

MERYLLION

R e s o u r c e s

MERYLLION RESOURCES CORP.
Consolidated Financial Statements
September 30, 2016
(Expressed in Canadian Dollars)



Crowe MacKay LLP
Member Crowe Horwath International
1100 - 1177 West Hastings Street
Vancouver, BC V6E 4T5
+1.604.687.4511 Tel
+1.604.687.5805 Fax
+1.800.351.0426 Toll Free
www.crowemackay.ca

Independent Auditor's Report

To the Shareholders of Meryllion Resources Corp.

We have audited the accompanying consolidated financial statements of Meryllion Resources Corp. and its subsidiaries, which comprise the consolidated statements of financial position as at September 30, 2016 and September 30, 2015, and the consolidated statements of comprehensive loss, changes in equity (deficiency) 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 Resources Corp. and its subsidiaries as at September 30, 2016 and September 30, 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt about the ability of Meryllion Resources Corp. to continue as a going concern.

"Crowe MacKay LLP"

**Chartered Professional Accountants
Vancouver, British Columbia
January 30, 2017**

MERYLLION RESOURCES CORP.
Consolidated Statements of Financial Position
(In Canadian Dollars)
As at September 30,

	NOTES	2016	2015
ASSETS			
Current assets			
Cash		\$ 75,915	\$ 55,914
Accounts receivable		2,160	4,636
Prepaid expenses and deposits		3,138	7,762
		81,213	68,312
Non-current assets			
Mineral interests	7	-	40,183
TOTAL ASSETS		\$ 81,213	\$ 108,495
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	11	\$ 40,621	\$ 289,558
Loan payable	11	144,500	25,000
		185,121	314,558
EQUITY (DEFICIENCY)			
Share capital	10	15,027,571	14,755,184
Share-option reserve		348,908	348,908
Accumulated other comprehensive income (loss)		-	(111,983)
Accumulated deficit		(15,480,387)	(15,198,172)
		(103,908)	(206,063)
TOTAL LIABILITIES AND EQUITY (DEFICIENCY)		\$ 81,213	\$ 108,495

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

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

"John Fognani"
Director

"Zula Kropivnitski"
Director

MERYLLION RESOURCES CORP.
Consolidated Statements of Comprehensive Loss
(In Canadian Dollars)
For the year ended September 30,

	NOTES	2016	2015
ADMINISTRATIVE EXPENSES			
Depreciation		\$ -	\$ 2,542
Insurance		18,933	35,055
Investor relations		51,191	11,700
Office and administration	11	128,474	88,277
Professional fees		140,708	416,287
Regulatory and filing fees		24,387	33,670
Rent	11	-	33,809
Salaries and benefits	11	26,848	405,442
Share-based compensation	10, 11	-	33,409
Travel		-	67,277
		390,541	1,127,468
Evaluation and exploration expenses	8	156,656	536,862
OTHER (INCOME) /EXPENSES			
Interest income		-	(16,667)
Impairment of mineral interests	7	-	408,913
Loss on disposal of equipment		-	22,624
Gain on sale of subsidiary	14	(123,847)	-
Gain on debt settlement		(110,443)	-
Foreign exchange gain		(30,692)	(61,704)
		(264,982)	353,166
NET LOSS FOR THE YEAR			
		282,215	2,017,496
OTHER COMPREHENSIVE (INCOME) / LOSS			
Unrealized gain on translation to reporting currency		(4,318)	(48,354)
Reclassification of cumulative translation exchange differences on sale of subsidiary		(107,665)	-
COMPREHENSIVE LOSS FOR THE YEAR			
		\$ 170,232	\$ 1,969,142
LOSS PER SHARE			
Basic and diluted		\$ 0.01	\$ 0.12
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING			
Basic and diluted		19,829,460	17,125,510

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

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

	Number of shares	Share Capital	Share- option Reserve	Accumulated Other Comprehensive Income (Loss) – Currency Translation Adjustment	Accumulated deficit	Total
Balances as at October 1, 2015	17,125,510	\$14,755,184	\$ 348,908	\$ (111,983)	\$(15,198,172)	\$ (206,063)
Net loss and other comprehensive income for the year	-	-	-	111,983	(282,215)	(170,232)
Shares issued for cash	11,000,000	165,000	-	-	-	165,000
Share issuance costs	-	(3,057)	-	-	-	(3,057)
Shares issued for debt	7,362,910	110,444	-	-	-	110,444
Balances as at September 30, 2016	35,488,420	\$15,027,571	\$ 348,908	\$ -	\$(15,480,387)	\$ (103,908)
Balances as at October 1, 2014	17,125,510	\$14,755,184	\$ 315,499	\$ (160,337)	\$(13,180,676)	\$ 1,729,670
Share-based compensation	-	-	33,409	-	-	33,409
Net loss and other comprehensive income for the year	-	-	-	48,354	(2,017,496)	(1,969,142)
Balances as at September 30, 2015	17,125,510	\$14,755,184	\$ 348,908	\$ (111,983)	\$(15,198,172)	\$ (206,063)

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

MERYLLION RESOURCES CORP.
Consolidated Statements of Cash Flows
(In Canadian Dollars)
For the year ended September 30,

	NOTES	2016	2015
OPERATING ACTIVITIES			
Net loss for the year		\$ (282,215)	\$ (2,017,496)
Items not involving cash:			
Depreciation		-	2,542
Foreign exchange gain		(30,692)	(61,704)
Share-based compensation		-	33,409
Loss on disposal of equipment		-	22,624
Impairment of mineral interests		-	408,913
Gain on debt settlement		(110,443)	-
Gain on sale of subsidiary		(123,847)	-
Changes in non-cash working capital:			
Accounts receivable		2,476	(1,656)
Prepaid expenses and deposits		3,050	21,675
Accounts payable and accrued liabilities		271,704	55,507
Cash used in operating activities		(269,967)	(1,536,186)
INVESTING ACTIVITIES			
Additions to mineral interests	8	(26,788)	(43,509)
Net cash transferred to purchaser of subsidiary	14	(852)	-
Cash used in investing activities		(27,640)	(43,509)
FINANCING ACTIVITIES			
Private placement proceeds, net of share issuance costs		161,943	-
Loan advances		169,500	25,000
Loan repayment		(50,000)	-
Cash provided by financing activities		281,443	25,000
Effect of foreign exchange on cash		36,165	70,651
Net change in Cash		20,001	(1,484,044)
Cash, beginning of year		55,914	1,539,958
Cash, end of year		\$ 75,915	\$ 55,914

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

Supplemental Cash Flow information:

Interest paid (received)	\$	-	\$	-
Taxes paid	\$	-	\$	-
Non-cash investing activities	\$	-	\$	-
Accounts payable related to Samenta Project	\$	-	\$	26,788

MERYLLION RESOURCES CORP.
Notes to the Consolidated Financial Statements
Year ended September 30, 2016
(In Canadian Dollars)

1. NATURE OF OPERATIONS

Meryllion Resources Corp. ("Company") 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 the Company 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. On May 13, 2015 the Company received approval to list its common shares on the Canadian Securities Exchange ("CSE"), and voluntarily delisted its common shares from the TSX Venture Exchange (the "TSXV").

The Company's head office is located at 750 Pender St., Suite 303, Vancouver, British Columbia, V6C 2T7.

During the year ended September 30, 2016 the Company sold all of the issued and outstanding shares of its wholly-owned subsidiary, Huayra Minerals Corp., in consideration for the assumption of the debt accumulated by its Argentinean subsidiary, Meryllion Argentina S.A. (the "Transaction"). The Transaction was approved by the shareholders of the Company.

These consolidated financial statements have been prepared on a going-concern basis, which contemplates the Company will continue 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, exploration, development and future profitable production or proceeds from the disposition thereof.

The Company does not believe its current working capital is sufficient to maintain its core operations for the next twelve months, and 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 Company may raise additional funds through debt, the issuance of shares or through a strategic partnership. The inability to obtain additional financing may cast substantial doubt on the Company's ability to continue as a going concern.

MERYLLION RESOURCES CORP.
Notes to the Consolidated Financial Statements
Year ended September 30, 2016
(In Canadian Dollars)

2. BASIS OF PRESENTATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance 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”) effective September 30, 2016.

(b) Basis of presentation

These 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. These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The accounting policies set out in Note 3 have been applied consistently to all periods presented in these consolidated financial statements as if the policies have always been in effect.

These consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on January 30, 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements for the twelve months ended and as at September 30, 2016, include the accounts of the Company and, up to June 29, 2016, the Company’s wholly-owned Canadian subsidiary Huayra Minerals Corp. (formerly “Meryllion Minerals Corp.”) and Huayra Minerals Corp.’s wholly-owned Argentine subsidiary Meryllion Argentina SA. All inter-company transactions and balances have been eliminated.

(b) Critical accounting estimates and judgements

The preparation of these 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 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.

MERYLLION RESOURCES CORP.
Notes to the Consolidated Financial Statements
Year ended September 30, 2016
(In Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Critical accounting estimates and judgements (continued)

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, and the assumptions used in the determination of the fair value of share-based compensation.

Critical accounting judgements

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

Functional currency

In accordance with IAS 21 “*The Effects of Changes in Foreign Exchange Rates*”, management determined that the functional currency of the Company is the Canadian dollar and the functional currency of the Company’s wholly-owned subsidiaries for the period up to June 29, 2016, Huayra Minerals Corp. and Meryllion Argentina SA was the US dollar, as they were the currencies of the primary economic environments in which the companies operate.

Impairment of mineral interests

Assets or cash generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company’s mineral interests. External sources of information considered are changes in the Company’s economic, legal and regulatory environment which it does not control but affect the recoverability of its mining assets. Internal sources of information the Company considers include the manner in which mining properties are being used or are expected to be used and indications of economic performance of the assets.

Going concern risk assessment

The assessment of the Company’s ability to continue as a going concern involves significant judgement. Refer to our discussion in Note 1.

(c) 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.

MERYLLION RESOURCES CORP.
Notes to the Consolidated Financial Statements
Year ended September 30, 2016
(In Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements of the Company and each of the Company's subsidiaries up to June 29, 2016 are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These consolidated financial statements are presented in Canadian Dollars. The Company's functional currency is the Canadian dollar and its wholly-owned subsidiaries' up to June 29, 2016 functional currency is the US dollar.

Transactions and balances

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 continue 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 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.

Parent and Subsidiary Companies

The financial position and results 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.

(e) Evaluation and exploration expenses

Evaluation and exploration expenses are comprised of costs that are directly attributable to:

- researching and analyzing existing exploration data;
- conducting geological studies, exploratory drilling and sampling;
- examining and testing extraction and treatment methods; and
- activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

MERYLLION RESOURCES CORP.
Notes to the Consolidated Financial Statements
Year ended September 30, 2016
(In Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Evaluation and exploration expenses (continued)

All exploration and evaluation expenditures are expensed until properties are determined to contain economically viable reserves. When economically viable reserves have been determined, technical feasibility has been determined and the decision to proceed with development has been approved, the subsequent costs incurred for the development of that project are capitalized as mining properties, a component of property, plant and equipment.

Development expenditures are net of the proceeds of the sale of ore extracted during the development phase. Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete.

The costs of removing overburden to access ore are capitalized as pre-production stripping costs and classified as mineral interests.

(f) Mineral interests

Mineral interests include any costs relating to the acquisition and claim maintenance of mineral properties, including option payments and annual fees to maintain the property in good standing. When economically viable reserves have been determined, technical feasibility has been determined and the decision to proceed with development has been approved by the Board of Directors, the capitalized mineral interests for that project are capitalized as mining properties, a component of property, plant and equipment. Upon determination and the decision to proceed with development of a mineral interest, the mineral interest is tested for impairment and then reclassified from mineral interests to mineral properties, net of any impairment losses.

The Company assesses its capitalized mineral interests for indications of impairment on a regular basis and when events and circumstances indicate a risk of impairment. A mineral interest 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.

MERYLLION RESOURCES CORP.
Notes to the Consolidated Financial Statements
Year ended September 30, 2016
(In Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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 its 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.

(h) Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period if dilutive. 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 are anti-dilutive for each period presented.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances, deposits held at call and certificates of deposits and money market instruments, including cashable guaranteed investment certificates with an original term to maturity of three months or less at date of purchase, and are carried at amortized cost.

(j) 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.

MERYLLION RESOURCES CORP.
Notes to the Consolidated Financial Statements
Year ended September 30, 2016
(In Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Income taxes (continued)

Current tax

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

Deferred tax is accounted for using the liability method, providing for the tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their respective tax bases.

A deferred tax liability is recognized for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred income tax asset is recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and losses can be utilized, except where the deferred income tax asset related to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is measured on an undiscounted basis using the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates and tax laws enacted or substantively enacted at the statement of financial position date. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(k) Share-based compensation

The Company grants share-based awards to certain officers, employees, directors and other eligible persons. For equity-settled awards, the fair value is charged to profit or loss and credited to the related reserve account, on a straight-line basis over the vesting period, after adjusting for the estimated number of awards that are expected to vest.

The fair value of the equity-settled awards is determined at the date of the grant. In calculating fair value, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company. The fair value is determined by using the Black-Scholes option pricing model.

MERYLLION RESOURCES CORP.
Notes to the Consolidated Financial Statements
Year ended September 30, 2016
(In Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Share-based compensation (continued)

At each statement of financial position date, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognised in profit or loss with a corresponding entry against the related reserve. No expense is recognised for awards that do not ultimately vest.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, 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.

(l) Share capital

Common shares

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Equity units

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement equity 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 are determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. The value attributed to the warrants is recorded as an equity reserve. If the warrants are exercised, the value attributable to the warrants is transferred to share capital.

(m) Property, plant and equipment ("PPE")

Property, plant and equipment is recorded at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE includes its purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated close down and restoration costs associated with dismantling and removing the asset.

Depreciation is provided at rates calculated to write off the cost of PPE, less their estimated residual value, using the straight-line method or unit-of-production method over their expected useful lives as follows:

- Office equipment – 5 years straight-line basis
- Furniture and fixtures – 5 years straight-line basis

MERYLLION RESOURCES CORP.
Notes to the Consolidated Financial Statements
Year ended September 30, 2016
(In Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Property, plant and equipment ("PPE") (continued)

When major components of an item of PPE have different useful lives, they are accounted for as separate items of PPE and depreciated as per each component's useful life.

An item of PPE is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal, determined as the difference between the net disposal proceeds and the carrying value of the asset, is recognized in profit or loss in the consolidated statement of comprehensive loss.

Estimates of residual values and useful lives are reassessed annually and any change in estimate is taken into account in the determination of remaining depreciation charges. Depreciation commences on the date when the asset is available for use.

(n) 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 initially measured in the consolidated statement of financial position at fair value. 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 the Company's financial instruments will be added to their carrying amounts.

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.

Impairment of financial assets

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset is impaired. Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

Where impairment has occurred, the cumulative loss is recognized in profit or loss.

MERYLLION RESOURCES CORP.
Notes to the Consolidated Financial Statements
Year ended September 30, 2016
(In Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Rehabilitation obligations

The Company recognizes the fair value of a legal or constructive liability for a rehabilitation obligation in the year in which it is incurred and when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in profit or loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. The Company does not have significant rehabilitation obligations.

4. FUTURE ACCOUNTING POLICIES

The following are revised accounting standards, amendments and interpretations that are effective for annual periods beginning on or after January 1, 2016. The Company has not yet fully assessed the impact of these standards and amendments. Where permitted, the Company has determined to not adopt any of these future accounting policies early.

IFRS 9 Financial Instruments

The IASB has previously published versions of IFRS 9 that introduced new classification and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). The July 2014 publication represents the final version of the Standard, replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. This standard is effective for the periods beginning on or after January 1, 2018.

Amendments to IAS 1 Presentation of Financial Statements

These amendments clarify existing IAS 1 requirements resulting from the Disclosure Initiative. It is designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. These amendments are effective for reporting periods beginning on or after January 1, 2016.

Amendments to IAS 7 Statement of Cash Flows

These amendments (Disclosure Initiative) require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. This standard is effective for reporting periods beginning on or after January 1, 2017.

MERYLLION RESOURCES CORP.
Notes to the Consolidated Financial Statements
Year ended September 30, 2016
(In Canadian Dollars)

4. FUTURE ACCOUNTING POLICIES (Continued)

Amendments to IAS 12 Income Taxes

These amendments, Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12), clarify how to account for deferred tax assets related to debt instruments measured at fair value. These amendments are effective for reporting periods beginning on or after January 1, 2017.

Amendments to IFRS 2 Share-based Payment

These amendments added guidance that introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. They introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature. Finally, they clarify the accounting treatment in situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions. These amendments are effective for reporting periods beginning on or after January 1, 2018.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

This interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. It covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. This interpretation is effective for reporting periods beginning on or after January 1, 2018.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019.

5. FINANCIAL INSTRUMENTS

(a) Designation and valuation of financial instruments

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

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

MERYLLION RESOURCES CORP.
Notes to the Consolidated Financial Statements
Year ended September 30, 2016
(In Canadian Dollars)

5. FINANCIAL INSTRUMENTS (Continued)

(a) Designation and valuation of financial instruments (continued)

The Company's financial instruments are measured subsequent to initial recognition at fair value are 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 September 30, 2016 are as follows:

	As at	
	September 30, 2016	September 30, 2015
Financial assets		
Loans-and-receivables		
Cash	\$ 75,915	\$ 55,914
Accounts receivable	2,160	4,636
Total financial assets	\$ 78,075	\$ 60,550
Financial liabilities		
Other-financial-liabilities		
Accounts payable and accrued liabilities	\$ 40,621	\$ 289,558
Loan payable	144,500	25,000
Total financial liabilities	\$ 185,121	\$ 314,558

(b) Financial risks

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 accounts receivable. The Company's maximum exposure to credit risk is the amounts disclosed in the consolidated statement of financial position. Credit risk associated with cash 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.

MERYLLION RESOURCES CORP.
Notes to the Consolidated Financial Statements
Year ended September 30, 2016
(In Canadian Dollars)

5. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risks (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

At September 30, 2016, the Company had a cash balance of \$75,915 (September 30, 2015 - \$55,914) to settle current liabilities of \$185,121 (September 30, 2015 - \$314,558). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

During the year ended September 30, 2016 the Company settled debt in the aggregate principal amount of \$220,887 by the issuance of 7,362,910 common shares in the capital of the Company, having a deemed value of \$0.03 per common share.

The Company intends to finance future requirements from share issuances, the exercise of options, debt or other sources. There can be no certainty of the Company's ability to raise additional financing through these means.

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.

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 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 not exposed to significant currency risk.

MERYLLION RESOURCES CORP.
Notes to the Consolidated Financial Statements
Year ended September 30, 2016
(In Canadian Dollars)

6. 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 Company does not believe its current working capital is sufficient to maintain its core operations for the next twelve months, and 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 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.

7. MINERAL INTERESTS

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

During the year ended September 30, 2016 the Company sold all of the issued and outstanding shares of its wholly-owned subsidiary, Huayra Minerals Corp., in consideration for the assumption of the debt accumulated by its Argentinean subsidiary, Meryllion Argentina S.A. (the "Transaction"). The Transaction was approved by the shareholders of the Company.

During the year ended September 30, 2015 the Company's wholly owned Argentine subsidiary acquired the option to purchase the Samenta Cu-Mo porphyry prospect located in the province of Salta in northwestern Argentina. The Company signed exploration-with-option-to-purchase agreements on two separate but contiguous claim groups, Cerro Samenta Norte and Cerro Samenta Sur, comprising the Samenta Project. The Company made a USD30,000 payment upon completion of the due diligence. The Company was to pay USD50,000 in August 2016, USD70,000 in August 2017, USD90,000 in August 2018 and USD130,000 in August 2019. An exercise fee of USD4,230,000 was due at the end of August 2020. The underlying owners were also entitled to a 1.5% NSR royalty of which 0.5% can be purchased back for USD1,000,000.

For the Cerro Amarillo Project, the Company was awaiting the ratification of the appropriate permits to undertake, subject to financing, a stage one drilling campaign. On December 1, 2014, the Company announced that during the congressional deliberations that took place in November 2014, it was determined that any decision regarding the ratification of the drill permit should be delayed pending the completion of an inventory of glaciers in or near the project to be conducted by *Instituto Argentino de Nivología Glaciología y Ciencias Ambientales* ("IANIGLA"), the federal body charged with conducting the inventory under the Protection of Glaciers Law 26.639.

MERYLLION RESOURCES CORP.
Notes to the Consolidated Financial Statements
Year ended September 30, 2016
(In Canadian Dollars)

7. MINERAL INTERESTS (Continued)

Due to uncertainty of the timing for the completion of the glaciers inventory and the ratification of the permits, the Company wrote down the Cerro Amarillo property to \$1 during the year ended September 30, 2015.

For the Providencia Project, on August 22, 2014, the Company announced that it had terminated the La Providencia & M. Tola option agreement which is one of the four option agreements that previously made up the Company's Providencia Project. At the fiscal year ended September 30, 2014 the Company assessed the Providencia Project for indications of impairment. The Company determined that although it had not terminated all the option agreements for the Providencia Project, the option agreement that was terminated contained all of the previously disclosed inferred resource. Based on the lack of defined resources on the remaining Providencia Project and the Company's focus on the Cerro Amarillo Project going forward, all costs capitalized as mineral interests for the Providencia Project were written off as at September 30, 2014 and an impairment charge of \$749,054 was recorded in the twelve months ended September 30, 2014. During the year ended September 30, 2015, the Company terminated the remaining agreements that made up the Providencia Project, but no impairment charge was recorded as no costs were capitalized since the last impairment.

8. EVALUATION AND EXPLORATION EXPENSES

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

	Cerro Amarillo, Argentina	Samenta, Argentina	Total
Balances as at October 1, 2014	\$ 339,392	\$ -	\$ 339,392
Additions	31,031	39,267	70,298
Change in value due to foreign exchange	38,491	915	39,406
Impairment	(408,913)	-	(408,913)
Balance as at September 30, 2015	1	40,182	40,183
Change in value due to foreign exchange	-	(1,155)	(1,155)
Sold during the year	(1)	(39,027)	(39,028)
Balance as at September 30, 2016	\$ -	\$ -	\$ -

MERYLLION RESOURCES CORP.
Notes to the Consolidated Financial Statements
Year ended September 30, 2016
(In Canadian Dollars)

8. EVALUATION AND EXPLORATION EXPENSES (Continued)

The Company's exploration expenses for the years ended September 30, 2016 and 2015 were as follows:

	Years ended September 30,	
	2016	2015
Cerro Amarillo, Argentina		
Administration	\$ 90,654	\$ 368,501
Camp Costs	3,413	5,494
Consulting	-	38,487
Environmental Costs	-	14,031
Personnel Costs	-	10,712
Travel and Transport	78	11,399
Other	12,839	16,074
Total Cerro Amarillo	106,984	464,698
Providencia, Argentina		
Administration	-	56,632
Camp Costs	-	1,104
Personnel Costs	-	605
Travel and Transport	-	4,625
Other	-	8,450
Total Providencia	-	71,416
Samenta, Argentina		
Administration	42,090	-
Other	7,582	748
Total Samenta	49,672	748
Total evaluation and exploration expenses	\$ 156,656	\$ 536,862

MERYLLION RESOURCES CORP.
Notes to the Consolidated Financial Statements
Year ended September 30, 2016
(In Canadian Dollars)

9. PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment as at September 30, 2016 was as follows:

	<u>Office equipment</u>
Cost	
As at September 30, 2014	\$ 30,504
Disposal	(30,504)
As at September 30, 2015 and September 30, 2016	\$ -
Accumulated depreciation	
As at September 30, 2014	\$ 5,338
Charge for the year	2,542
Disposal	(7,880)
As at September 30, 2015 and September 30, 2016	\$ -
Net book value as at September 30, 2014	\$ 25,166
Net book value as at September 30, 2015 and September 30, 2016	\$ -

10. SHARE CAPITAL

(a) Authorized

Unlimited Class A common shares without par value.

(b) Issued and outstanding

At September 30, 2016 the Company had 35,488,420 (September 30, 2015 - 17,125,510) common shares issued and outstanding.

- Pursuant to the Plan of Arrangement entered into during the year ended September 30, 2015, at September 30, 2016, the Company had 1,212,616 shares held in escrow (September 30, 2015 - 2,122,078), which will be released on December 5, 2016.

Year ended September 30, 2016

During the year ended September 30, 2016 the Company settled debt in the aggregate principal amount of \$220,887 by the issuance of 7,362,910 common shares in the capital of the Company. The shares were valued at \$0.015 per share, accordingly the Company recognized a gain of \$110,443 on the debt settlement.

During the year ended September 30, 2016 the Company issued 11,000,000 shares for cash at \$0.015 per share and incurred \$3,057 in share issue costs.

MERYLLION RESOURCES CORP.
Notes to the Consolidated Financial Statements
Year ended September 30, 2016
(In Canadian Dollars)

10. SHARE CAPITAL (Continued)

Year ended September 30, 2015

During the year ended September 30, 2015, the Company did not issue any common shares.

(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.

The movement in the Company's stock options for the year ended September 30, 2016 was as follows:

	Number of options	Weighted average exercise price
Outstanding, September 30, 2014	2,000,000	\$ 0.29
Cancelled	(475,002)	0.30
Forfeited	(549,998)	0.27
Outstanding, September 30, 2015	975,000	0.30
Cancelled	(875,000)	0.30
Outstanding, September 30, 2016	100,000	\$ 0.30

The Company's outstanding and exercisable stock options as at September 30, 2016 were as follows:

	Outstanding		Exercisable	
	Number outstanding	Weighted average remaining life (years)	Number exercisable	Weighted average remaining life (years)
Exercise price \$0.30	100,000	2.20	100,000	2.20

(d) Share-based compensation

There were no stock options granted during the year ended September 30, 2016 and 2015. During the year ended September 30, 2015, the Company recorded share-based compensation of \$33,409 related to stock options vested during the year.

MERYLLION RESOURCES CORP.
Notes to the Consolidated Financial Statements
Year ended September 30, 2016
(In Canadian Dollars)

11. RELATED PARTY TRANSACTIONS

(a) Key management compensation

The remuneration of the Company's Directors consists of the following amounts:

	Years ended September 30,	
	2016	2015
Short-term benefits ⁽¹⁾	\$ 18,750	\$ 333,913
Short-term benefits forgone ⁽¹⁾	(18,750)	-
Share-based compensation ⁽²⁾	-	21,174
Termination benefit	-	100,000
Total directors compensation	\$ -	\$ 455,087

(1) Short term benefits include salaries, bonuses, consulting fees (included in professional fees) and directors fees for all directors.

(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.

As at September 30, 2016, the Company owed \$nil (September 30, 2015: \$93,353) in directors fees and expenses to the directors and a former director of the Company. During the period a director resigned and forgone \$18,750 in director's fees. During the year ended September 30, 2016 (2015: \$nil) the Company reached an agreement with the directors and a former director of the Company to settle debt in the amount of \$68,353 by the issuance of 2,278,445 common shares in the capital of the Company, having a deemed value of \$0.03 per common share.

As at September 30, 2016 the Company has a loan payable to a shareholder of \$144,500 (September 30, 2015: \$25,000) which is non-interest bearing and payable on demand.

(b) Other related party transactions

The Company shared office space, equipment and office administrative services with Western Lithium USA Corporation ("WLC"). These services have been mainly provided through a private management company, WMM Services Corporation ("WMM"), equally owned by the Company and WLC and were related by virtue of a common director. In November 2014, the Company transferred its ownership in WMM to WLC. Costs incurred by the management company are allocated between the Company and WLC based on time incurred and use of services and are charged at cost.

The Company had related party transactions with WMM of \$29,169 for the year ended September 30, 2015 which were included in the following expense categories:

	Years ended September 30,	
	2016	2015
Office and administration	\$ -	\$ 8,981
Rent	-	17,190
Salaries and benefits	-	2,998
Total related party transactions	\$ -	\$ 29,169

MERYLLION RESOURCES CORP.
Notes to the Consolidated Financial Statements
Year ended September 30, 2016
(In Canadian Dollars)

11. RELATED PARTY TRANSACTIONS (Continued)

(b) Other related party transactions (continued)

As at September 30, 2016 and 2015 the balance due to WMM was \$nil. Starting from March 1, 2015 the Company terminated the agreement with WMM and entered into an Administration and Corporate Development Services Agreement with a management company to provide administrative services including services of a Chief Financial Officer and a Corporate Secretary. During the year ended September 30, 2016 the Company incurred \$120,000 (2015 - \$40,000) in fees paid to this management company. As at September 30, 2016 \$nil (September 30, 2015 - \$nil) was payable to this company. During the year ended September 30, 2016 \$21,000 of the fees incurred was settled by the issuance of 700,000 common shares in the capital of the Company, having a deemed value of \$0.03 per common share.

12. SEGMENTED INFORMATION

As at September 30, 2016, the Company operates in Canada. 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 years ended September 30, 2016.

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 September 30, 2016	\$ 81,213	\$ -	\$ 81,213
As at September 30, 2015	66,760	41,735	108,495
Total liabilities			
As at September 30, 2016	185,121	-	185,121
As at September 30, 2015	240,668	73,890	314,558
Mineral interests			
As at September 30, 2016	-	-	-
As at September 30, 2015	-	40,183	40,183

MERYLLION RESOURCES CORP.
Notes to the Consolidated Financial Statements
Year ended September 30, 2016
(In Canadian Dollars)

13. INCOME TAXES

The provision for income taxes differs from the amount calculated using the Canadian federal and provincial statutory income tax rates of 26.0% (2015 - 26%) as follows:

	Twelve months ended September 30,	
	2016	2015
Net loss for the year	\$ (282,215)	\$ (2,017,496)
Statutory income tax rate	26.0%	26.0%
Expected income tax recovery	(73,376)	(524,549)
Items not deductible (taxable) for tax purposes	-	(13,081)
Higher rate in foreign jurisdictions	-	(79,464)
Other	-	320
Deferred income tax benefit not recognized	73,376	616,774
Deferred income tax (expense)/recovery	\$ -	\$ -

The Company recognizes deferred tax assets on losses or other deductible amounts where it is probable that sufficient future taxable profits will be available to realize such assets. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	As at September 30,	
	2016	2015
Non-capital losses carry forward	\$ 1,296,760	\$ 3,230,121
Capital losses carry forward	648,907	-
Mineral interests	-	394,462
Share issue costs	636	-
Unrecognized deferred tax assets	\$ 1,946,303	\$ 3,624,583

Included in the unrecognized deferred tax assets as at September 30, 2015 were tax benefits of Huayra Minerals Corp., which the Company is not entitled to since it sold its subsidiary. As at September 30, 2016, the capital losses were incurred as a result of the sale of its subsidiary.

As at September 30, 2016, the Company has Canadian non-capital loss carry-forwards of \$2,495,795 (2015 - \$2,897,071) that are available to reduce taxable income in Canada. These losses expire between 2034 and 2036.

As at September 30, 2016, the Company has Argentine loss carry-forwards of \$nil (2015 - \$7,076,809) that are available to reduce taxable income in Argentina.

MERYLLION RESOURCES CORP.
Notes to the Consolidated Financial Statements
Year ended September 30, 2016
(In Canadian Dollars)

14. SALE OF SUBSIDIARY

On June 30, 2016, the Company closed the Purchase and Sale Agreement whereby the purchaser acquired all the issued and outstanding shares of Huayra Minerals Corp. in exchange for \$10 and the assumption of any and all liabilities of Meryllion Argentina SA.

The following provides information with respect to the gain on the sale:

Consideration	\$	10
Less :		
Cash		862
Prepaid expenses and deposits		1,574
Mineral interests		39,028
Accounts payable and accrued liabilities		<u>(272,966)</u>
Net assets (deficit) of Huayra Minerals Corp		<u>(231,502)</u>
		231,512
Reclassification of cumulative translation differences		(107,665)
<u>Gain on sale of subsidiary</u>	<u>\$</u>	<u>123,847</u>