

MERYLLION

R e s o u r c e s

MERYLLION RESOURCES CORP.
Condensed Financial Statements
December 31, 2016
(Unaudited)
(Expressed in Canadian Dollars)

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

	NOTES	As at	
		December 31, 2016	September 30, 2016
ASSETS			
Current assets			
Cash		\$ 4,891	\$ 75,915
Accounts receivable		2,697	2,160
Prepaid expenses and deposits		-	3,138
		7,588	81,213
TOTAL ASSETS		\$ 7,588	\$ 81,213
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	11	\$ 46,630	\$ 40,621
Loan payable	7	106,000	144,500
		152,630	185,121
EQUITY (DEFICIENCY)			
Share capital	10	15,027,571	15,027,571
Share-option reserve		348,908	348,908
Accumulated other comprehensive income (loss)		-	-
Accumulated deficit		(15,521,521)	(15,480,387)
		(145,042)	(103,908)
TOTAL LIABILITIES AND EQUITY (DEFICIENCY)		\$ 7,588	\$ 81,213

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

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

"John Fognani"
Director

"Zula Kropivnitski"
Director

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

		Three months ended December 31,	
	NOTES	2016	2015
ADMINISTRATIVE EXPENSES			
Insurance		\$ 3,580	\$ 6,912
Office and administration	11	30,631	30,838
Professional fees		1,411	10,789
Regulatory and filing fees		2,429	2,104
Salaries and benefits	11	-	(6,250)
Travel		3,083	-
		41,134	44,393
Evaluation and exploration expenses	8	-	78,078
OTHER (INCOME) /EXPENSES			
Foreign exchange gain		-	(17,287)
		-	(17,287)
NET LOSS FOR THE PERIOD		41,134	105,184
OTHER COMPREHENSIVE (INCOME) / LOSS			
Unrealized gain on translation to reporting currency		-	(8,728)
COMPREHENSIVE LOSS FOR THE PERIOD		\$ 41,134	\$ 96,456
LOSS PER SHARE			
Basic and diluted		\$ 0.001	\$ 0.01
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING			
Basic and diluted		35,488,420	17,125,510

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

MERYLLION RESOURCES CORP.
Condensed Statements of Changes in Equity (Deficiency)
(Unaudited)
(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, 2016	35,488,420	\$15,027,571	\$ 348,908	\$ -	\$ (15,480,387)	\$ (103,908)
Net loss and other comprehensive income for the year	-	-	-	-	(41,134)	(41,134)
Balances as at December 31, 2016	35,488,420	\$15,027,571	\$ 348,908	\$ -	\$ (15,521,521)	\$ (145,042)
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	-	-	-	8,728	(105,184)	(96,456)
Balances as at December 31, 2015	17,125,510	\$14,755,184	\$ 348,908	\$ (103,255)	\$ (15,303,356)	\$ (302,519)

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

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

		Three months ended December 31,	
	NOTES	2016	2015
OPERATING ACTIVITIES			
Net loss for the year		\$ (41,134)	\$ (105,184)
Items not involving cash:			
Foreign exchange gain		-	(17,287)
Gain on debt settlement		-	-
Gain on sale of subsidiary		-	-
Changes in non-cash working capital:			
Accounts receivable		(537)	2,814
Prepaid expenses and deposits		3,138	(9,167)
Accounts payable and accrued liabilities		7,509	85,753
Cash used in operating activities		(31,024)	(43,071)
INVESTING ACTIVITIES			
Additions to mineral interests	8	-	(27,680)
Net cash transferred to purchaser of subsidiary	14	-	-
Cash used in investing activities		-	(27,680)
FINANCING ACTIVITIES			
Loan repayment		(40,000)	-
Cash provided by financing activities		(40,000)	-
Effect of foreign exchange on cash		-	25,569
Net change in Cash		(71,024)	(45,182)
Cash, beginning of year		75,915	55,914
Cash, end of year		\$ 4,891	\$ 10,732

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

Supplemental Cash Flow information:

Interest paid (received)	\$	-	\$	-
Taxes paid	\$	-	\$	-
Non-cash investing activities	\$	-	\$	-

MERYLLION RESOURCES CORP.
Notes to the Condensed Financial Statements
Three months ended December 31, 2016

(Unaudited)

(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 Condensed Financial Statements
Three months ended December 31, 2016
(Unaudited)
(In Canadian Dollars)

2. 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”) effective December 31, 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 of the audited Consolidated Financial Statements for the year ended September 30, 2016 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 February 27, 2017.

3. 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.

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.

MERYLLION RESOURCES CORP.
Notes to the Condensed Financial Statements
Three months ended December 31, 2016
(Unaudited)
(In Canadian Dollars)

3. FINANCIAL INSTRUMENTS (Continued)

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

The Company's financial instruments as at December 31, 2016 are as follows:

	As at	
	December 31, 2016	September 30, 2016
Financial assets		
Loans-and-receivables		
Cash	\$ 4,891	\$ 75,915
Accounts receivable	2,697	2,160
Total financial assets	\$ 7,588	\$ 78,075
Financial liabilities		
Other-financial-liabilities		
Accounts payable and accrued liabilities	\$ 46,630	\$ 40,621
Loan payable	106,000	144,500
Total financial liabilities	\$ 152,630	\$ 185,121

(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 Condensed Financial Statements
Three months ended December 31, 2016
(Unaudited)
(In Canadian Dollars)

3. 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 December 31, 2016, the Company had a cash balance of \$4,891 (September 30, 2016 - \$75,915) to settle current liabilities of \$152,630 (September 30, 2016 - \$185,121). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

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.

4. 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.

MERYLLION RESOURCES CORP.
Notes to the Condensed Financial Statements
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(Unaudited)

(In Canadian Dollars)

4. CAPITAL MANAGEMENT

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.

5. 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 Condensed Financial Statements
Three months ended December 31, 2016
(Unaudited)
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6. 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, 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 and December 31, 2016	-	-	-

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

	Three months ended December 31,	
	2016	2015
Cerro Amarillo, Argentina		
Administration	\$ -	\$ 39,848
Camp Costs	-	970
Travel and Transport	-	78
Other	-	2,152
Total Cerro Amarillo	-	43,048
Samenta, Argentina		
Administration	-	32,426
Other	-	2,604
Total Samenta	-	35,030
Total evaluation and exploration expenses	\$ -	\$ 78,078

7. SHARE CAPITAL

(a) Authorized

Unlimited Class A common shares without par value.

(b) Issued and outstanding

At December 31, 2016 the Company had 35,488,420 (September 30, 2016 - 35,488,420) common shares issued and outstanding.

MERYLLION RESOURCES CORP.
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(Unaudited)

(In Canadian Dollars)

7. SHARE CAPITAL (Continued)

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.

(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 three months ended December 31, 2016 was as follows:

	Number of options	Weighted average exercise price
Outstanding, September 30, 2015	975,000	0.30
Cancelled	(875,000)	0.30
Outstanding, September 30, 2016 and December 31, 2016	100,000	\$ 0.30

The Company has 100,000 stock options outstanding and exercisable stock options as at December 31, 2016. The weighted average remaining life of the stock options is 1.95 years and exercise price is \$0.30.

(d) Share-based compensation

There were no stock options granted during the three months ended December 31, 2016 and year ended September 30, 2016.

MERYLLION RESOURCES CORP.
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(Unaudited)
(In Canadian Dollars)

8. RELATED PARTY TRANSACTIONS

(a) Key management compensation

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

	Three months ended December 31,	
	2016	2015
Short-term benefits ⁽¹⁾	\$ -	\$ (6,250)
Total directors' compensation	\$ -	\$ (6,250)

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

As at December 31, 2016, the Company owed \$1,500 (September 30, 2016: \$nil) in a loan to the director of the Company. The loan is not secured and non-interest bearing payable on demand.

As at December 31, 2016 the Company has a loan payable to a shareholder of \$104,500 (September 30, 2016: \$144,500) which is non-interest bearing and payable on demand.

(b) Other related party transactions

On March 1, 2015 the Company 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 three months ended December 31, 2016 the Company incurred \$30,000 (2015 - \$30,000) in fees to this management company. As at December 31, 2016 \$5,250 (September 30, 2016 - \$nil) was payable to this company.

12. SEGMENTED INFORMATION

As at December 31, 2016, the Company operates in Canada. Up until June 30, 2016 the Company operated in one business segment, being the acquisition and exploration of resource properties. The Company was in the exploration stage and, accordingly, had no reportable segment revenues or operating results for the three months ended December 31, 2016.

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

	Canada	Argentina	Total
Total assets			
As at December 31, 2016	\$ 7,588	\$ -	\$ 7,588
As at September 30, 2016	81,213	-	81,213
Total liabilities			
As at December 31, 2016	152,630	-	152,630
As at September 30, 2016	185,121	-	185,121