MERYLLION
Resources

MERYLLION RESOURCES CORP.

Condensed Interim Financial Statements (Unaudited)

For the Three and Nine Months Ended June 30, 2023 and 2022
(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 Interim Statements of Financial Position (Unaudited)
As at
(In Canadian Dollars)

	Note	June 30, 2023	September 30, 2022 (Audited)
		$	$
ASSETS			
CURRENT			
Cash		**58,246**	66,549
Amounts receivable		**13,580**	42,185
TOTAL CURRENT ASSETS		**71,826**	108,734
Exploration and evaluation assets	9	**375,000**	478,471
TOTAL ASSETS		**446,826**	587,205
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	8	**142,620**	82,997
TOTAL LIABILITIES		**142,620**	82,997
EQUITY			
Share capital	7b)	**17,064,029**	17,002,806
Warrant reserve	7c)	**34,777**	65,581
Contributed surplus	7d)	**746,284**	680,703
Deficit		**(17,540,884)**	(17,244,882)
Total equity		**304,206**	504,208
TOTAL LIABILITIES AND EQUITY (DEFICIENCY)		**446,826**	587,205

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

Going concern (Note 1)
Subsequent event (Note 10)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

"**Richard Revelins**"
Director

"**Guy Charette**"
Director

MERYLLION RESOURCES CORP.
Condensed Interim Statements of Loss and Comprehensive Loss (Unaudited)
For the three and nine months ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

		Three months ended,		Nine months ended,	
	Note	**2023**	**2022**	**2023**	**2022**
		$	$	**$**	$
ADMINISTRATIVE EXPENSES					
Professional fees		**14,983**	57,950	**74,800**	134,775
Management fees	8	**19,248**	18,665	**57,744**	90,665
Office and administration		**736**	2,640	**42,664**	5,552
Regulatory and filing fees		**3,486**	6,852	**16,168**	23,803
TOTAL ADMINISTRATIVE EXPENSES		**38,453**	86,107	**191,376**	254,795
Loss on impairment of exploration and evaluation assets	9	**-**	-	**103,471**	-
Foreign exchange loss		**-**	77	**1,155**	452
NET LOSS AND COMPREHENSIVE LOSS		**38,453**	86,184	**296,002**	255,247
LOSS PER SHARE, basic and diluted		**0.00**	0.00	**0.01**	0.01
Weighted average number of common shares, basic and diluted		**29,889,455**	27,483,657	**28,797,880**	23,269,227

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

MERYLLION RESOURCES CORP.
Condensed Interim Statements of Changes in Equity (Deficiency) (Unaudited)
For the nine months ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

	Note	Shares Issued	Share Capital	Contributed surplus	Warrants	Deficit	Total
			$	$	$	$	$
Balance, September 30, 2021 (Audited)		20,834,840	16,560,231	596,204	65,581	(16,850,666)	371,350
Shares for debt	7b)	900,000	63,000	-	-	-	63,000
Private placement	7b)	6,154,615	400,050	-	-	-	400,050
Net loss and comprehensive loss for the period		-	-	-	-	(255,247)	(255,247)
Balance, June 30, 2022		27,889,455	17,023,281	596,204	65,581	(17,105,913)	579,153
Balance, September 30, 2022 (Audited)		27,889,455	17,002,806	680,703	65,581	(17,244,882)	504,208
Private placement	7b)	2,000,000	63,774	-	36,226	-	100,000
Share issuance costs	7b)	-	(2,551)	-	(1,449)	-	(4,000)
Expiry of warrants	7c)	-	-	65,581	(65,581)	-	-
Net loss and comprehensive loss for the period		-	-	-	-	(296,002)	(296,002)
Balance, June 30, 2023		**29,889,455**	**17,064,029**	**746,284**	**34,777**	**(17,540,884)**	**304,206**

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

MERYLLION RESOURCES CORP.
Condensed Interim Statements of Changes in Cash Flows (Unaudited)
For the nine months ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

	Note	2023	2022
		$	$
OPERATING ACTIVITIES			
Net loss for the period		**(296,002)**	(255,247)
Items not affecting cash:			
Impairment of exploration and evaluation assets	9	**103,471**	-
Changes in non-cash working capital items:			
Amounts receivable		**28,605**	(14,687)
Accounts payable and accrued liabilities	7b)	**59,623**	(84,012)
Cash flows (used in) operating activities		**(104,303)**	(353,946)
FINANCING ACTIVITIES			
Shares to be issued	7b)	**-**	400,050
Proceeds from private placement	7b)	**100,000**	-
Share issuance costs	7b)	**(4,000)**	-
Cash flows from financing activities		**96,000**	400,050
INVESTING ACTIVITIES			
Expenditures on exploration and evaluation assets	9	**-**	(51,039)
Project investment	9	**-**	(375,000)
Cash flows (used in) investing activities		**-**	(426,039)
Change in cash during the period		**(8,303)**	(379,935)
Cash, beginning of period		**66,549**	554,621
Cash, end of period		**58,246**	174,686
Non-cash activities:			
Shares for debt	7b)	**$ -**	$ 63,000
Shares to be issued for services	7b)	**$ -**	$ -

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Meryllion Resources Corp. (the “Company” or “Meryllion”) 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 301-217 Queen St. West, Toronto, Ontario, Canada, M5V 0R2.

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. Realization values may be substantially different from carrying values as shown and the financial statements do not given effect to adjustments that would be necessary to the carrying values and the classification of assets and liabilities should the Company be unable to continue operating as a going concern. Such adjustments could be material.

At June 30, 2023, the Company had an accumulated deficit of $17,540,884 (September 30, 2022 - $17,244,882) and working capital deficit of $70,794 (September 30, 2022 – working capital of $25,737). The Company incurred a net loss of $296,002 during the nine months ended June 30, 2023 (2022 - $255,247). These circumstances raise material uncertainties which may cast substantial doubt as to the ability of the Company to meet its ongoing obligations as they come due, and accordingly, the appropriateness of the use of the accounting principles applicable to a going concern. The Company’s ability to continue as a going concern is dependent upon its ability to raise adequate financing to meet its present and future commitments and to generate profitable operations in the future.

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 2022 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 2022 annual financial statements except for income tax expense which is recognized and disclosed for the full financial year in the audited financial statements.

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, 2022 have been applied consistently to all periods presented in these condensed interim financial statements as if the policies have always been in effect.

These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on August 18, 2023.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these 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 condensed interim financial statements and reported amounts of revenue and expenses during the reporting period. Actual outcomes could differ from these estimates. The condensed interim financial statements include estimates, which, by their nature, are uncertain. The impact of such estimates are pervasive throughout the 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, 2022.

4. FUTURE ACCOUNTING POLICIES AND ACCOUNTING CHANGES

Accounting Standards Issued But Not Yet Applied

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for annual periods beginning on or after January 1, 2023 or later periods.

IAS 1 – *Presentation of Financial Statements* ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

(Expressed in Canadian Dollars)

5. FINANCIAL INSTRUMENTS

(a) Designation and valuation of 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 the Company's financial instruments are classified as amortized costs. All financial instruments are measured in the statement of financial position at fair value initially. Subsequent measurement and changes in fair value will depend on their initial classification.

The Company has designated its cash and amounts receivable as amortized cost and accounts payable and accrued liabilities as amortized cost. Cash and accounts receivable are included in current assets due to their short-term nature. Accounts payable and accrued liabilities are included in current liabilities due to their short-term nature.

The Company's financial instruments are as follows:

	As at	
	June 30, 2023	September 30, 2022
Financial assets		
Assets at amortized cost		
Cash	**$ 58,246**	$ 66,549
Amounts receivable	**13,580**	42,185
Total financial assets	**$ 71,826**	$ 108,734
Financial liabilities		
Liabilities at amortized cost		
Accounts payable and accrued liabilities	**$ 142,620**	$ 82,997
Total financial liabilities	**$ 142,620**	$ 82,997

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

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 obligations as they fall due.

As at June 30, 2023, the Company had a cash balance of $58,246 (September 30, 2022 - $66,549) to settle current liabilities of $142,620 (September 30, 2022 - $82,997). All 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, 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 periods ended June 30, 2023 and 2022 and the Company is not subject to any externally imposed capital requirements.

7. SHARE CAPITAL

(a) Authorized

Unlimited Class A common shares without par value.

(b) Issued and outstanding

As at June 30, 2023, the Company had 29,889,455 (September 30, 2022 – 27,889,455) common shares issued and outstanding.

Nine months ended June 30, 2023

On February 27, 2023, the Company closed a non-brokered private placement by issuing 2,000,000 units of the Company at a price of $0.05 per unit for gross proceeds of $100,000. Each unit consisted of one common share of the Company and one warrant. Each warrant is exercisable at a price of $0.08 per share until July 1, 2023. The Company recorded a total warrant reserve of $36,226. The Company incurred cash costs of $4,000 related to the completion of the private placement, of which $2,551 was allocated to share capital and $1,449 was allocated to the total warrant reserve.

Nine months ended June 30, 2022

During the nine months ended June 30, 2022, the Company announced that it had completed a shares-for-debt transaction pursuant to which the Company issued a total of 900,000 common shares at deemed issue a price of $0.07 per share in settlement of $63,000 of outstanding management fees owing to two of the Company's officers and directors.

On April 7, 2022, the Company completed its previously announced non-brokered private placement on March 1, 2022, pursuant to which the Company has issued a total of 6,154,615 common shares at a price of $0.065 per share for gross proceeds of $400,050.

Certain insiders of the Company subscribed for a total of 2,307,693 common shares pursuant to the private placement.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (Continued)

c) Warrants

On February 27, 2023, the Company issued 2,000,000 warrants as part of a private placement with an exercise price of $0.08 per common share, exercisable until July 1, 2023. The $36,226 fair value of the warrants was estimated using the Black-Scholes pricing model using the following assumptions: expected life – 0.34 years; annualized volatility – 136%; risk-free interest rate – 4.29%; dividend rate - 0%; and stock price - $0.069. Share issuance costs of $1,449 were allocated to the warrants.

As at June 30, 2023, the Company has 2,000,000 warrants outstanding (September 30, 2022 - Nil).

	Number of Warrants	Weighted Average Exercise Price
Balance at September 30, 2022	-	$ -
Granted	2,000,000	$ 0.080
Balance at June 30, 2023	2,000,000	$ 0.080

(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. As at June 30, 2023, the maximum number of common shares that may be reserved for issuance under the plan is 2,988,945.

The Company had 2,290,000 outstanding stock options as at June 30, 2023 (September 30, 2022 - 2,290,000). There were no stock options granted during the nine months ended June 30, 2023, and 2022.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (Continued)

(d) Stock options (Continued)

	Number of Options		Weighted Average Exercise Price
Balance at September 30, 2021	2,290,000	$	0.111
Granted	950,000	$	0.110
Forfeited	(950,000)	$	0.110
Balance at September 30, 2022 and June 30, 2023	2,290,000	$	0.111

Grant Date	Exercise Price ($)	Weighted Average Remaining Life (yrs)	Number of Options Outstanding	Number of Options Exercisable
September 26, 2022	0.105	4.24	450,000	450,000
September 26, 2022	0.115	4.24	500,000	500,000
March 19, 2021	0.105	2.72	450,000	450,000
May 27, 2021	0.115	2.91	890,000	890,000
	0.111	3.43	2,290,000	2,290,000

8. RELATED PARTY TRANSACTIONS

Transactions with related parties are incurred in the normal course of business and are measured at their fair values, which is the amount of consideration established and approved by the related parties. Key management includes directors and officers of the Company.

During the nine months ended June 30, 2023, the Company incurred $57,744 (2022 - $90,665) in management fees to the CEO and CFO of the Company. This includes $Nil incurred by the former CEO and CFO of the Company (2022 - $72,000). As at June 30, 2023, accounts payable and accrued liabilities included $36,000 (September 30, 2022 - $36,000) payable to the former CEO and CFO of the Company and $47,828 (September 30, 2022 - $Nil) owing to the CEO and CFO of the Company.

During the nine months ended June 30, 2023, the Company's director subscribed for 2,000,000 common shares in the capital stock of the Company at a price of $0.05 per share for gross proceeds of $100,000 (Note 7b).

(Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION ASSETS

Oldham Range

On July 26, 2021, the Company signed an option to acquire a 100% interest in the Oldham Range base and battery metal exploration property (the "Property") in Western Australia. The Property comprised of a 14,700 ha granted exploration license, 320km northeast of Wiluna, Western Australia.

The Company was entitled to earn a 100% interest in the Property by incurring AUD $300,000 of expenditures based on an agreed budget on or before December 31, 2022. During the nine months ended June 30, 2023, the Company did not extend this deadline, therefore, the exploration costs incurred up to this date of $103,471 were written off and included in the Company's net loss and comprehensive loss for the period.

	Oldham Range
	$
Balance, September 30, 2021	**32,932**
Geological consulting	53,199
Contract labour	3,507
Travel and lodging	12,339
Field supplies	304
Drilling	1,190
Balance, September 30, 2022	**103,471**
Impairment of exploration costs	(103,471)
Balance, June 30, 2023	**-**

Mt Turner Joint Venture

On April 26, 2022, the Company announced that it has reached terms with Essex Minerals Inc. ("Essex"), for an arm's length option and earn-in joint venture on the Mt Turner copper-molybdenum and Drummer Fault gold projects in north Queensland, Australia.

Highlights

- Essex granted Meryllion a 90-day option to fund a minimum $250,000 on exploration at Mt Turner, including a detailed induced polarization survey to define drill targets within the porphyry system.
- Meryllion then has the right to earn up to a 70% interest in the project by funding up to a further $3,800,000 in exploration in three stages.

- $400,000 on exploration within 12 months of exercising the Option on June 22, 2022 ("First Stage Earn-In") to earn 25%;
- $1,400,000 on exploration within 36 months of exercising the Option on June 22, 2022 ("Second Stage Earn-in") to earn 51%; and
- a further $2,000,000 on exploration to earn a total 70% interest.

(Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION ASSETS (Continued)

In addition to the $25,000 paid by Meryllion for the option, another $75,000 was paid to exercise the option on June 22, 2022.

By way of agreement between the companies, Essex incurred additional exploration expenditures of approximately $150,000 on the Mt Turner IP program, which Meryllion agreed to fund, to be credited towards Meryllion's 25% First Stage Earn-In period of $400,000. As of September 30, 2022, $25,000 of this expenditure was reimbursed to Essex.

In summary, as at June 30, 2023, the Company has paid $375,000 (September 30, 2022 - $375,000) to Essex as follows:

	Mt Turner
	$
Balance, September 30, 2021	**-**
Option fee	25,000
Option exercise payment	75,000
First Stage Earn-In expenditures	275,000
Balance, September 30, 2022 and June 30, 2023	**375,000**

10. SUBSEQUENT EVENT

On July 20, 2023, the Company announced that it has entered into an arm's-length Option and Earn-In Agreement dated as of July 17, 2023 (the "Agreement") with Tasmanian Strategic Green Metals Pty Ltd. ("TSGM"), a private Australian company, to acquire an interest on four rare earth exploration leases located in northeast Tasmania totaling approximately 809 square kilometres (the "Projects").

Under the terms of the Agreement, Meryllion will have a 90-day option period to carry out due diligence on the Projects and for which it will pay TSGM a fee of AUD$25,000 (CAD$22,290). In the event where the Company wishes to pursue with its right to acquire an interest in and to the Projects under the terms of the Agreement, it will pay TSGM an additional fee of AUD$75,000 (CAD$66,870).

Thereafter, Meryllion will have the right, but not the obligation, to earn a 50% interest in and to the Project by (i) spending a minimum of AUD$300,000 (CAD$267,480) in project expenditures forming part of an agreed initial exploration program within 120 of the date on which Meryllion exercises the option; (ii) committing to spending an additional AUD$200,000 (CAD$178,320) in project expenditures within the subsequent 90 days (the "Earn-In Date"); (iii) paying to TSGM the sum of AUD$100,000 (CAD$89,160) which amount shall be refunded by TGSM to certain seed investors of TGSM; and (iv) subject to usual regulatory approvals, allotting to said seed investors an aggregate of AUD$100,000 (CAD$89,160) worth of common shares in the capital stock of the Company.

Upon having earned its 50% interest in the Projects, Meryllion will have the right, but not the obligation, to acquire additional interests in the Projects, by way of 10% increments over time up to a maximum 80%, through the funding of additional expenditures at a rate of AUD$600,000 (CAD$534,960) in project expenditures and payments to TSGM of AUD$200,000 (CAD$178,320) in cash and AUD$130,000 (CAD$115,906) in common shares of Meryllion. The Company will have a 30-month period as of the Earn-In Date, during which it may earn up to its maximum interest.

10. SUBSEQUENT EVENT (Continued)

All common shares issuable pursuant to this Agreement shall be (a) issued at a deemed issue price equal to the 10-day volume weighted average price of the shares on the date of each respective share issuance or such other period as may be required by the Canadian Securities Exchange (the "CSE") and (b) subject to a restricted hold period equal to four months and one day from the date of issuance.

Upon having earned its 80% interest in the Projects and a production decision being made in respect thereto, Meryllion will have the option to buy the remaining 20% of the Projects at a price based upon an independent evaluation which would be made at that time.

The transaction has the potential to result in the creation of a new Control Person or a Change of Control (as such terms are defined in the policies of the CSE) of the Company. In such case, the transaction would be subject to the approval of the Company's shareholders. The Company intends to satisfy any shareholder approval requirement by written resolution signed by shareholders of more than 50% of the Company's voting shares, as provided by Section 4.6(1)(b) of CSE Policy 4. The transaction also remains subject to the final acceptance of the CSE.

About the Tasmanian Rare Earths Projects

The Projects are hosted in highly sought rare earth-rich ionic adsorption clay hosted deposits comprising Jurassic Dolerites and Basalts and provide significant upside potential for economic rare earth magnet metals. Globally, most rare-earths are sourced from hard-rock mines. These typically require large, costly processing plants and a significant lead time to reach production. A less common source of rare earths is ionic adsorption clay (IAC) deposits. Historically, these have only been mined in southern China. A major advantage of IAC deposits is that the rare earths can be extracted from the clay via a simple leaching process. Secondly, they often exist at shallow depth. These advantages enable a project to be developed rapidly and at lower cost. Furthermore, IAC deposits are relatively richer in the rare earths needed for permanent magnets, and they typically contain low concentrations of radioactive elements such as uranium and thorium. Meryllion CEO Richard Revelins commented: "Prices of the super-magnet rare-earth elements are rising strongly due to a significant shortage of supply and buying by the major consumers and governments. China currently controls 86% of global REE supply but is not expanding production at the same rate that demand for the critical REEs has risen. Accordingly, this is a highly prospective acquisition opportunity in an area where prices are responding favorably to international demand."