MERYLLION BUSINESS

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

(Expressed in Canadian Dollars)

Crowe MacKay LLP
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Independent Auditor's Report

To the Directors of
Meryllion Business

We have audited the accompanying consolidated financial statements of Meryllion Business and its subsidiaries, which comprise the consolidated statements of financial position as at September 30, 2013 and September 30, 2012, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Meryllion Business and its subsidiaries as at September 30, 2013 and September 30, 2012 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

"Crowe MacKay LLP"

Chartered Accountants
Vancouver, British Columbia
January 27, 2014

MERYLLION BUSINESS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in thousands of Canadian Dollars)

	Notes	As at September 30, 2013	As at September 30, 2012
ASSETS			
Current Assets			
Cash		$28	$21
Receivables		1	2
Deposits		5	155
		34	178
Non-Current Assets			
Exploration and evaluation assets	5	764	562
TOTAL ASSETS		$798	$740
CURRENT LIABILITY			
Accounts payable and accrued liabilities		$60	$34
EQUITY			
Contributed surplus	4	9,864	8,286
Accumulated other comprehensive income		47	13
Accumulated deficit		(9,173)	(7,593)
		738	706
TOTAL LIABILITIES AND EQUITY		$798	$740

Approved on behalf of the Board:

"David Birkenshaw" Director *"Gregory Shenton"* Director

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

MERYLLION BUSINESS
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in thousands of Canadian Dollars, except per share amounts, and shares in thousands)

	Notes	Year ended September 30, 2013	Year ended September 30, 2012
EXPENSES			
Exploration expenditures	6	$279	$3,350
Investor relations		4	9
Office and miscellaneous		155	325
Professional fees	7	537	405
Regulatory and filing fees		13	15
Salaries and benefits	7	532	425
Stock-based compensation	7	24	273
Travel and conferences		94	218
		1,638	5,020
LOSS BEFORE OTHER ITEMS		(1,638)	(5,020)
OTHER ITEMS			
Other loss		(3)	-
Foreign exchange gain/(loss)		61	(252)
NET LOSS		(1,580)	(5,272)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Unrealized gain/(loss) on translation to reporting currency		34	(3)
TOTAL COMPREHENSIVE LOSS		$(1,546)	$(5,275)
LOSS PER SHARE			
Basic and Diluted		$(0.09)	$(0.34)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING Basic and Diluted		17,126	15,662

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

MERYLLION BUSINESS
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of Canadian Dollars)

	Notes	Contributed Surplus	Accumulated Other Comprehensive Income/(Loss)	Accumulated Deficit	Total
Balance, September 30, 2011		$2,389	$16	$(2,321)	$84
Contribution from Concordia	4	5,897	-	-	5,897
Net (loss) and other comprehensive (loss)		-	(3)	(5,272)	(5,275)
Balance, September 30, 2012		8,286	13	(7,593)	706
Contribution from Concordia	4	1,578	-	-	1,578
Net (loss) and other comprehensive income		-	34	(1,580)	(1,546)
Balance, September 30, 2013		$9,864	$47	$(9,173)	$738

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

MERYLLION BUSINESS
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of Canadian Dollars)

	Year ended	
	September 30, 2013	**September 30, 2012**
OPERATING ACTIVITIES		
Loss for the year	$(1,580)	$(5,272)
Items not involving cash:		
Foreign exchange (gain)/loss	(61)	252
Stock-based compensation	24	273
Other loss	3	-
Changes in non-cash working capital:		
Decrease in receivables	1	22
Decrease/(increase) in deposits	150	(149)
Increase/(decrease) in accounts payable and accrued liabilities	26	(199)
Cash used in operating activities	(1,437)	(5,073)
INVESTING ACTIVITY		
Additions to exploration and evaluation assets	(173)	(336)
Cash used in investing activity	(173)	(336)
FINANCING ACTIVITIES		
Advances from Concordia Resource Corp.	684	4,752
Funding provided by Concordia Resource Corp. [1]	870	872
Cash provided by financing activities	1,554	5,624
Effect of Foreign Exchange on Cash	63	(245)
Net increase/(decrease) in Cash	7	(30)
Cash, beginning of year	21	51
Cash, end of year	$28	$21

[1] Funding provided by Concordia Resource Corp. ("Concordia") representing the allocation of general and administrative expenses of Concordia under the continuity of interests basis of accounting described in note 1 and have been provided as funding sources and uses of cash of Meryllion Business.

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

1. PLAN OF ARRANGEMENT AND NATURE OF OPERATIONS

Subsequent to the year ended September 30, 2013, Concordia Resource Corp. ("Concordia") entered into a vend-in agreement (the "Vend-In Agreement") which resulted in Concordia's indirect interest in the Providencia and Cerro Amarillo Projects and the related assets held in Concordia's wholly-owned subsidiary Meryllion Minerals Corporation (together called the "Argentine Assets") being indirectly spun out into Concordia's wholly owned subsidiary Meryllion Resources Corporation ("MRC"). Concordia also completed a Plan of Arrangement (the "Arrangement") which resulted in the public listing of MRC on the TSX Venture exchange. For additional details on the transaction please see Note 13.

These carve-out financial statements of Meryllion Business (the "Business" or the "Company") reflect the assets, liabilities, and expenses directly attributable to the Argentine Assets and management's estimates of general and administration expenses directly related to the operations.

The consolidated statement of comprehensive loss for the year ended September 30, 2013 includes $894 (2012 - $1,145) allocation of Concordia's general and administrative expenses. The allocation of general and administrative expenses was calculated on the basis of the ratio of expenditures incurred on the Providencia and Cerro Amarillo properties as compared to the expenditures incurred on all of Concordia's properties during each quarter. The opening deficit at October 1, 2011 has been calculated by applying the same allocation principles outlined above to the cumulative transactions relating to the resource property expenditures and includes an allocation of Concordia's general and administrative expenses.

Management cautions readers of these consolidated financial statements that the allocation of expenses may not be indicative of the actual expenses that would have been incurred, and do not reflect the Company's consolidated results of operations, financial position and cash flows, had the Company been operating as a separate, stand-alone public company for the years presented. The results of operations are not necessarily indicative of the operating results of future years.

The Company's head office, principal address, and registered and records office is #1100-355 Burrard Street, Vancouver, British Columbia, Canada, V6C 2G8.

To date, the Company has not generated revenues from operations and is considered to be in the exploration stage. The amounts shown as exploration and evaluation assets represent acquisition costs incurred to date and do not necessarily represent present or future values. The underlying value of exploration and evaluation assets are entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to complete permitting, development, and future profitable production. The Company considers that it has adequate resources to maintain its core operations for the next 12 months. Subsequent to September 30, 2013, the Company received $4,740 cash from Concordia in accordance with the Vend-In Agreement described in Note 13.

2. BASIS OF PREPARATION

The consolidated financial results for the years ended September 30, 2013 and 2012 have been audited and prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issue by the Board of Directors on January 27, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are expressed in Canadian dollars, the Company's presentation currency and have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The accounting policies set out in this note have been applied consistently to all periods presented in these consolidated financial statements as if the policies have always been in effect.

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

Principles of Consolidation

The consolidated financial statements contained herein include the allocation of Concordia's general and administrative expenses (Note 1) and accounts of Concordia's wholly-owned Canadian subsidiary Meryllion Minerals Corp. and its wholly-owned Argentine subsidiary Meryllion Argentina SA (together the "Group"). All inter-company transactions and balances have been eliminated.

Significant Accounting Estimates and Judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Accounting Estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the determination of environmental obligations, the recoverability of exploration and evaluation assets, the assumptions used in the determination of the fair value of stock-based compensation, and the assumptions used to allocate Concordia's general and administrative expenses.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Critical Accounting Judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments, as follows:

- the point in time that an economic feasibility study has established the presence of proven and probable reserves;
- deferred tax assets recorded in the consolidated financial statements;
- in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates", management determined that the functional currency of Meryllion Business is the Canadian dollar and the functional currency of the Company's wholly-owned subsidiaries Meryllion Minerals Corp. and Meryllion Argentina SA (Argentina) is the US dollar, as they are the currencies of the primary economic environments in which the companies operate.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Foreign Currency Translation

<u>Functional and presentation currency</u>

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Canadian Dollars. The Company's functional currency is the Canadian dollar and its wholly-owned subsidiaries' functional currency is the US dollar.

<u>Transactions and balances</u>

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continued to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the consolidated statement of comprehensive loss in the period in which they arise.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income (loss) in the consolidated statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income (loss). Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign Currency Translation *(continued)*

Parent and Subsidiary Companies

The financial results and position of operations whose functional currency is different from the presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at the average exchange rates for the period.

Exchange differences are transferred directly to the consolidated statement of comprehensive loss and are included in a separate component of shareholders' equity titled "Accumulated other comprehensive income or loss – currency translation adjustment". These differences are recognized in profit or loss in the period in which the operation is disposed of.

Exploration and Evaluation Assets

Exploration expenditures are expensed as incurred until an economic feasibility study has established the presence of proven and probable reserves and development of the project has commenced, at which time exploration and development expenditures incurred on the property thereafter are capitalized.

Costs relating to the acquisition and claim maintenance of mineral properties, including option payments and annual fees to maintain the property in good standing, are capitalized and deferred by property until the project to which they relate is sold, abandoned, impaired or placed into production. After recognition, the Company uses the cost model for exploration and evaluation assets.

The Company assesses its capitalized exploration and evaluation assets costs for indications of impairment on a regular basis and when events and circumstances indicate a risk of impairment. A property is written down or written off when the Company determines that an impairment of value has occurred or when exploration results indicate that no further work is warranted.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, or title may be affected by undetected defects.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of Long-lived Assets

Long-lived assets are assessed for impairment at each reporting date. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds it recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). These are typically individual mines or development projects.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Loss per share

Basic loss per share is calculated using the weighted average number of shares outstanding during the period. The shareholders of Concordia will receive one common share of MRC for one common share of Concordia. Prior to the completion of the spin-out transaction, Concordia consolidated its shares on a 5:1 basis. Accordingly, the weighted average number of shares used is one-fifth of the weighted average number of shares of Concordia for the respective periods.

The Company uses the treasury stock method of calculating fully diluted per share amounts whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the year. Diluted loss per share has not been presented separately as the outstanding options and warrants are anti-dilutive for each period presented.

Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is not recorded.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Stock - Based Compensation

The Company may grant stock options to buy common shares of the Company to directors, officers, employees and service providers. The fair value of stock options granted by the Company is treated as compensation costs in accordance with IFRS 2 - Share-based Payment. These costs are charged to the statement of loss or, if appropriate, are capitalized to exploration and evaluation assets over the stock option vesting period. The Company's allocation of share-based payments is consistent with its treatment of other types of compensation for each recipient.

Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period based on the number of awards expected to vest, by increasing contributed surplus. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the consolidated statement of comprehensive loss/income, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The fair value of stock options granted to non-employees is re-measured at the earlier of each financial reporting or vesting date, and any adjustment is charged or credited to operations upon re-measurement.

Valuation of Equity Units Issued in Private Placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. The value attributed to the warrants is recorded as contributed surplus. If the warrants are exercised, the value attributable to the warrants is transferred to share capital.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held with banks and highly liquid deposits which are subject to an insignificant risk of change in value.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

All of the Company's financial instruments are classified into one of two categories: loans and receivables and other financial liabilities. All financial instruments are measured in the consolidated statement of financial position at fair value initially. Subsequent measurement and changes in fair value will depend on their initial classification. Loans and receivables and other financial liabilities are measured at amortized cost.

The Company does not use derivative instruments or hedges to manage risks. Transaction costs related to all financial instruments will be expensed in the period incurred.

Cash and receivables have been designated as loans and receivables. Cash and receivables are included in current assets due to their short term nature.

Accounts payable and accrued liabilities have been designated as other financial liabilities and are included in current liabilities due to their short-term nature.

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Related Party Transactions

Related party transactions are measured at exchange value.

Accounting Standards Issued but not yet Applied

Unless otherwise noted, the following revised standards and amendments are effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Company has not yet assessed the impact of these standards and amendments. The Company has determined not to early adopt them.

(i) IFRS 9, Financial Instruments, was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income. This standard and its consequential amendments are applicable to annual reporting periods beginning on or after January 1, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Accounting Standards Issued but not yet Applied *(continued)*

(ii) IFRS 10, Consolidated Financial Statements, requires an entity to consolidate an investee when it has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, Consolidation—Special Purpose Entities and parts of IAS 27, Consolidated and Separate Financial Statements.

(iii) IFRS 11, Joint Arrangements, requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

(iv) IFRS 12, Disclosure of Interests in Other Entities, establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure that address the nature of, and risks associated with, an entity's interests in other entities.

(v) IFRS 13, Fair Value Measurement, is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and does not always reflect a clear measurement basis or consistent disclosures.

(vi) IAS 19, Employee Benefits, has been amended to make significant changes to the recognition and measurement of defined benefit pension expense and termination benefits and to enhance the disclosure of all employee benefits. The amended standard requires immediate recognition of actuarial gains and losses in other comprehensive income as they arise, without subsequent recycling to net income. Past service cost (which will now include curtailment gains and losses) will no longer be recognized over a service period but instead will be recognized immediately in the period of a plan amendment. Pension benefit cost will be split between (i) the cost of benefits accrued in the current period (service cost) and benefit changes (past-service cost, settlements and curtailments); and (ii) finance expense or income. The finance expense or income component will be calculated based on the net defined benefit asset or liability. A number of other amendments have been made to recognition, measurement and classification including redefining short-term and other long-term benefits, guidance on the treatment taxes related to benefit plans, guidance on risk/cost sharing features, and expanded disclosures.

(vii) There have been amendments to existing standards, including IAS 27, Separate Financial Statements, and IAS 28, Investments in Associates and Joint Ventures. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

(Expressed in thousands of Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Accounting Standards Issued but not yet Applied *(continued)*

(viii) IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine, sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. Stripping activity may create two types of benefit: i) inventory produced and ii) improved access to ore. Stripping costs associated with the former should be accounted for as a current production cost in accordance with IAS 2, Inventories. The latter should be accounted for as an addition to or enhancement of an existing asset.

(ix) IAS 32, Financial Instruments: Presentation, this amendment provides clarification on the application of offsetting rules. These amendments are effective for annual periods beginning on or after January 1, 2014.

4. CONTRIBUTION FROM CONCORDIA RESOURCE CORP.

Contributed surplus for the years ended September 30, 2013 and 2012 consists of the amounts of contributions from Concordia representing the allocation of general and administrative expenses and cash advances.

	Funding provided by Concordia	Stock-based compensation	Total
Balance, September 30, 2011	$1,951	$438	$2,389
Funding provided by Concordia	872	273	1,145
Advances from Concordia	4,752	-	4,752
Balance, September 30, 2012	7,575	711	8,286
Funding provided by Concordia	870	24	894
Advances from Concordia	684	-	684
Balance, September 30, 2013	$9,129	$735	$9,864

(Expressed in thousands of Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

	Providencia, Argentina	Cerro Amarillo, Argentina	Total
Evaluation and Exploration Assets - Acquisition Costs			
Balance, September 30, 2011	$154	$82	$236
Additions	286	50	336
Foreign exchange	(4)	(6)	(10)
Balance, September 30, 2012	436	126	562
Additions	97	76	173
Foreign exchange	22	7	29
Balance, September 30, 2013	$555	$209	$764

Providencia, Jujuy, Argentina

The Providencia Silver-Copper Prospect located in northwestern Argentina is made up of a number of properties, each subject to their own option agreement. The Providencia Silver-Copper Prospect is made up of options agreements on the following properties:

- Providencia and Tola properties
- Olaroz Chico property
- Cerro Galán, Coyaguaima, Coranzulí, Panizos and Nazarena properties
- Libertad property

The material terms of those option agreements are set out below.

In March 2011, amended in March 2013, the Company acquired an option to purchase the Providencia and Tola properties. Under the amended option agreement, the Company has the right to acquire a 100% interest in the property by making the following payments:

- US$50 – in March 2011(paid);
- US$100 – in September 2011(paid);
- US$150 - in March 2012 (paid);
- US$75 – in March 2013 (paid);
- US$25 – in January 2014;
- US$50 – in March 2014;
- US$25 – in August 2014;
- US$50 – in January 2015;
- US$200 – in March 2015;
- US$250 – in March 2016;
- US$300 – in March 2017.

The exercise fee is US$950 if less than 50 million ounces of silver resources have been delineated, as defined by a third-party, independent consultant, or US$1,950 if more than 50 million ounces of silver resources are defined. The Providencia and Tola properties are subject to an NSR of 1.5% with the Company having the option to buy out the NSR for US$3,000 if less than 50 million ounces of silver resources are defined or US$2,000 if more than 50 million ounces of silver resources are defined. The Providencia and Tola properties are also subject to an NSR of 1% which covers all of the Providencia and Cerro Amarillo Prospects. The Company has the right to buy half of this NSR for US$500.

5. EXPLORATION AND EVALUATION ASSETS *(continued)*

Providencia, Jujuy, Argentina *(continued)*

Effective June 13, 2012, and amended on May 28, 2013, the Company acquired an option to purchase the Olaroz Chico property. Under the amended option agreement, the Company has the right to acquire a 100% interest in the property by making the following payments:

- US$9 – in June 2012 (paid);
- US$9 - in June 2013 (paid);
- US$22.5 – in March 2014;
- US$22.5 – in September 2014;
- US$45 – in March 2015;
- US$90 – in March 2016;
- US$135 – in March 2017;
- US$180 – in March 2018
- US$441 – in March 2019.

The Olaroz Chico property is subject to an NSR of 1% with the Company having the option to buy out the NSR for US$450. The exercise fee is US$954, less any option amount paid at the time of exercise. If all option payments have been paid at the time of exercise, there will be no amount due. The Olaroz Chico property is also subject to an NSR of 1% which covers all of the Providencia and Cerro Amarillo Prospects. The Company has the right to buy half of this NSR for US$500.

Effective July 11, 2012, and amended on July 16, 2013, the Company acquired an option to purchase the Cerro Galán, Coyaguaima, Coranzulí, Panizos and Nazarena properties located north of the principal area of the Providencia Silver-Copper Prospect. Under the amended option agreement, the Company has the right to acquire a 100% interest in the properties by making the following payments:

- US$10 – in July 2012 (paid);
- US$5 – in July 2013 (paid);
- US$5 – in October 2013 (paid);
- US$25 – in July 2014;
- US$50 – in July 2015;
- US$75 – in July 2016;
- US$100 – in July 2017;
- US$740 – in July 2018.

The Cerro Galán, Coyaguaima, Coranzulí, Panizos and Nazarena properties are subject to an NSR of 1% with the Company having the option to buy it out for US$500. In addition, there is a work commitment during the term of the agreement of US$100. The exercise fee is US$1,010 less any option amount paid at the time of exercise. If all option payments have been paid at the time of exercise, there will be no amount due. The Cerro Galán, Coyaguaima, Coranzulí, Panizos and Nazarena properties are also subject to an NSR of 1% which covers all of the Providencia and Cerro Amarillo Prospects. The Company has the right to buy half of this NSR for US$500.

5. EXPLORATION AND EVALUATION ASSETS *(continued)*

Providencia, Jujuy, Argentina *(continued)*

Effective July 13, 2012, and amended on May 28, 2013, the Company acquired an option to purchase the Libertad property north of its La Providencia property. Under the amended option agreement, the Company has the right to acquire a 100% interest in the property by making the following payments:

- US$1 – in July 2012 (paid)
- US$1 – in June 2013 (paid)
- US$2.5 – in March 2014;
- US$2.5 – in September 2014
- US$5 – in March 2015;
- US$10 – in March 2016;
- US$15 – in March 2017;
- US$20 – in March 2018;
- US$49 – in March 2019

The Libertad property is subject to an NSR of 1% with the Company having the option to buy it out for US$50. The exercise fee is US$106, less any option amount paid at the time of exercise. If all option payments have been paid at the time of exercise, there will be no amount due. The Libertad property is also subject to an NSR of 1% which covers all of the Providencia and Cerro Amarillo Prospects. The Company has the right to buy half of this NSR for US$500.

Cerro Amarillo, Argentina

In October 2010, the Company acquired an option to purchase the Cerro Amarillo Copper-Gold Prospect located in the Malargüe District, in the Province of Mendoza, Argentina. Under the option agreement the Company has the exclusive right to engage in exploration activities on the property before exercising its option to acquire a 100% interest in the property.

The option is exercisable by the Company at any time; however, so long as the exploration program is ongoing, the Company will make payments to the owners of the property, which payments will total US$700 if the exploration program continues for at least 76 months as follows:

- US$25 – in October 2010 (paid);
- US$25 - in February 2011 (paid);
- US$25 – in August 2011 (paid);
- US$50 - in January 2012 (paid);
- US$75 - in January 2013 (paid);
- US$100 - in January 2014 (paid subsequent to year end);
- US$150 - in January 2015;
- US$250 - in January 2016.

When the option is exercised, the Company will pay a final purchase price of US$2,500. The owners of the property will also be entitled to a 1% NSR in the event the property is placed into commercial production, which the Company may purchase for US$3,000. The Cerro Amarillo Prospect is also subject to an NSR of 1% which covers all of the Providencia and Cerro Amarillo Prospects. The Company has the right to buy half of this NSR for US$500.

(Expressed in thousands of Canadian Dollars)

6. EXPLORATION EXPENDITURES

For the year ended September 30, 2013	Providencia, Argentina	Cerro Amarillo, Argentina	General Exploration	Total
Geological and other consulting	$144	$96	$-	$240
Field expenses and other	9	7	-	16
Transportation and travel	13	9	1	23
Total exploration expenditures	$166	$112	$1	$279

For the year ended September 30, 2012	Providencia, Argentina	Cerro Amarillo, Argentina	General Exploration	Total
Drilling	$1,650	$-	$-	$1,650
Geological and other consulting	614	236	43	893
Field expenses and other	442	45	-	487
Geophysics	28	8	-	36
Transportation and travel	219	65	-	284
Total exploration expenditures	$2,953	$354	$43	$3,350

7. COMPENSATION OF KEY MANAGEMENT

Compensation of key management consist of the amounts of contributions from Concordia representing the allocation of salaries, directors' fees, consulting fees and stock- based compensation of key management personnel.

The remuneration of directors and other members of key management included:

	Year ended	
	September 30, 2013	September 30, 2012
Salaries and benefits	$110	$260
Directors fees, included in salaries and benefits	38	20
Benefits paid to director, included in salaries and benefits	3	-
Termination benefit included in salaries and benefits	259	-
Consulting fees, included in professional fees	20	-
Stock-based compensation vested during the year	20	240
Total key management compensation	$450	$520

(Expressed in thousands of Canadian Dollars)

8. INCOME TAXES

The provision for income taxes differs from the amount calculated using the Canadian federal and provincial statutory income tax rates of 25.50% (2012 – 25.38%) as follows:

	Year ended	
	September 30, 2013	**September 30, 2012**
Expected tax expense/(recovery)	$(403)	$(1,338)
Items not deductible for income tax purposes	525	444
Higher rate in foreign jurisdiction	(53)	(387)
Other	(91)	42
Deferred income tax benefits not recognized	22	1,239
Deferred income tax (expense)/ recovery	$ -	$ -

As at September 30, 2013, no deferred tax assets are recognized on the following temporary differences as it is not probable that sufficient future taxable profit will be available to realize such assets:

	As At	
	September 30, 2013	**September 30, 2012**
Tax losses carry-forwards	$1,773	$1,751
Unrecognized deferred tax assets	$1,773	$1,751

The Company has Canadian non-capital loss carry-forwards of $523 (2012 - $409) that are available to reduce taxable income in Canada. These losses expire between 2031 and 2033.

The Company has Argentine loss carry-forwards of $4,500 (2012 - $4,800) that are available to reduce taxable income in Argentina. These losses expire between 2016 and 2018.

9. COMMITMENTS

Exploration and evaluation assets commitments are disclosed in Note 5.

10. SEGMENTED INFORMATION

The Company operates in one business segment, being the acquisition and exploration of exploration and evaluation assets. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating results for years ended September 30, 2013 and September 30, 2012. Substantially all assets of the Business are located in Argentina.

11. FINANCIAL INSTRUMENTS

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

i. Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
ii. Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
iii. Level 3 – Input for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

There were no financial instruments measured at fair value as at September 30, 2013 and September 30, 2012.

Financial Instruments Risk Exposure

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The Company manages risks to minimize potential losses. The main objective of the Company's risk management process is to ensure that the risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below:

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and receivables. The Company's maximum exposure to credit risk for cash and receivables is the amounts disclosed in the consolidated statements of financial position. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

The Company's receivables consist of goods and services sales tax (GST) due from the Federal Government of Canada and other miscellaneous receivables.

Management believes that the credit risk concentration with respect to financial instruments included in cash and receivables is minimal.

(Expressed in thousands of Canadian Dollars)

11. FINANCIAL INSTRUMENTS *(continued)*

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to evaluate current and expected liquidity requirements under both normal and stressed conditions to ensure that it maintains sufficient reserves of cash and cash equivalents to meet its liquidity requirements in the short and long term. As the industry in which the Company operates is very capital intensive, the majority of the Company's spending is related to its capital programs. The Company prepares annual budgets, which are regularly monitored and updated as considered necessary.

As at September 30, 2013, the Company had cash balance of $28 (September 30, 2012 - $21) to settle current liabilities of $60 (September 30, 2012 - $34). All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal year.

Subsequent to the year end, the Company received $4,740 cash from Concordia according to the spin-out transaction.

Market Risk

Market risk incorporates a range of risks. Movement in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is exposed to these risks as the ability of the Company to develop or market its properties and the future profitability of the Company is related to the market price of certain minerals.

i) Foreign Currency Risk

The Company's current assets and liabilities are denominated in Canadian dollars, US dollars and Argentine pesos as follows:

As at September 30, 2013	Canadian Dollars	US Dollars	Argentine Pesos	Total
Cash	$3	$12	$13	$28
Receivables	1	-	-	1
Deposits	-	5	-	5
Accounts payables and accrued liabilities	-	(36)	(24)	(60)
Net exposure	$4	$(19)	$(11)	$(26)

As at September 30, 2012	Canadian Dollars	US Dollars	Argentine Pesos	Total
Cash	$2	$7	$12	$21
Receivables	1	-	1	2
Deposits	-	155	-	155
Accounts payables and accrued liabilities	-	(19)	(15)	(34)
Net exposure	$3	$143	$(2)	$144

11. FINANCIAL INSTRUMENTS *(continued)*

Market Risk (continued)

US dollar amounts have been translated at a value of CDN$1.0303 for US$1.00 (September 30, 2012 - CDN$0.9832 for US$1.00). Amounts in Argentine Pesos have been translated at a value of CDN$0.1726 for 1 Peso (September 30, 2012 – CDN$0.2095 for 1 Peso).

ii) Price Risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

iii) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on cash is not considered significant.

12. CAPITAL DISCLOSURE

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral properties and to maintain a flexible capital structure. The capital structure of the Company consists of contributions from Concordia, accumulated other comprehensive income - currency translation adjustment and deficit.

The properties in which the Company currently has an interest are in the exploration stage. In order to carry out the planned exploration and pay for administrative costs, the Company will raise additional amounts as needed and if available.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company was not subject to externally imposed covenants. There were no changes in the Company's approach to capital management during the years ended September 30, 2013 and September 30, 2012.

13. SUBSEQUENT EVENTS

Subsequent to September 30, 2013:

- the Company entered into a Definitive Corporate Structure and Administration Agreement with Fitzcarraldo Ventures Inc. and Willem Fuchter (combined the "FVI"), whereby FVI agreed to relinquish its right under the previous agreement to 10% equity interest in the Company upon listing on the TSX Venture Exchange. In exchange, the Company granted FVI 1% net smelter returns royalty on Providencia and Cerro Amarillo properties. The Company has the right to buy half of this NSR for US$500;

- In October, 2013, Concordia and Meryllion Resources Corporation ("MRC") entered into a vend-in agreement (the "Vend-In Agreement"), whereby MRC issued 17,126 common shares to Concordia in exchange for approximately $4,740 in cash, subject to closing adjustments, and Concordia's 100% interest in Meryllion Minerals Corporation ("MMC"). Through its acquisition of MMC, MRC obtained Concordia's indirect interest in the Providencia and Cerro Amarillo Projects. Pursuant to a Plan of Arrangement (the "Arrangement"), all Concordia common shares were consolidated on a 5:1 basis and each shareholder of Concordia then received one MRC common share for every post-consolidated Concordia common share held as at the effective date of the Arrangement, and exchanged each old common share of Concordia for a new common share of Concordia.

  On December 4, 2013, Concordia completed the Arrangement under the Business Corporations Act of British Columbia whereby it distributed 100% of its interest in MRC, a wholly owned subsidiary, to its shareholders. Concurrently with the completion of the Arrangement, MRC obtained approval to list its common shares on the TSX-V and began trading under the name Meryllion Resources Corporation and the ticker symbol **MYR** on December 6, 2013.

  The Vend-In Agreement and Arrangement were approved by the board of directors of each of Concordia and MRC and the Arrangement was approved by the shareholders of Concordia, and was accepted for filing by the TSX Venture Exchange on behalf of both Concordia and MRC; and

- On December 10, 2013, the Company granted 1,875 stock options exercisable at $0.30 per share, with an expiry date of December 11, 2018. One third of the options vested on the date of grant, another 1/3 vest one year from the date of grant, and the remaining 1/3 vest two years from the date of grant.