

MERYLLION

R e s o u r c e s

MERYLLION RESOURCES CORP.
Condensed Consolidated Financial Statements
June 30, 2014
(Unaudited)
(Expressed in Canadian Dollars)

MERYLLION RESOURCES CORP.
Condensed Consolidated Statements of Financial Position
(Unaudited)
(In Canadian Dollars)

	NOTES	As at	
		June 30, 2014	September 30, 2013
ASSETS			
Current assets			
Cash and cash equivalents		\$ 2,138,202	\$ 27,767
Accounts receivable		2,671	1,419
Prepaid expenses and deposits		47,249	5,085
		2,188,122	34,271
Non-current assets			
Mineral interests	6	520,626	763,807
Property, plant and equipment	8	26,691	-
		547,317	763,807
TOTAL ASSETS		\$ 2,735,439	\$ 798,078
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10	\$ 193,397	\$ 60,376
		193,397	60,376
EQUITY			
Share capital	9	14,811,380	-
Share-option reserve		261,224	-
Contributed surplus		-	9,863,711
Accumulated other comprehensive (loss)/income		(173,721)	46,909
Accumulated deficit		(12,356,841)	(9,172,918)
		2,542,042	737,702
TOTAL LIABILITIES AND EQUITY		\$ 2,735,439	\$ 798,078

Commitments (Note 12)

Subsequent events (Note 14)

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

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

"David Birkenshaw"

DIRECTOR

"Gregory Shenton"

DIRECTOR

MERYLLION RESOURCES CORP.
Condensed Consolidated Statements of Comprehensive Loss
(Unaudited)
(In Canadian Dollars)

	NOTES	Three months ended June 30,		Nine months ended June 30,	
		2014	2013	2014	2013
ADMINISTRATIVE EXPENSES					
Depreciation	8	\$ 1,525	\$ -	\$ 3,813	\$ -
Insurance		12,691	-	27,273	-
Investor relations		11,719	349	19,904	2,508
Office and administration		11,378	9,663	51,385	36,547
Professional fees		14,932	35,106	391,474	83,934
Regulatory and filing fees		5,653	308	51,580	8,135
Rent		11,960	7,891	27,698	31,205
Salaries and benefits		152,781	46,841	383,924	481,060
Share-based compensation	9	56,307	2,573	261,224	21,676
Travel		8,759	12,270	125,567	68,138
		287,705	115,001	1,343,842	733,203
Evaluation and exploration expenses	7	516,926	167,721	1,611,196	525,451
OTHER (INCOME)/EXPENSES					
Interest income		(1,964)	-	(20,047)	-
Foreign exchange gain		(19,570)	(25,602)	(219,366)	(37,731)
Impairment of mineral interests	6	468,298	-	468,298	-
Other expenses		-	2,993	-	2,993
NET LOSS FOR THE PERIOD		1,251,395	260,113	3,183,923	1,223,916
OTHER COMPREHENSIVE (INCOME)/LOSS					
Unrealized (gain)/loss on translation to reporting currency		20,787	(26,647)	220,630	(50,279)
COMPREHENSIVE LOSS FOR THE PERIOD		\$ 1,272,182	\$ 233,466	\$ 3,404,553	\$ 1,173,637
LOSS PER SHARE					
Basic and diluted		\$ 0.07	\$ 0.02	\$ 0.24	\$ 0.07
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING					
Basic and diluted		17,125,510	17,125,600	13,048,008	17,125,600

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

MERYLLION RESOURCES CORP.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)
(In Canadian Dollars)

						Accumulated Other Comprehensive Income (Loss) - Currency Translation Adjustment	Accumulated deficit	Total
	NOTES	Number of shares	Share Capital	Share-option Reserve	Contributed Surplus			
Balances as at October 1, 2013		-	\$ -	\$ -	\$ 9,863,711	\$ 46,909	\$ (9,172,918)	\$ 737,702
Contribution from Concordia Resource Corp.	2	-	-	-	364,467	-	-	364,467
Shares issued for:								
Plan of arrangement	2	17,125,510	14,811,380	-	(10,228,178)	-	-	4,583,202
Share-based compensation		-	-	261,224	-	-	-	261,224
Net loss and comprehensive loss for the period		-	-	-	-	(220,630)	(3,183,923)	(3,404,553)
Balances as at June 30, 2014		17,125,510	\$ 14,811,380	\$ 261,224	\$ -	\$ (173,721)	\$ (12,356,841)	\$ 2,542,042
Balances as at October 1, 2012		-	\$ -	\$ -	\$ 8,286,247	\$ 12,987	\$ (7,594,328)	\$ 704,906
Contribution from Concordia Resource Corp.	2	-	-	-	1,258,874	-	-	1,258,874
Net loss and comprehensive income for the period		-	-	-	-	50,279	(1,223,916)	(1,173,637)
Balances as at June 30, 2013		-	\$ -	\$ -	\$ 9,545,121	\$ 63,266	\$ (8,818,244)	\$ 790,143

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

MERYLLION RESOURCES CORP.
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(In Canadian Dollars)

	NOTES	Nine months ended	
		June 30,	
		2014	2013
OPERATING ACTIVITIES			
Net loss for the period		\$ (3,183,923)	\$ (1,223,916)
Items not involving cash:			
Depreciation		3,813	-
Foreign exchange gain		(219,366)	(37,731)
Share-based compensation		261,224	21,676
Impairment of mineral interests	6	468,298	-
Other expenses		-	2,993
Changes in non-cash working capital:			
Accounts receivable		(1,252)	458
Prepaid expenses and deposits		(42,164)	139,750
Accounts payable and accrued liabilities		133,021	26,714
Cash used in operating activities		(2,580,349)	(1,070,056)
INVESTING ACTIVITIES			
Additions to mineral interests	6	(187,684)	(163,118)
Additions to property, plant and equipment	8	(30,504)	-
Cash used in investing activities		(218,188)	(163,118)
FINANCING ACTIVITIES			
Cash provided via Plan of Arrangement	2	4,583,202	-
Advances and funding provided by Concordia Resource Corp ⁽¹⁾		104,436	1,237,198
Cash provided by financing activities		4,687,638	1,237,198
Effect of foreign exchange on cash and cash equivalents		221,334	40,456
Net increase in Cash and cash equivalents		2,110,435	44,480
Cash and cash equivalents, beginning of period		27,767	20,805
Cash and cash equivalents, end of period		\$ 2,138,202	\$ 65,285
Comprised of:			
Cash		\$ 138,202	\$ 65,285
Cash equivalents		2,000,000	-
Total Cash and cash equivalents		\$ 2,138,202	\$ 65,285

⁽¹⁾ The advances and funding provided by Concordia Resource Corp. ("Concordia") represents the historic funding provided by Concordia and the allocation of general and administrative expenses of Concordia under the continuity of interest basis of accounting prior to the Plan of Arrangement transaction described in Note 2.

Supplemental cash flow information (Note 11)

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

MERYLLION RESOURCES CORP.
Notes to the Condensed Consolidated Financial Statements
Three and Nine months ended June 30, 2014

(Unaudited)

(In Canadian Dollars)

1. NATURE OF OPERATIONS

Meryllion Resources Corp. ("MRC") was incorporated on July 25, 2013 under the laws of British Columbia as a wholly-owned subsidiary of Kaizen Discovery Inc., formerly Concordia Resource Corp. ("Concordia"). On December 4, 2013, a Plan of Arrangement (the "Arrangement") was approved by the shareholders of Concordia whereby Concordia distributed 100% of its interest in MRC to its shareholders. Concurrently with the completion of the Arrangement, Meryllion Resources Corp. together with its subsidiaries (collectively known as the "Company" or "Meryllion") obtained approval to list its common shares on the TSX Venture Exchange ("TSX-V") and began trading under the ticker symbol **MYR** on December 6, 2013. For additional details on the transaction please see Note 2.

The Company's head office is located at 355 Burrard Street, Suite 1100, Vancouver, British Columbia, V6C 2G8 and its registered and records office is located at 355 Burrard Street, Suite 1800, Vancouver British Columbia, V6C 2G8.

Meryllion is a natural resource company engaged in the acquisition and exploration of resource properties in South America.

These condensed consolidated financial statements have been prepared on a going-concern basis, which contemplates the Company will continue into operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. To date, the Company has not generated revenues from operations and is considered to be in the exploration stage. The amounts shown as mineral interests represent acquisition costs incurred to date and do not necessarily represent current or future values. The underlying value of mineral interests 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 necessary financing to complete permitting, development and future profitable production or proceeds from the disposition thereof.

The Company believes its current working capital is sufficient to maintain its core operations for the duration of its fiscal year, however, additional funding will be required by the Company to complete its strategic objectives and continue as a going concern. There is no certainty that additional financing at terms that are acceptable to the Company will be available. The inability to obtain additional financing would cast substantial doubt on the Company's ability to continue as a going concern.

MERYLLION RESOURCES CORP.
Notes to the Condensed Consolidated Financial Statements
Three and Nine months ended June 30, 2014

(Unaudited)

(In Canadian Dollars)

2. PLAN OF ARRANGEMENT

In October 2013, Concordia and MRC entered into a vend-in agreement (the "Vend-In Agreement"), whereby MRC issued 17,125,510 common shares to Concordia in exchange for approximately \$4,700,000 in cash, subject to closing adjustments, and Concordia's 100% interest in Meryllion Minerals Corporation ("MMC"). The Vend-In Agreement resulted in MRC controlling a 100% interest in MMC and Concordia's indirect interest in the Providencia and Cerro Amarillo Projects and the related assets in Meryllion Argentina SA, a wholly-owned subsidiary of MMC (together called the "Argentine Assets"). On December 4, 2013, pursuant to the Arrangement, all Concordia common shares were consolidated on a 5:1 basis and each shareholder of Concordia then received one Meryllion 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. Concurrently with the completion of the Arrangement, Meryllion obtained approval to list its common shares on the TSX-V and began trading under 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 Meryllion 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 Meryllion.

The Company has completed a portion of the closing adjustments and the net amount of cash received by the Company after this portion of the closing adjustments was \$4,583,202. The Company is currently in the process of gathering all necessary information for the final closing adjustment and any further adjustments will change the amount of share capital in the Company by a corresponding amount.

The Company's consolidated results of operations, financial position and cash flows for the comparative periods prior to the three and nine months ended and as at June 30, 2014, 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 allocation of general and administrative expenses was calculated on the basis of the ratio of expenditures incurred on the Providencia and Cerro Amarillo Projects as compared to the expenditures incurred on all of Concordia's properties during each quarter. The contributed surplus of the Company as at October 1, 2013 of \$9,863,711 represents the cash advances and historic allocation of general and administrative expenses from Concordia to that date. The Company allocated an additional \$16,365 of Concordia's general and administrative expenses for the period covering October 1, 2013 to December 4, 2013. Upon closing of the Arrangement \$10,228,178, representing the aggregate contribution by Concordia up to the closing of the Arrangement, was transferred to share capital of the Company.

Management cautions readers of these condensed consolidated financial statements that the allocation of historic 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 periods presented.

MERYLLION RESOURCES CORP.
Notes to the Condensed Consolidated Financial Statements
Three and Nine months ended June 30, 2014
(Unaudited)
(In Canadian Dollars)

3. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 “*Interim Reporting*”, using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

(b) Basis of presentation

The accounting policies used in the preparation of these condensed consolidated financial statements are the same as those applied in the Company’s financial statements for the three months ended December 31, 2013.

These condensed consolidated financial statements are expressed in Canadian Dollars, the Company’s presentation currency and have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. In addition, these condensed consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These condensed consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on August 28, 2014.

(c) Basis of consolidation

The condensed consolidated financial statements for the three and nine months ended June 30, 2014 and as at June 30, 2014, include the accounts of the Company, the Company’s wholly-owned Canadian subsidiary Meryllion Minerals Corp., Meryllion Minerals Corp.’s wholly-owned Argentine subsidiary Meryllion Argentina SA and an allocation of Concordia’s general and administrative expenses from October 1, 2013 to December 4, 2013. All inter-company transactions and balances have been eliminated.

The historic condensed consolidated financial statements for the three and nine months ended June 30, 2013 and as at September 30, 2013, include an allocation of Concordia’s general and administrative expenses and the accounts of Concordia’s wholly-owned Canadian subsidiary Meryllion Minerals Corp. and its wholly-owned Argentine subsidiary Meryllion Argentina SA. All inter-company transactions and balances have been eliminated.

MERYLLION RESOURCES CORP.
Notes to the Condensed Consolidated Financial Statements
Three and Nine months ended June 30, 2014
(Unaudited)
(In Canadian Dollars)

3. BASIS OF PRESENTATION (Continued)

(d) Critical accounting estimates and judgements

The preparation of these condensed consolidated financial statements requires management to make certain estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the 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 mineral interests, the assumptions used in the determination of the fair value of share-based compensation, the assumptions used to estimate the useful life of property, plant and equipment and the assumptions used to allocate Concordia's general and administrative expenses.

Critical accounting judgements

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective judgements or assessments.

In accordance with IAS 21 "*The Effects of Changes in Foreign Exchange Rates*", management determined that the functional currency of Meryllion is the Canadian dollar and the functional currency of the Company's wholly-owned subsidiaries Meryllion Minerals Corp. and Meryllion Argentina SA is the US dollar, as they are the currencies of the primary economic environments in which the companies operate.

MERYLLION RESOURCES CORP.
Notes to the Condensed Consolidated Financial Statements
Three and Nine months ended June 30, 2014
(Unaudited)
(In Canadian Dollars)

4. FINANCIAL INSTRUMENTS

(a) Designation and valuation of financial instruments

The Company has designated its cash and cash equivalents and accounts receivable as loans-and-receivables and accounts payable and accrued liabilities as other-financial-liabilities.

The carrying values of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their fair values because of the short-term maturity of these financial instruments.

The following table summarizes the designation of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable:

- Level 1 of the fair value hierarchy includes unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 of the hierarchy includes inputs that are observable for the asset or liability, either directly or indirectly; and
- Level 3 includes inputs for the asset or liability that are not based on observable market data.

The Company does not have any financial instruments included in Level 1, 2 and 3.

The Company's financial instruments as at June 30, 2014 are as follows:

	As at	
	June 30, 2014	September 30, 2013
Financial assets		
Loans-and-receivables		
Cash and cash equivalents	\$ 2,138,202	\$ 27,767
Accounts receivable	2,671	1,419
Total financial assets	\$ 2,140,873	\$ 29,186
Financial liabilities		
Other-financial-liabilities		
Accounts payable and accrued liabilities	\$ 193,397	\$ 60,376
Total financial liabilities	\$ 193,397	\$ 60,376

MERYLLION RESOURCES CORP.
Notes to the Condensed Consolidated Financial Statements
Three and Nine months ended June 30, 2014
(Unaudited)
(In Canadian Dollars)

4. FINANCIAL INSTRUMENTS (Continued)

(b) Financial Risk

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 Company's risk exposure and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

The Company is exposed to credit risk with respect to its cash and cash equivalents and accounts receivable. The Company's maximum exposure to credit risk is the amounts disclosed in the condensed consolidated statement of financial position. Credit risk associated with cash and cash equivalents is minimized by placing these instruments with major Canadian financial institutions with strong investment-grade ratings as determined by a primary ratings agency. Credit risk associated with accounts receivable is minimal due to the immaterial nature of these miscellaneous receivables.

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. This is achieved by ensuring that no liabilities are incurred that the Company does not have the ability to discharge in 30 days or less. The Company also prepares annual budgets, which are regularly monitored and updated as considered necessary.

At June 30, 2014, the Company had a cash and cash equivalent balance of \$2,138,202 (September 30, 2013 - \$27,767) to settle current liabilities of \$193,397 (September 30, 2013 - \$60,376). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market factors. Market risk comprises three types of risk: price risk, interest rate risk and currency risk.

Price risk

Price risk is the risk that the fair value of future cash flows of the Company's financial instruments will fluctuate because of changes in market prices. The Company is not exposed to price risks.

MERYLLION RESOURCES CORP.
Notes to the Condensed Consolidated Financial Statements
Three and Nine months ended June 30, 2014
(Unaudited)
(In Canadian Dollars)

4. FINANCIAL INSTRUMENTS (Continued)

Interest rate risk

Interest rate risk is the risk that the fair values and future cash flows of the Company will fluctuate because of changes in market interest rates. 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.

Currency risk

Currency risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign currency exchange rates. The Company is exposed to currency risk through financial assets and liabilities denominated in currencies other than the Canadian dollar, the Company's presentation currency.

The Company's financial instruments denominated in currencies that are not the Canadian dollar as at June 30, 2014 are as follows:

	<u>US\$</u>	<u>Argentine Peso</u>	<u>C\$ equivalent</u>
Cash and cash equivalents	19,272	504,946	86,828
Accounts payable and accrued liabilities	(58,487)	(440,411)	(120,226)

The Company's sensitivity analysis suggests that a 10% depreciation or appreciation of the foreign currencies against the Canadian dollar would have resulted in an approximate \$54 decrease or increase in the Company's after-tax net earnings, respectively.

As at June 30, 2014, US dollar amounts have been translated at a rate of C\$1.0676 per US dollar and Argentine peso amounts have been translated at C\$0.1312 per Argentine peso.

5. CAPITAL MANAGEMENT

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 development and exploration of its mineral properties and to maintain a flexible capital structure, which optimizes the costs of capital to an acceptable risk.

The Company depends on external financing to fund its activities and there can be no guarantee that external financing will be available at terms acceptable to the Company. The capital structure of the Company currently consists of common shares and stock options. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debt or new shares. Management reviews its capital management approach on a regular basis. There were no changes in the Company's approach to capital management and the Company is not subject to any externally imposed capital requirements.

MERYLLION RESOURCES CORP.
Notes to the Condensed Consolidated Financial Statements
Three and Nine months ended June 30, 2014

(Unaudited)
(In Canadian Dollars)

6. MINERAL INTERESTS

Through the Company's wholly-owned subsidiaries, the Company controls exploration concessions in Argentina classified by the Company into the Cerro Amarillo Project and the Providencia Project. All acquisition costs and option payments related to these exploration concessions are capitalized as mineral interests and are incurred in US dollar and translated to Canadian dollar, the presentation currency for the Company.

Subsequent to the period end, the Company decided to terminate the La Providencia & M. Tola option agreement which is one of the four option agreements that makes up the Company's Providencia Project. The decision to terminate the agreement is based on the Company's desire to devote its resources to the development of its Cerro Amarillo Project. The Company has not terminated the remaining three option agreements for the Providencia Project. All costs capitalized as mineral interests for the La Providencia & M. Tola option agreement have been written off as at June 30, 2014.

The changes to the Company's mineral interests were as follows:

	<u>Cerro Amarillo, Argentina</u>	<u>Providencia, Argentina</u>	<u>Total</u>
Balances as at September 30, 2012	\$ 125,613	\$ 435,936	\$ 561,549
Additions	76,253	96,432	172,685
Change in value due to foreign exchange	7,091	22,482	29,573
Balances as at September 30, 2013	208,957	554,850	763,807
Additions	110,530	77,154	187,684
Impairment	-	(468,298)	(468,298)
Change in value due to foreign exchange	3,796	33,637	37,433
Balances as at June 30, 2014	\$ 323,283	\$ 197,343	\$ 520,626

MERYLLION RESOURCES CORP.
Notes to the Condensed Consolidated Financial Statements
Three and Nine months ended June 30, 2014
(Unaudited)
(In Canadian Dollars)

7. EVALUATION AND EXPLORATION EXPENSES

The Company's exploration expenses for the three and nine months ended June 30, 2014 were as follows:

	Three months ended June 30,		Nine months ended June 30,	
	2014	2013	2014	2013
Cerro Amarillo, Argentina				
Administration	\$ 136,324	\$ 34,788	\$ 362,327	\$ 126,326
Camp Costs	3,426	1,134	99,897	5,839
Consulting	94,482	13,874	258,316	47,483
Environmental Costs	2,165	-	4,197	-
Field Exploration	362	-	21,076	-
Geology	12	-	2,506	347
Geochemistry	6,979	-	58,953	-
Geophysics	213,361	-	388,786	-
Health and Safety	58	-	12,049	-
Personnel Costs	10,644	-	68,642	-
Travel and Transport	23,873	1,024	272,448	4,776
Other	6,604	6,274	20,221	20,555
Total Cerro Amarillo	498,290	57,094	1,569,418	205,326
Providencia, Argentina				
Administration	4,762	67,406	9,645	193,573
Camp Costs	1,066	1,900	3,587	7,356
Consulting	-	27,746	-	89,935
Personnel Costs	1,799	-	7,353	-
Travel and Transport	1,439	7,934	2,591	10,528
Other	9,570	5,641	18,602	18,733
Total Providencia	18,636	110,627	41,778	320,125
Total evaluation and exploration expenses	\$ 516,926	\$ 167,721	\$ 1,611,196	\$ 525,451

MERYLLION RESOURCES CORP.
Notes to the Condensed Consolidated Financial Statements
Three and Nine months ended June 30, 2014
(Unaudited)
(In Canadian Dollars)

8. PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment as at June 30, 2014 was as follows:

	<u>Office equipment</u>
Cost	
As at September 30, 2013	\$ -
Additions	30,504
As at June 30, 2014	30,504
Accumulated depreciation	
As at September 30, 2013	-
Charge for the period	3,813
As at June 30, 2014	3,813
Net book value as at September 30, 2013	-
Net book value as at June 30, 2014	\$ 26,691

9. SHARE CAPITAL

(a) Authorized

Unlimited Class A common shares without par value

(b) Issued and outstanding

At June 30, 2014, the Company had 17,125,510 common shares issued and outstanding (September 30, 2013 – nil).

Nine months ended June 30, 2014

During the nine months ended June 30, 2014, the Company issued 17,125,510 common shares pursuant to a Plan of Arrangement as described in Note 2.

MERYLLION RESOURCES CORP.
Notes to the Condensed Consolidated Financial Statements
Three and Nine months ended June 30, 2014

(Unaudited)
(In Canadian Dollars)

9. SHARE CAPITAL (Continued)

(c) Stock options

The Company has implemented a stock option plan whereby the Board of Directors of the Company may grant directors, officers, employees and consultants stock options to acquire common shares of the Company. Under the stock option plan, options granted are non-assignable and may be granted for a term not exceeding ten years. The plan is administered by the Board of Directors, which determines individual eligibility under the plan, the number of shares reserved underlying the options granted to each individual (not exceeding 10% of issued and outstanding shares to any insider; not exceeding 2% of the issued and outstanding shares to any consultant or persons employed to provide investor relations services) and any vesting period which, pursuant to the stock option plan can be determined and imposed by the Board of Directors. The maximum number of common shares that may be reserved for issuance under the plan is 2,568,826, being the number of common shares that is equal to 15% of the Company's issued and outstanding common shares.

The movement in the Company's stock options for the nine months ended June 30, 2014 was as follows:

	Number of options	Weighted average exercise price
Outstanding, September 30, 2012	-	\$ -
Granted	-	-
Exercised	-	-
Outstanding, September 30, 2013	-	-
Granted	2,000,000	0.29
Exercised	-	-
Outstanding, June 30, 2014	2,000,000	\$ 0.29

The Company's outstanding and exercisable stock options as at June 30, 2014 were as follows:

Exercise price	Outstanding		Exercisable	
	Number outstanding	Weighted average remaining life (years)	Number exercisable	Weighted average remaining life (years)
\$0.12	100,000	4.77	33,334	4.77
\$0.30	1,900,000	4.45	633,339	4.45
	2,000,000	4.47	666,673	4.47

MERYLLION RESOURCES CORP.
Notes to the Condensed Consolidated Financial Statements
Three and Nine months ended June 30, 2014

(Unaudited)
(In Canadian Dollars)

9. SHARE CAPITAL (Continued)

(d) Share-based compensation

During the nine months ended June 30, 2014, the Company granted 2,000,000 stock options (June 30, 2013: nil) at a weighted average exercise price of \$0.29 (June 30, 2013: \$nil). These stock options have a vesting period of 3 years with one-third of the grant vesting on the day of the grant, one-third vesting on the first anniversary of the grant and one-third vesting on the second anniversary of the grant.

The weighted average fair value for the options granted in the nine months ended June 30, 2014 was \$0.22 per option (June 30, 2013: \$nil) which was estimated at the date of the grant using the Black-Scholes option pricing model using the following weighted average assumptions:

	Nine months ended	
	June 30,	
	2014	2013
Risk-free interest rate	1.77%	-
Expected dividend yield	-	-
Expected stock price volatility ⁽¹⁾	100%	-
Expected option life	5.0 years	-
Share price on grant date	\$ 0.29	-

(1) The expected stock price volatility was estimated by reference to historic volatility of similar entities following a comparable period in their lives

During the nine months ended June 30, 2014, the Company recorded share-based compensation of \$261,224. The Company estimated a forfeiture rate of 0% to record the share-based compensation expense for options granted in the period. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate. During the nine months ended June 30, 2013, the Company recorded share-based compensation of \$21,676 which was an allocation of a portion of Concordia's share-based compensation expense (Note 2).

MERYLLION RESOURCES CORP.
Notes to the Condensed Consolidated Financial Statements
Three and Nine months ended June 30, 2014
(Unaudited)
(In Canadian Dollars)

10. RELATED PARTY TRANSACTIONS

(a) Key management compensation

The remuneration of the Company's Directors and other members of key management, being the Chief Executive Officer and Chief Financial Officer, who have the authority and responsibility for planning, directing and controlling the activities of the Company, consist of the following amounts:

	Nine months ended	
	June 30,	
	2014	2013
Short-term benefits ⁽¹⁾	\$ 526,525	\$ 138,800
Share-based compensation ⁽²⁾	184,787	17,985
Termination benefits	-	258,882
Total key management compensation	\$ 711,312	\$ 415,667

(1) Short term benefits include salaries, bonuses, consulting fees and directors fees for all directors and key management personnel.

(2) Share-based compensation is the fair value of stock options granted to directors and key management personnel where an expense was recorded in the period due to vesting conditions.

(b) Other related party transactions

In addition to the key management compensation above the Company also had related party transactions with WMM Services Corporation ("WMM"), a private company owned equally by Meryllion and Western Lithium USA Corporation ("WLC"). WMM provides administration, accounting and other office services to the Company. Costs incurred by WMM are allocated between the Company and WLC based on time incurred and use of services and are charged at cost.

The related party transactions incurred during the period were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

The Company had related party transactions with WMM of \$78,187 for the nine months ended June 30, 2014 (June 30, 2013 - \$nil) which were included in the following expense categories:

	Nine months ended	
	June 30,	
	2014	2013
Office and administration	\$ 15,580	\$ -
Rent	23,855	-
Salaries and benefits	38,752	-
Total related party transactions	\$ 78,187	\$ -

As at June 30, 2014, the balance due to related parties was \$4,544 (September 30, 2013 - \$nil) and due from related parties was \$nil (September 30, 2013 - \$nil).

MERYLLION RESOURCES CORP.
Notes to the Condensed Consolidated Financial Statements
Three and Nine months ended June 30, 2014
(Unaudited)
(In Canadian Dollars)

11. SUPPLEMENTAL CASH FLOW INFORMATION

During the nine months ended June 30, 2014 and 2013, the Company did not incur any interest expenses or pay any income taxes.

The Company did not have any non-cash financing or investing activities during the nine months ended June 30, 2014 and 2013.

12. COMMITMENTS

As at June 30, 2014, the Company has mineral interest commitments at its Cerro Amarillo and Providencia Projects in the form of option payments and minimum work commitments for various mineral exploration concessions.

The Company also has minimum rental and operating expense payments for the Company's office spaces in Vancouver and in Buenos Aires, with the leases concluding on December 31, 2014 and January 31, 2017, respectively.

The Company's commitments for these items as at June 30, 2014 and when they are expected to be incurred were as follows:

	As at June 30, 2014				Total
	Within 2014	2015 to 2016	2017 to 2018	After 2018	
Mineral interest commitments					
Cerro Amarillo Project					
Cerro Amarillo property	\$ -	\$ 427,040	\$ -	\$ -	\$ 427,040
Providencia Project					
Olaroz Chico property	24,021	144,126	336,294	470,812	975,253
Libertad property	2,669	16,014	37,366	52,312	108,361
Cerro Galán, Coyaguaima, Coranzulí, Panizos & Nazarena properties	26,690	133,450	106,760	-	266,900
Total mineral interest commitments	53,380	720,630	480,420	523,124	1,777,554
Minimum rental commitments	33,102	43,326	2,080	-	78,509
Total commitments	\$ 86,482	\$ 763,956	\$ 482,500	\$ 523,124	\$1,856,063

MERYLLION RESOURCES CORP.
Notes to the Condensed Consolidated Financial Statements
Three and Nine months ended June 30, 2014
(Unaudited)
(In Canadian Dollars)

13. SEGMENTED INFORMATION

As at June 30, 2014, the Company operates in two geographical areas being Canada and Argentina. The Company operates in one business segment, being the acquisition and exploration of resource properties. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating results for the nine months ended June 30, 2014.

The Company's assets, liabilities, property, plant and equipment and mineral interests segmented geographically are as follows:

	<u>Canada</u>	<u>Argentina</u>	<u>Total</u>
Total assets			
As at June 30, 2014	\$ 2,144,921	\$ 590,518	\$ 2,735,439
As at September 30, 2013	10,962	787,116	798,078
Total liabilities			
As at June 30, 2014	130,211	63,186	193,397
As at September 30, 2013	36,621	23,755	60,376
Mineral interests			
As at June 30, 2014	-	520,626	520,626
As at September 30, 2013	-	763,807	763,807
Property, plant and equipment			
As at June 30, 2014	26,691	-	26,691
As at September 30, 2013	-	-	-

14. SUBSEQUENT EVENTS

Subsequent to the period end, the Company decided to terminate the La Providencia & M. Tola option agreement which is one of the four option agreements that makes up the Company's Providencia Project. The decision to terminate the agreement is based on the Company's desire to devote its resources to the development of its Cerro Amarillo Project. The Company has not terminated the remaining three option agreements for the Providencia Project. All costs capitalized as mineral interests for the La Providencia & M. Tola option agreement have been written off as at June 30, 2014.