# MERIDIUS RESOURCES LIMITED

**CONDENSED INTERIM FINANCIAL STATEMENTS**
**FOR THE SIX MONTHS ENDED**
**FEBRUARY 28, 2018**

*(Unaudited - Expressed in Canadian Dollars)*

**NOTICE OF NO AUDITOR REVIEW OF**
**CONDENSED INTERIM FINANCIAL STATEMENTS**

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

# MERIDIUS RESOURCES LIMITED
## CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
*(Expressed in Canadian Dollars)*

| | Notes | February 28, 2018 $ | August 31, 2017 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash | | 649,256 | 119,531 |
| GST receivable | | 5,400 | 250 |
| **Total current assets** | | 654,656 | 119,781 |
| **Non-current assets** | | | |
| Exploration and evaluation assets | 3 | 40,000 | 5,000 |
| Deferred share issue costs | 4(b) | - | 13,000 |
| **Total non-current assets** | | 40,000 | 18,000 |
| **TOTAL ASSETS** | | 694,656 | 137,781 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Accounts payable and accrued liabilities | | 83,713 | 12,500 |
| **TOTAL LIABILITIES** | | 83,713 | 12,500 |
| **SHAREHOLDERS' EQUITY** | | | |
| Share capital | 4 | 804,763 | 252,500 |
| Share-based payments reserve | 4 | 94,000 | - |
| Deficit | | (287,820) | (127,219) |
| **TOTAL SHAREHOLDERS' EQUITY** | | 610,943 | 125,281 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | 694,656 | 137,781 |

**Nature of Operations** - see Note 1

These condensed interim financial statements were approved for issue by the Board of Directors on April 24, 2018 and are signed on its behalf by:

| | |
|---|---|
| */s/ **Dylan Sidoo*** | */s/ **Nick DeMare*** |
| Dylan Sidoo | Nick DeMare |
| Director | Director |

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

**MERIDIUS RESOURCES LIMITED**
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE LOSS**
*(Unaudited - Expressed in Canadian Dollars)*

| | Note | Three Months Ended February 28, 2018 $ | Six Months Ended February 28, 2018 $ |
|---|---|---|---|
| **Expenses** | | | |
| Accounting and administration | | 3,100 | 7,600 |
| Audit | | 5,500 | 5,500 |
| Bank charges | | 56 | 114 |
| Corporate finance fee | | 25,000 | 25,000 |
| Executive compensation | 5(a) | 2,500 | 2,500 |
| Legal | | 3,000 | 3,000 |
| Office | | 53 | 521 |
| Regulatory fees | | 45 | 175 |
| Share-based compensation | 4(c) | 10,000 | 94,000 |
| Shareholder costs | | 16,163 | 16,163 |
| Sponsorship | | 5,000 | 5,000 |
| Transfer agent | | 1,000 | 1,000 |
| Travel, meals and related costs | | 975 | 975 |
| | | 72,392 | 161,548 |
| **Loss before other item** | | (72,392) | (161,548) |
| **Other item** | | | |
| Interest income | | 518 | 947 |
| **Net loss and comprehensive loss for the period** | | (71,874) | (160,601) |
| **Loss per share - basic and diluted** | | $(0.01) | $(0.03) |
| **Weighted average number of common shares outstanding - basic and diluted** | | 5,568,889 | 5,308,011 |

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

**MERIDIUS RESOURCES LIMITED**
**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**
*(Unaudited - Expressed in Canadian Dollars)*

| | Six Months Ended February 28, 2018 | | | | |
|---|---|---|---|---|---|
| | Share Capital | | | | |
| | Number of Shares | Amount $ | Share-Based Payments Reserve $ | Deficit $ | Total Equity $ |
| **Balance at August 31, 2017** | 5,050,000 | 252,500 | - | (127,219) | 125,281 |
| Common shares issued for: | | | | | |
| - initial public offering | 6,500,000 | 650,000 | - | - | 650,000 |
| - mineral property | 200,000 | 20,000 | - | - | 20,000 |
| Share issue costs | - | (117,737) | - | - | (117,737) |
| Share-based compensation | - | - | 94,000 | - | 94,000 |
| Net loss for the period | - | - | - | (160,601) | (160,601) |
| **Balance at February 28, 2018** | 11,750,000 | 804,763 | 94,000 | (287,820) | 610,943 |

| | For the Period July 10, 2017 (date of incorporation) to August 31, 2017 | | | |
|---|---|---|---|---|
| | Share Capital | | | |
| | Number of Shares | Amount $ | Deficit $ | Total Equity $ |
| **Balance at July 10, 2017** | - | - | - | - |
| Common shares issued for private placements | 5,050,000 | 252,500 | - | 252,500 |
| Net loss for the period | - | - | (127,219) | (127,219) |
| **Balance at August 31, 2017** | 5,050,000 | 252,500 | (127,219) | 125,281 |

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

# MERIDIUS RESOURCES LIMITED
## CONDENSED INTERIM STATEMENT OF CASH FLOWS
*(Unaudited - Expressed in Canadian Dollars)*

| | Six Months Ended February 28, 2018 $ |
|---|---|
| **Operating activities** | |
| Net loss for the period | (160,601) |
| Adjustment for: | |
| Share-based compensation | 94,000 |
| Changes in non-cash working capital items: | |
| GST receivable | (5,150) |
| Accounts payable and accrued liabilities | 71,213 |
| **Net cash used in operating activities** | (538) |
| **Investing activity** | |
| Expenditures on exploration and evaluation assets | (15,000) |
| **Net cash used in investing activity** | (15,000) |
| **Financing activities** | |
| Issuance of common shares | 650,000 |
| Share issue costs | (104,737) |
| **Net cash provided by financing activities** | 545,263 |
| **Net change in cash during the period** | 529,725 |
| **Cash at beginning of period** | 119,531 |
| **Cash at end of period** | 649,256 |

**Supplemental cash flow information -** Note 8

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

## 1. Nature of Operations

Meridius Resources Limited (the "Company") was incorporated on July 10, 2017 under the provisions of the Business Corporations Act (British Columbia) and on February 22, 2018 the Company's common shares were listed on the TSX Venture Exchange ("TSXV") as a Tier 2 resource company under the trading symbol "MRI". The Company's head office is located at #1305 - 1090 West Georgia Street, Vancouver, BC, V6E 3V7 Canada.

The Company is a junior mineral exploration company engaged in the acquisition and exploration of mineral properties in Canada. The Company has an option agreement to acquire a 100% undivided interest in the Bonneville Gold Property located in the Province of Quebec, as described in Note 3. On the basis of information to date, the Company has not yet determined whether the property contains economically recoverable reserves. The underlying value of the mineral resource interest is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development and upon future profitable production. Mineral resource interests represent costs incurred to date, less amounts amortized and/or written off, and do not necessarily represent present of future values.

As at February 28, 2018 the Company had working capital in the amount of $570,943 and an accumulated deficit of $287,820. These condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business operations for the foreseeable future. To date the Company has not earned significant revenues and is considered to be in the exploration stage. The Company's operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. Management considers that the Company has adequate resources to maintain its core operations and conduct planned exploration programs on its existing exploration and evaluation asset. The Company recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. While the Company has been successful in securing financings in the past there can be no assurance that it will be able to do so in the future.

## 2. Basis of Preparation

***Statement of Compliance***

These condensed interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"), and its interpretations, using accounting policies consistent with International Financial Reporting Standards ("IFRS"). The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended August 31, 2017, which have been prepared in accordance with IFRS as issued by the IASB and interpretations of the IFRS Interpretations Committee ("IFRIC"). The accounting policies followed in these condensed interim financial statements are consistent with those applied in the Company's financial statements for the year ended August 31, 2017.

***Basis of Measurement***

The Company's condensed interim financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. The condensed interim financial statements are presented in Canadian dollars unless otherwise stated.

***Comparative Figures***

The Company was incorporated on July 10, 2017 and, accordingly, there are no comparative figures.

## 3. Exploration and Evaluation Assets

On August 10, 2017 the Company and Tellford Management Ltd. (“Tellford”), a private corporation incorporated in the Province of British Columbia, entered into an option agreement whereby the Company was granted an option (the “Bonneville Option”) to acquire a 100% interest in 36 mineral claims (the “Bonneville Gold Property”) located in the township of Duplessis, Province of Quebec. Pursuant to the terms of the Bonneville Option the Company has issued 200,000 common shares of the Company, at an ascribed value of $20,000, and has agreed to:

(i) make cash payments totalling $220,000 ($20,000 paid) by February 22, 2020; and
(ii) incur expenditures totalling $750,000 by February 22, 2020.

Tellford retains a 1% net smelter returns royalty which may be purchased by the Company for $1,000,000 at any time.

## 4. Share Capital

(a) ***Authorized Share Capital***

The Company’s authorized share capital consists of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) ***Reconciliation of Changes in Share Capital***

*Six Months ended February 28, 2018*

During February 2018 the Company completed its initial public offering (“IPO”) of 6,500,000 common shares, at a price of $0.10 per share, for gross proceeds of $650,000. The Company paid a finder’s fee of $21,500 and incurred $96,237 for legal and professional fees and filing costs associated with the IPO, of which $13,000 was incurred at August 31, 2017.

See also Note 3.

*Period from July 10, 2017 (date of incorporation) to August 31, 2017*

During the period from July 10, 2017 to August 31, 2017 the Company completed private placements and issued:

(i) 2,500,000 common shares, at $0.001 per share, for $2,500 cash. The fair value of the common shares were deemed to be $125,000 with the $122,500 difference being recorded as share-based compensation; and
(ii) 2,550,000 common shares, at $0.05 per share, for $127,500 cash.

(c) *Share Option Plan*

The Company has established a rolling share option plan (the “Plan”), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. Pursuant to the Plan, the exercise price of options will be set by the Board at the time options are granted and cannot be less than the discounted market price, except as permitted by the TSXV. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of ten years.

During the six months ended February 28, 2018 the Company granted share options to purchase 1,175,000 common shares and recorded compensation expense of $94,000.

*(Unaudited - Expressed in Canadian Dollars)*

**4. Share Capital** (continued)

The fair value of share options granted and vested during the six months ended February 28, 2018 has been estimated using the Black-Scholes option pricing model using the following assumptions:

| | |
|---|---|
| Risk-free interest rate | 1.80% - 2.04% |
| Estimated volatility | 120% |
| Expected life | 5 years |
| Expected dividend yield | 0% |
| Estimated forfeiture rate | 0% |

The weighted average grant date fair value of all share options granted during the six months ended February 28, 2018 was $0.08 per share option.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide a reliable measure of the fair value of the Company's share options.

A summary of the Company's share options at February 28, 2018 and the changes for the six months ended on that date, is as follows:

| | Number of Options Outstanding | Weighted Average Exercise Price $ |
|---|---|---|
| Balance, beginning of period | - | - |
| Granted | 1,175,000 | 0.10 |
| Balance, end of period | 1,175,000 | 0.10 |

The following table summarizes information about the share options outstanding and exercisable at February 28, 2018:

| Number | Exercise Price $ | Expiry Date |
|---|---|---|
| 1,050,000 | 0.10 | February 22, 2023 |
| 125,000 | 0.10 | February 23, 2023 |
| 1,175,000 | | |

(d) As at February 28, 2018, 4,342,500 common shares were held in escrow.

*(Unaudited - Expressed in Canadian Dollars)*

## 5. Related Party Disclosures

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and executive officers.

(a) During the six months ended February 28, 2018 the following compensation amounts were incurred:

| | **2018** |
|---|---|
| | **$** |
| Executive compensation | 2,500 |
| Share-based compensation | 89,200 |
| | 91,700 |

As at February 28, 2018, $2,500 remained unpaid and has been included in accounts payable and accrued liabilities.

(b) During the six months ended February 28, 2018 the Company incurred $7,600 for accounting and administration services provided by Chase Management Ltd. ("Chase"), a private corporation owned by the Chief Financial Officer of the Company. As at February 28, 2017, $3,201 remained unpaid and has been included in accounts payable and accrued liabilities.

During the six months ended February 28, 2018 the Company also recorded $4,800 for share-based compensation for share options granted to Chase.

## 6. Financial Instruments and Risk Management

***Categories of Financial Assets and Financial Liabilities***

Financial instruments are classified into one of the following categories: FVTPL; held-to-maturity investments; loans and receivables; AFS; and other financial liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

| **Financial Instrument** | **Category** | **February 28, 2018 $** | **August 31, 2017 $** |
|---|---|---|---|
| Cash | FVTPL | 649,256 | 119,531 |
| Accounts payable and accrued liabilities | Other financial liabilities | (83,713) | (12,500) |

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

*(Unaudited - Expressed in Canadian Dollars)*

**6. Financial Instruments and Risk Management** (continued)

The recorded amount for accounts payable and accrued liabilities approximate its fair value due to its short-term nature. The Company's fair value of cash under the fair value hierarchy are measured using Level 1 inputs.

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

*Credit Risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Management believes that the credit risk concentration with respect to financial instruments included in cash is remote.

*Liquidity Risk*

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

| | Contractual Maturity Analysis at February 28, 2018 | | | | |
|---|---|---|---|---|---|
| | Less than 3 Months $ | 3 - 12 Months $ | 1 - 5 Years $ | Over 5 Years $ | Total $ |
| Cash | 649,256 | - | - | - | 649,256 |
| Accounts payable and accrued liabilities | (83,713) | - | - | - | (83,713) |

| | Contractual Maturity Analysis at August 31, 2017 | | | | |
|---|---|---|---|---|---|
| | Less than 3 Months $ | 3 - 12 Months $ | 1 - 5 Years $ | Over 5 Years $ | Total $ |
| Cash | 119,531 | - | - | - | 119,531 |
| Accounts payable and accrued liabilities | (12,500) | - | - | - | (12,500) |

*Market Risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bears floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

(b) Foreign Currency Risk

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities that are denominated in a foreign currency. As at February 28, 2018 the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

## 6. Financial Instruments and Risk Management (continued)

(c) Price Risk

The Company has limited exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

*Capital Management*

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital, cash and cash equivalents and short-term investments. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

## 7. Segmented Information

The Company operates in one reportable operating segment, being exploration and development of mineral properties in Canada.

## 8. Supplemental Cash Flow Information

During the six months ended February 28, 2018 non-cash activities were conducted by the Company as follows:

| | $ |
|---|---|
| Investing activity | |
| Common shares issued for mineral property interest | (20,000) |
| Financing activity | |
| Issuance of common shares | 20,000 |