	1,073,997	-	1,073,997
	12,318	1,133,641	46,365	1,182,494
Loss before income taxes	(1,582,614)	(10,615)	(2,210,407)	(30,995)
Future income taxes	-	323,000	-	323,000
Net income (loss) and comprehensive income (loss)	(1,582,614)	312,385	(2,210,407)	292,005
Basic and diluted net loss per share	(0.02)	-	(0.03)	-
Weighted average number of outstanding common shares	85,315,603	76,551,936	85,011,736	75,212,077
Deficit, beginning of period	(22,415,195)	(21,212,223)	(21,787,402)	(20,989,814)
Net income (loss)	(1,582,614)	312,385	(2,210,407)	292,005
Future income taxes related to flow-through shares	-	(323,000)	-	(323,000)
Share issue expenses	-	-	-	(202,029)
Deficit, end of period	(23,997,809)	(21,222,838)	(23,997,809)	(21,222,838)

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		Six-month period ended	
	February 28, 2009	February 29, 2008	February 28, 2009	February 29, 2008
	$	$	$	$
Operating activities				
Net loss for the period	(1,582,614)	312,385	(2,210,407)	292,005
Non-cash items:				
Stock-based compensation	-	672,000	12,000	672,000
Amortization	1,374	-	2,748	-
Fair value variation on financial instruments held for trading	11,184	-	541,411	-
Gain on disposal of mining assets	-	(1,073,997)	-	(1,073,997)
Write-off of mining assets	1,466,037	-	1,466,037	-
Recovery of future income taxes	-	(323,000)	-	(323,000)
Interest accrued on interest income	(6,119)	-	104,871	-
	(110,138)	(412,612)	(83,340)	(432,992)
Changes in non-cash working capital items				
Taxes and other receivable	(36,079)	(1,250,552)	(64,303)	(1,267,901)
Due from partners	619	(65,291)	11,991	(65,291)
Prepaid expenses	6,719	11,699	76,203	18,391
Accounts payable and accrued liabilities	(54,730)	(2,933)	(28,800)	15,683
Due to a partner	1,433	-	11,451	-
	(82,038)	(1,307,077)	6,542	(1,299,118)
Cash flows used in operating activities	(192,176)	(1,719,689)	(76,798)	(1,732,110)
Investing activities				
Purchase of short term investments	-	(3,391,445)	(2,100,000)	(3,391,445)
Disposal of short term investments	540,000	85,521	3,430,000	(714,770)
Exploration funds	242,332	(18,098)	373,930	(42,023)
Additions to mining properties	(8,950)	1,812,000	(377,546)	1,812,000
Deferred exploration expenses	(519,230)	(277,445)	(921,112)	(682,180)
Cash flows used in investing activities	254,152	(1,789,467)	405,272	(3,018,418)
Financing activities				
Issuance of common shares	-	-	-	1,220,000
Share issue expenses	-	-	-	(126,271)
Cash flows from financing activities	-	-	-	1,093,729
Net changes in cash and cash equivalents	61,976	(3,509,156)	328,474	(3,656,799)
Cash and cash equivalents, beginning of period	1,377,156	3,643,007	1,110,658	3,790,650
Cash and cash equivalents, end of period	1,439,132	133,851	1,439,132	133,851

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 February 28, 2009, cash and cash equivalents include treasury bills of $1,386,598 for which the nominal value is $1,387,000 with effective interest rate of 0.7%, maturing March 19, 2009.

	February 28, 2009
	$
Cash	52,534
Treasury bills	1,386,598
Cash and cash equivalents	1,439,132

4. Short term investments

As of February 28, 2009, short term investments include a guaranteed investment certificate from a Canadian financial institution of $1,574,778, cashable at any time without penalties, maturing on November 4, 2009, bearing interest rates of 2.05%.

5. Property, plant and equipment

	Depreciation Rate	Cost	Accumulated depreciation	February 28, 2009
		$	$	$
Exploration equipment	Straight line over 3 years	16,500	9,618	6,882

6. Mining assets

Mining properties	August 31 2008	Additions	Write-offs	February 28, 2009
	$	$	$	$
Quebec				
Launay	374,981	11,350	-	386,331
Ungava	201,800	-	(201,800)	-
Otish	39,155	-	(19,578)	19,577
Ontario			-	
Timmins West	131,837	5,000	-	136,837
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	71,546	(221,378)	1,605,918

Deferred exploration expenses	August 31 2008	Expendi-tures	Tax credits	Write-offs	February 28, 2009
	$	$	$	$	$
Quebec					
Launay	4,235,839	27,749	-	-	4,263,588
Ungava	1,134,915	3,325	-	(1,138,240)	-
Otish	147,618	36,869	-	(106,419)	78,068
Troilus	-	448,405	(64,842)	-	383,563
Ontario					
Timmins West	1,412,737	157,019	-	-	1,569,756
Eldorado	85,176	88,246	-	-	173,422
Henderson	11,254	2,242	-	-	13,496
Loveland	1,175	525	-	-	1,700
Long Lac	73,281	11,273	-	-	84,554
Rim Nickel	394,111	213,481	-	-	607,592
	7,496,106	989,134	(64,842)	(1,244,659)	7,175,739

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.

6. Mining assets (cont'd)

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 $1,340,040.

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:

	Six-month period ended February 28, 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:

	Six-month period ended February 28, 2009	
	Number of options	Weighted average exercise price
		$
Balance at beginning of period	5,870,000	0.31
Granted	300,000	0.10
Balance at end of period	6,170,000	0.30

7. Share capital (Cont'd)

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

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 February 28, 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
500,000	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
6,170,000		

b) Warrants

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

	Six-month period ended February 28, 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

7. Share capital (Cont'd)

Warrants outstanding as at February 28, 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		

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:

	Six-month period ended February 28, 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 $11,979,764 as of February 28, 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 six-month period ended February 28, 2009 ("Q2-2009'), companies controlled by an officer and director charged:
   i) Professional fees relating to geology amounting to $27,550 ($24,315 for the six-month period ended February 29, 2008 ("Q2-2008")) capitalised in deferred exploration expenses;
   ii) Management fees amounting to $23,310 ($22,725 for Q2-2008) expensed in professional and consulting fees;
   iii) Rent totalling $18,000 ($18,000 for Q2-2008) expensed in general and administrative;
   iv) Medical fees of $4,785 (nil in Q2-2008) expensed in general and administrative.

b) For Q2-2009, a company controlled by an officer charged professional fees of $37,156 ($31,031 for Q2-2008);

c) For Q2-2009, a director (nominated November 7, 2008) charged professional fees relating to geophysics or geology of $18,750 capitalised in deferred exploration expenses or mining properties;

d) As at February 28, 2009, the balance due to the related parties amounted to $32,210 (February 29, 2008 – $24,647) 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		Six-month period ended	
	February 28, 2009	February 29, 2008	February 28, 2009	February 29, 2008
	$	$	$	$
Additional information				
Interest cashed	8,917	11,532	148,623	50,728
Issuance of shares for acquisition of mining properties	-	20,000	-	110,000
Agent warrants granted for raising capital	-	-	-	75,758
Future income taxes accounted for in share issue expenses	-	323,000	-	323,000
Tax credits receivable applied against deferred exploration expenses	64,842	27,848	64,842	27,848
Additions of mining properties and deferred exploration expenses included in accounts payable and accrued liabilities	18,158	71,842	18,158	71,842
Due from partners included in deferred exploration expenses and mining properties	14,521	49,624	14,521	49,624
Due to a partner included in deferred exploration expenses	103,362	-	103,362	-
Depreciation included in deferred exploration expense	-	1,374	-	2,748
Value of stock options exercised	-	-	-	13,000
Stock-based compensation included in deferred exploration expenses	-	28,750	31,167	38,333

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:

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 $12,744 as of February 28, 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
The listed shares held by the Company are exclusively shares from a Venture issuer who's activities are in the mineral exploration field.

Fair Value

Fair value estimates are made at the balance sheet date, based on relevant market information and other information about financial instruments.

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