

MERYLLION

R e s o u r c e s

MERYLLION RESOURCES CORP.
Condensed Interim Financial Statements
December 31, 2019
(Unaudited)
(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

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

	NOTES	As at	
		December 31, 2019	September 30, 2019
ASSETS			
Current assets			
Cash		\$ 28	\$ 2,386
Accounts receivable		17,452	16,347
Prepaid expenses and deposits		-	-
TOTAL ASSETS		\$ 17,480	\$ 18,733
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 74,465	\$ 71,334
Loan payable		11,190	-
TOTAL LIABILITIES		85,655	71,334
DEFICIENCY			
Share capital	7(b)	15,701,134	15,701,134
Warrants reserve	7(b)	65,581	65,581
Share-option reserve	7(b)	348,908	348,908
Accumulated deficit		(16,183,798)	(16,168,224)
TOTAL DEFICIENCY		(68,175)	(52,601)
TOTAL LIABILITIES AND DEFICIENCY		\$ 17,480	\$ 18,733

Subsequent events (Note 9)

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

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

"John Fognani"
 Director

"Ben Gelfand"
 Director

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

		Three months ended	
		December 31,	
	NOTES	2019	2018
ADMINISTRATIVE EXPENSES			
Directors fees	8	\$ -	\$ -
Office and administration		7,810	7,862
Regulatory and filing fees		6,389	2,824
Insurance		-	1,720
Professional fees		1,375	2,000
TOTAL ADMINISTRATIVE EXPENSES		15,574	14,406
NET LOSS FOR THE PERIOD		15,574	14,406
LOSS PER SHARE			
Basic and diluted		\$ 0.000	\$ 0.000
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING			
Basic and diluted		67,848,420	54,488,420

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

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

	<u>NOTES</u>	<u>Number of shares</u>	<u>Share Capital</u>	<u>Share-option Reserve</u>	<u>Warrants</u>	<u>Accumulated deficit</u>	<u>Total</u>
Balances as at September 30, 2019		67,848,420	\$ 15,701,134	\$ 348,908	\$ 65,581	\$ (16,168,224)	\$ (52,601)
Net loss and comprehensive loss for the period		-	-	-	-	(15,574)	(15,574)
Balances as at December 31, 2019		67,848,420	\$ 15,701,134	\$ 348,908	\$ 65,581	\$ (16,183,798)	\$ (68,175)
Balances as at September 30, 2018		50,388,420	\$ 15,433,934	\$ 348,908	\$ 31,981	\$ (15,871,517)	\$ (56,694)
Net loss and comprehensive loss for the period		-	-	-	-	(14,406)	(14,406)
Balances as at December 31, 2018		50,388,420	\$ 15,433,934	\$ 348,908	\$ 31,981	\$ (15,885,923)	\$ (71,100)

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	2019	2018
OPERATING ACTIVITIES			
Net loss for the period		\$ (15,574)	\$ (35,087)
Items not involving cash:			
Foreign exchange (gain)		-	-
Gain on debt settlement	9(b)	-	-
Gain on sale of subsidiary		-	-
Changes in non-cash working capital:			
Accounts receivable		(1,105)	(1,349)
Prepaid expenses and deposits		-	(5,928)
Accounts payable and accrued liabilities		14,321	21,534
Cash used in operating activities		(2,358)	(20,830)
Net increase in cash		(2,358)	(20,830)
Cash, beginning of period		2,386	29,770
Cash, end of period		\$ 28	\$ 8,940
Comprised of:			
Cash		\$ 28	\$ 8,940
Cash equivalents		-	-
Total Cash and cash equivalents		\$ 28	\$ 8,940

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

MERYLLION RESOURCES CORP.
Notes to the Condensed Interim Financial Statements
Three months ended December 31, 2019

(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-V.

The Company’s head office is located at 100 King Street West, Suite 5700, Toronto, Ontario, M5X 1C7.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. At December 31, 2019, the Company had an accumulated deficit of \$16,183,798 (September 30, 2019 - \$16,168,224) and a working capital deficiency of \$68,175 (September 30, 2019 – a working capital deficiency of \$52,601). The Company incurred losses of \$15,574 during the three months ended December 31, 2019 (2018 - \$14,406). The Company’s ability to continue as a going concern is dependent upon its ability to raise adequate financing and generate profitable operations in the future. These conditions indicate the existence of material uncertainties which cast significant doubt about the Company’s ability to continue as a going concern.

2. BASIS OF PRESENTATION

(a) Statement of compliance

The condensed interim financial statements of the Company have been prepared in accordance with IAS 34 Interim Financial Reporting.

The condensed interim financial statements of the Company should be read in conjunction with the Company’s 2019 annual financial statements which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The condensed interim financial statements have been prepared using accounting policies consistent with those used in the Company’s 2019 annual financial statements except for income tax expense which is recognized and disclosed for the full financial year in the audited financial statements.

MERYLLION RESOURCES CORP.
Notes to the Condensed Interim Financial Statements
Three months ended December 31, 2019
(Unaudited)
(In Canadian Dollars)

2. BASIS OF PRESENTATION (Continued)

(b) Basis of presentation

These 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 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 annual financial statements for the year ended September 30, 2019 have been applied consistently to all periods presented in these annual financial statements as if the policies have always been in effect.

These annual financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on **March 2, 2020**.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these unaudited condensed interim financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities at the date of the unaudited condensed interim financial statements and reported amounts of revenue and expenses during the reporting period. Actual outcomes could differ from these estimates. The unaudited condensed interim financial statements include estimates, which, by their nature, are uncertain. The impact of such estimates are pervasive throughout the unaudited condensed interim financial statements, and may require accounting adjustments based on future occurrences.

The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The areas involving a higher degree of judgment or complexity, or areas where the assumptions and estimates are significant to the financial statements were the same as those applied to the Company's audited financial statements for the year ended September 30, 2019.

4. FUTURE ACCOUNTING POLICIES AND ACCOUNTING CHANGES

The following standards and interpretations have not been in effect as they will only be applied for the first time in future periods. They may result in consequential changes to the accounting policies and other note disclosures. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material.

MERYLLION RESOURCES CORP.
Notes to the Condensed Interim Financial Statements
Three months ended December 31, 2019
(Unaudited)
(In Canadian Dollars)

4. FUTURE ACCOUNTING POLICIES AND ACCOUNTING CHANGES (Continued)

IAS 1 – Presentation of Financial Statements (“IAS 1”) and **IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors** (“IAS 8”) were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

5. FINANCIAL INSTRUMENTS

(a) Designation and valuation of financial instruments

The Company has designated its cash as asset at amortized cost and accounts payable and accrued liabilities and loan payable as liabilities at amortized cost.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values. Unless otherwise disclosed their carrying values approximate their fair values due to the short-term nature of these instruments.

The carrying amount of cash, trade and other receivables and trade and other payables approximates their fair value due to their short-term, demand nature or imminent maturity.

Cash is recorded using level one fair value inputs.

Accounts receivable and other receivables are classified as amortized cost as they are non-derivative financial assets that have fixed or determinable payment terms and are not quoted in an active market.

Accounts payable and accrued liabilities are classified as amortized cost as they were not acquired for the purpose of selling or repurchasing in the near term.

MERYLLION RESOURCES CORP.
Notes to the Condensed Interim Financial Statements
Three months ended December 31, 2019
(Unaudited)
(In Canadian Dollars)

5. FINANCIAL INSTRUMENTS (Continued)

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

The Company's financial instruments are as follows:

	<u>As at</u>	
	<u>December 31,</u>	<u>September 30,</u>
	<u>2019</u>	<u>2019</u>
Financial assets		
Assets at amortized cost		
Cash	\$ 12,452	\$ 2,386
Amounts receivable	5,000	5,000
Total financial assets	\$ 17,452	\$ 7,386
Financial liabilities		
Liabilities at amortized cost		
Accounts payable and accrued liabilities	\$ 74,463	\$ 71,334
Loan payable	11,190	-
Total financial liabilities	\$ 85,655	\$ 71,334

(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. The Company's maximum exposure to credit risk is the amounts disclosed in the annual 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.

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, 2019, the Company had a cash balance of \$28 (September 30, 2019 - \$3,244) to settle current liabilities of \$74,465 (September 30, 2019 - \$71,334). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

MERYLLION RESOURCES CORP.
Notes to the Condensed Interim Financial Statements
Three months ended December 31, 2019

(Unaudited)

(In Canadian Dollars)

5. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risks (continued)

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.

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 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, warrants 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 during the three months periods ended December 31, 2019 and 2018 and the Company is not subject to any externally imposed capital requirements.

MERYLLION RESOURCES CORP.
Notes to the Condensed Interim Financial Statements
Three months ended December 31, 2019

(Unaudited)

(In Canadian Dollars)

7. SHARE CAPITAL

(a) Authorized

Unlimited Class A common shares without par value.

(b) Issued and outstanding

At December 31, 2019, the Company had 67,848,420 (September 30, 2019 – 67,848,420) common shares issued and outstanding.

(c) Warrants

The Company's outstanding warrants as at December 31, 2019 was as follows:

	Number of warrants	Weighted average exercise price
Outstanding, September 30, 2017	4,400,000	0.05
Exercised	(500,000)	(0.05)
Outstanding, September 30, 2019 and December 31, 2019	3,900,000	\$ 0.05

Subsequent to December 31, 2019, all outstanding warrants expired unexercised.

(d) 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 1,007,768.

The movement in the Company's stock options for the periods ended December 31, 2019 and 2018 was as follows:

	Number of options	Weighted average exercise price
Outstanding, September 30, 2018	100,000	0.30
Expired	(100,000)	(0.30)
Outstanding, September 30, 2019 and December 31, 2019	-	\$ -

There were no stock options granted during the three month periods ended December 31, 2019 and 2018.

MERYLLION RESOURCES CORP.
Notes to the Condensed Interim Financial Statements
Three months ended December 31, 2019
(Unaudited)
(In Canadian Dollars)

8. RELATED PARTY TRANSACTIONS

(a) Key management compensation

As at December 31, 2019, the Company has a loan payable of \$11,190 to a corporation with two common officers as the Company (September 30, 2019: \$nil) which is unsecured, non-interest bearing and payable on demand.

(b) Other related party transactions

During the three months ended December 31, 2019 the Company incurred \$7,500 (three months ended December 31, 2018 - \$7,500) in fees paid to a management company to provide administration services including services of a Chief Financial Officer and a Corporate Secretary. As at December 31, 2019, \$33,900 (September 30, 2019 - \$25,425) was payable to this company.

9. SUBSEQUENT EVENTS

See Note 7(c).