MERIDIAN MINING S.E.
(formerly Ferrometals Holdings Coöperatief U.A.)
CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States dollars)

FOR THE YEARS ENDED DECEMBER 31, 2016 AND DECEMBER 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the shareholders of Meridian Mining S.E. (formerly Ferrometals Holdings Coöperatief U.A.)

We have audited the accompanying consolidated financial statements of Meridian Mining S.E. (formerly Ferrometals Holdings Coöperatief U.A.), which comprise the consolidated statements of financial position as at December 31, 2016 and December 31, 2015, the consolidated statements of loss and other comprehensive loss, changes in shareholder's equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Meridian Mining S.E. (formerly Ferrometals Holdings Coöperatief U.A.) as at December 31, 2016 and December 31, 2015, and its consolidated financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements, which describes that Meridian Mining S.E. (formerly Ferrometals Holdings Coöperatief U.A.) has prepared the consolidated financial statements using accounting principles applicable for a going concern. Meridian Mining S.E. (formerly Ferrometals Holdings Coöperatief U.A.) has incurred recurring operating losses and negative cash flows from operations, and its continuation as a going concern is dependent on its ability to successfully fund its planned activities through operations or obtaining additional financing. These conditions along with other matters as set forth in Note 1 indicate the existence of material uncertainties that may cast significant doubt about Meridian Mining S.E.'s (formerly Ferrometals Holdings Coöperatief U.A.) ability to continue as a going concern.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants
April 20, 2017
Toronto, Canada

MERIDIAN MINING S.E.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in United States dollars)

	As at December 31, 2016	As at December 31, 2015
ASSETS		
Current		
Cash	$ 4,172,875	$ 4,508,381
Accounts receivable	3,337,096	58,276
Prepaid expenses and other assets (Note 5)	1,045,317	575,181
Inventory (Note 6)	1,308,337	1,478,123
	9,863,625	6,619,961
Advances to supplier (Note 25)	1,931,300	-
Tax credits (Note 5)	71,587	-
Property, plant and equipment (Note 7)	8,947,623	7,385,493
Exploration and evaluation assets (Note 8)	15,655,662	12,766,708
Goodwill (Note 9)	1,121,922	913,661
Total assets	$ 37,591,719	$ 27,685,823
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 10)	$ 2,898,137	$ 1,572,721
Provisions (Note 11)	613,859	290,609
Loan payable (Note 13)	1,000,000	-
Convertible note (Note 12)	1,300,852	1,174,919
	5,812,848	3,038,249
Loan Payable (Note 13)	5,794,583	-
Deferred tax liability (Note 21)	-	967,280
	11,607,431	4,005,529
Equity		
Share capital (Note 14)	1,633,697	-
Share premium (Note 14)	55,766,957	41,502,845
Reserves (Note 14)	(6,564,927)	(8,880,736)
Deficit attributable to common shareholders	(24,851,439)	(14,944,095)
Total equity attributable to parent	25,984,288	17,678,014
Non-controlling interest (Note 15)	-	6,002,280
Total equity	25,984,288	23,680,294
Total liabilities and equity	$ 37,591,719	$ 27,685,823

Nature of business and going concern (Note 1)
Commitments and contingencies (Note 25)
Subsequent events (Note 13)

On behalf of the Board on April 20, 2017:

"Barry Bolitho" Director *"Douglas Willock"* Director

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

MERIDIAN MINING S.E.
CONSOLIDATED STATEMENTS OF LOSS AND OTHER COMPREHENSIVE LOSS
For the years ended December 31, 2016 and 2015
(Expressed in United States dollars)

	December 31, 2016	December 31, 2015
Revenues	$ 5,952,295	$ 332,636
Production costs (Note 17)	(7,158,350)	(1,586,316)
	(1,206,055)	(1,253,680)
Operating expenses		
Exploration and evaluation expenses (Note 18)	4,601,063	3,770,027
General and administration expenses (Note 19)	4,610,670	4,810,468
Professional fees	923,318	1,384,389
Re-commissioning and standby costs	303,423	72,790
Total operating expenses	(10,438,474)	(10,037,674)
Loss from operations	(11,644,529)	(11,291,354)
Finance items		
Finance income	43,243	44,661
Finance expense	(208,634)	(162,457)
Foreign exchange	(39,767)	(111,981)
Loss before taxes	(11,849,687)	(11,521,131)
Income tax recovery (Note 21)	1,060,663	1,848,345
Loss	(10,789,024)	(9,672,786)
Other comprehensive income (loss)		
Items that may be reclassified to loss		
Foreign currency translation	4,644,585	(8,458,393)
Other comprehensive loss, net of taxes	$ (6,144,439)	$ (18,131,179)
Loss attributable to:		
Shareholders of the Company	$ (9,334,783)	$ (7,788,257)
Non-controlling interest	(1,454,241)	(1,884,529)
Loss	(10,789,024)	(9,672,786)
Comprehensive loss attributable to:		
Shareholders of the Company	(5,088,071)	(14,845,846)
Non-controlling interest	(1,056,368)	(3,285,333)
Comprehensive loss	$ (6,144,439)	$ (18,131,179)
Basic and diluted loss per common share	$ (0.05)	$ (0.20)
Weighted average number of basic and diluted shares outstanding	124,809,232	92,574,539

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

MERIDIAN MINING S.E.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2016 and 2015
(Expressed in United States dollars)

	December 31, 2016	December 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (10,789,024)	$ (9,672,786)
Items not affecting cash:		
Accrued finance expense	170,517	125,589
Deferred tax recovery	(1,060,663)	(2,219,956)
Depreciation	867,558	536,846
Impairment of inventory	-	665,835
Unrealized foreign exchange	39,767	-
Changes in non-cash working capital items:		
Accounts receivable	(3,227,608)	(58,276)
Prepaid expenses and other assets	(344,774)	33,592
Inventory	492,499	(1,348,927)
Accounts payable and accrued liabilities	1,045,003	(363,281)
Provisions	251,828	209,478
Net cash used in operating activities	(12,554,897)	(12,091,886)
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances to supplier	(1,931,300)	-
Additions to property, plant and equipment	(754,545)	(695,056)
Net cash used in investing activities	(2,685,845)	(695,056)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions received (Note 14)	10,000,000	10,000,000
Cancana equity transactions, net	288,063	356,684
Loan repayment from related party	-	3,275,000
Loan proceeds from related party	5,750,000	-
Transaction costs related to arrangement with Cancana	(839,629)	-
Net cash provided by financing activities	15,198,434	13,631,684
Effect of foreign exchange on cash	(293,198)	(1,194,116)
Net change in cash	(335,506)	(349,374)
Cash, beginning of the year	4,508,381	4,857,755
Cash, end of the year	$ 4,172,875	$ 4,508,381

Supplemental disclosures with respect to cash flows (Note 20)

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

MERIDIAN MINING S.E.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended December 31, 2016 and 2015
(Expressed in United States dollars)

	Share Capital (formerly Members' capital contributions)					Reserves					
	Shares	Share Capital	Share Premium	Members capital contributions	Other items	Reserves	Accumulated other comprehensive loss	Deficit attributable to shareholders of the parent	**Total – shareholders' capital attributable to parent**	Non-controlling interest	**Total equity**
Balance, December 31, 2014	-	$ -	$ -	$ 31,353,332	$ (18,722)	$462,185	$ (2,285,332)	$ (6,950,510)	**$ 22,560,953**	$ 8,893,836	**$ 31,454,789**
Capital contributions received	-	-	-	10,000,000	-	-	-	-	**10,000,000**	-	**10,000,000**
Cancana share issuances	-	-	-	-	168,235	-	-	-	**168,235**	188,449	**356,684**
Movements in NCI	-	-	-	-	-	-	-	(205,328)	**(205,328)**	205,328	-
Comprehensive loss for the year	-	-	-	-	-	-	(7,057,589)	(7,788,257)	**(14,845,846)**	(3,285,333)	**(18,131,179)**
Balance, December 31, 2015	-	-	-	41,353,332	149,513	462,185	(9,342,921)	(14,944,095)	**17,678,014**	6,002,280	**23,680,294**
Capital contributions received (Note 14)	-	-	-	10,000,000	-	-	-	-	**10,000,000**		**10,000,000**
Cancana stock options exercised (Note 14)	-	-	-	-	133,168	-	-	-	**133,168**	154,895	**288,063**
Movements in NCI (Note 15)	-	-	-	-	-	-	-	(572,561)	**(572,561)**	572,561	-
Reacquisition of member's interest (Note 1 and 14)	-	-	-	(1)	-	-	-	-	**(1)**	-	**(1)**
Conversion to public company (Note 1 and 14)	133,109,662	1,443,235	49,910,096	(51,353,331)	-	-	-	-	-	-	-
Return of Capital – Loan Assignment (Note 13 (ii))	-	-	(1,000,000)	-	-	-	-	-	**(1,000,000)**	-	**(1,000,000)**
Comprehensive income (loss) for the year	-	-	-	-	-	-	4,246,712	(9,334,783)	**(5,088,071)**	(1,056,368)	**(6,144,439)**
Share exchange (Note 1 and 4)	17,978,259	190,462	6,856,861	-	(282,681)	-	(1,930,903)	-	**4,833,739**	(5,673,368)	**(839,629)**
Balance, December 31, 2016	151,087,921	$ 1,633,697	$ 55,766,957	$ -	$ -	$462,185	$ (7,027,112)	$ (24,851,439)	**$ 25,984,288**	$ -	**$ 25,984,288**

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Meridian Mining S.E. (the "Company", "Cooperative" or "Meridian") (formerly Ferrometals Holdings Coöperatief U.A.) was formed in Amsterdam, Netherlands on December 16, 2013 as a Dutch Cooperative with two members, Sentient Global Resources Fund III and Sentient Global Resources Fund IV. The Company was a privately held metals group, focused on the acquisition, exploration, development and mining activities, primarily through its subsidiary, Meridian Mineração Jaburi S.A. ("Jaburi") (formerly Brasil Manganês Corporation Mineração S.A). The Company's registered office is located at Atrium Building, 8th floor, Strawinskylaan 3127, 1077 ZX, Amsterdam, the Netherlands.

On September 30, 2016, the Company entered into a definitive arrangement agreement ("Arrangement Agreement") pursuant to which the Company completed a business combination and reorganization transaction with the Company's partially owned consolidated subsidiary Cancana Resources Corp. ("Cancana"). As part of the restructuring the Company reacquired Sentient Global Resources Fund III's interest and it was terminated. The restructuring also included the conversion of the Company's legal form and a name change. On August 28, 2016, the Company converted its legal structure from a Dutch Cooperative to a public limited liability company and changed its name to Meridian Mining N.V. Effective October 12, 2016, the Company and its Luxembourg subsidiary completed a cross-border merger and the Company was converted into a Societas Europaea ("S.E.") with its official address in Amsterdam, the Netherlands.

In conjunction with the initial legal form conversion to a public company, the outstanding member capital as of August 2016 was converted into nominal share capital resulting in the issuance of 51,353,300 shares. The Company's authorized capital was amended to €2,567,665 and was authorized to issue 256,766,500 common shares with a par value of €0.01.

Cancana received shareholder approval of the Arrangement Agreement at the Company's AGM on November 14, 2016. As contemplated in and immediately prior to the completion of the Arrangement Agreement the Company completed a share split of the issued and outstanding common shares of Meridian to the effect that Meridian had total issued and outstanding common shares of 133,109,662. The transactions contemplated within the Arrangement Agreement were completed on November 27, 2016 and Meridian assumed Cancana's listing on the TSXV Exchange. On November 28, 2016 the Company commenced trading on the TSX Venture Exchange under the ticker MNO.

On November 27, 2016, the Company acquired all of the issued and outstanding common shares of Cancana in share for share exchange where the Company issued 0.4 common shares of the Company for each common share of Cancana. In addition, under the Arrangement Agreement, the Company issued common shares in the same common share exchange ratio for each of Cancana's in the money stock option outstanding. Under the Arrangement Agreement the Company issued 17,978,259 shares to the Cancana share and option holders resulting in 151,087,921 common shares outstanding.

These consolidated 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 as they come due into the foreseeable future.

The Company has historically relied upon capital contributions and debt facilities provided by its shareholders, to maintain an adequate level of cash to satisfy its capital and operating requirements and expects to continue to depend heavily upon its majority shareholder for financing.

To continue as a going concern, the Company must generate sufficient operating cash flow to fund its capital and operating requirements or secure new funding. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success. There can be no assurance that these initiatives will be successful, or sufficient financing, including financing from its majority shareholder, will be available. These material uncertainties may cast significant doubt as to the ability of the Company to meet its business plan and obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

1. NATURE AND CONTINUANCE OF OPERATIONS (cont'd…)

These financial statements do not include adjustments to the recoverability and classifications of recorded assets and liabilities and related expenses that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The recoverability of the amounts shown for mineral properties is dependent on the existence and economic extraction of resources, the capacity to obtain financing to complete the development of such resources, the ability to obtain the necessary licenses and permits and meet the Company's obligations under various agreements, stability or increases in future commodity prices, and the success of future operations or dispositions of the mineral properties.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance and basis of presentation

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of presentation

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. The financial statements of the Company are presented in United States dollars, which is the functional currency of the Company.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of the Company's subsidiaries as at the statement of financial position dates and the results of all subsidiaries for the years then ended. Subsidiaries are all entities controlled by the Company. Control exists when an investor is exposed, or has rights, to variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial statements from the date control is obtained until the date control ceases. Where the Company's interest in a subsidiary is less than 100%, the Company recognizes non-controlling interests. All intercompany balances, transactions, income, expenses, profits and losses, including unrealized gains and losses have been eliminated on consolidation.

These consolidated financial statements include the following significant entities as at December 31, 2016 and 2015:

Name of subsidiary:	**Jurisdiction of Incorporation**	**2016 Holding Percentage**	**2015 Holding Percentage**	**Functional Currency**
Ferrometals BV	Netherlands	100%	100%	USD
Ferrometals Management Services Canada Inc	Canada	100%	100%	USD
Ferrometals Serviços do Brasil Ltda	Brazil	100%	100%	BRL
Meridian Mineração Jaburi S.A. (i & ii)	Brazil	100%	86.55%	BRL
Cancana Resources Corp.	Canada	100%	47.17%	CDN
Cancana Exploração Mineral Ltda (iii)	Brazil	100%	47.17%	BRL

(i) During the year ended December 31, 2015, Cancana Brasil Mineração Ltda merged with Meridian Mineração Jaburi S.A

(ii) During the year ended December 31, 2016 the Company changed its name from Brasil Manganês Corporation Mineração S.A to Meridian Mineração Jaburi S.A

(iii) During the year ended December 31, 2015 the company changed its name from Sola Exploração Mineral Ltda to Cancana Exploração Mineral Ltda

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Principles of consolidation (cont'd…)

(iv) During the year ended December 31, 2016, the Company incorporated Ferrometals Holdings I, a wholly owned Luxembourg entity, which merged with the Company

Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Subsidiaries are no longer consolidated from the date control ceases. Intercompany transactions, balances and unrealized gains on transactions between companies in the group are eliminated. Accounting policies of subsidiaries are updated where necessary to ensure consistency with the policies adopted by the consolidated group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of financial position, statements of loss and comprehensive loss and the statements of changes in equity. Acquisitions of subsidiaries under common control before and after the transaction are recorded at historical carrying value. Subsidiaries under common control are consolidated from the date of acquisition by the ultimate controlling entity.

Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The presentation currency of these consolidated financial statements is the United States dollar, which is also the functional currency of the Company.

Transactions in currencies other than the functional currency of an entity are recorded at exchange rates prevailing on the dates of the transactions. Exchange gains and losses arising on the translation of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of loss and comprehensive loss. Non-monetary items that are measured at historical cost are translated using the exchange rates at the date of the transaction.

The results and financial position of entities in the group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities, including goodwill, for each statement of financial position presented are translated at the closing rate of the period reported;
- Income and expenses for each statement of loss and comprehensive loss presented are translated at average exchange rates; and
- All resulting exchange differences are recognized in other comprehensive loss

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, and rebates.

Revenue is recognized when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company, and when the significant risks and rewards of ownership have been transferred to the buyer. The Company's revenue consists of proceeds from the sale of manganese oxide material, and risks of ownership transfer when the inventory leaves the Company's warehouse.

Production costs

Production costs consists of costs of conversion including the costs of extraction, conversion, direct labour and production overheads included in the measurement of inventory sold during the period. Period costs, such as standby and re-commissioning costs, are not allocated to inventory but charged directly to operating expenses.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Production costs (cont'd…)

Recommissioning and standby costs, such as salaries and employment benefits, taxes, utilities and maintenance during the temporary shutdown of a plant, which would normally be treated as production costs and charged to inventory are treated as abnormal costs and expensed in the period incurred.

Business combinations

A business combination is a transaction or other event in which control over one or more businesses is obtained. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits. A business consists of inputs and processes applied to those inputs that have the ability to create outputs that provide a return to the Company and its shareholders. If the integrated set of activities and assets is in the exploration and development stage, and thus, may not have outputs, the Company considers other factors to determine whether the set of activities and assets is a business.

Those factors include, but are not limited to, whether the set of activities and assets:

i) has begun planned principal activities;
ii) has employees, intellectual property and other inputs and processes that could be applied to those inputs;
iii) is pursuing a plan to produce outputs; and
iv) will be able to obtain access to customers that will purchase the outputs.

Not all of the above factors need to be present for a particular integrated set of activities and assets in the development stage to qualify as a business.

Business acquisitions are accounted for using the acquisition method whereby acquired assets and liabilities are recorded at fair value as of the date of acquisition with the excess of the purchase consideration over such fair value being recorded as goodwill and allocated to cash generating units ("CGUs"). If the fair value of the net assets acquired exceeds the purchase consideration, the difference is recognized immediately as a gain in the consolidated statement of loss and other comprehensive loss.

Acquisition related costs are expensed during the period in which they are incurred, except for the cost of debt or equity instruments issued in relation to the acquisition which is included in the carrying amount of the related instrument.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they are adjusted retrospectively in subsequent periods. However, the measurement period will not exceed one year from the acquisition date.

Goodwill

Business acquisitions are accounted for using the acquisition method whereby acquired assets and liabilities are recorded at fair value as of the date of acquisition with the excess of the acquisition amount over such fair value being recorded as goodwill and allocated to CGUs. CGUs are the smallest identifiable group of assets, liabilities and associated goodwill that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to cash generating units ("CGU") that are expected to benefit from the synergies of the combination. Goodwill impairment testing is performed annually or more frequently if events or changes in circumstances indicate that its carrying value may not be recoverable.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Non-controlling interests

Non-controlling interests in the Company's less than wholly-owned subsidiaries are classified as a separate component of equity. On initial recognition, non-controlling interests are measured either at fair value or at the non-controlling interest's proportionate share of the amount of the acquiree's net identifiable assets. Subsequent to the acquisition date, adjustments are made to the carrying amount of non-controlling interests for the non-controlling interests' share of changes to the subsidiary's equity. Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interests is adjusted to reflect the change in the non-controlling interests' relative interests in the subsidiary and the difference between the adjustment to the carrying amount of non-controlling interests and the Company's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to shareholders of the Company.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Cash and warrants are classified as financial assets at fair value through profit or loss and are measured at fair value. Cash and cash equivalents are short-term investments with initial maturities of three month or less. The unrealized gains or losses related to changes in fair value are reported in finance items in the consolidated statements of loss and other comprehensive loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in profit or loss.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities - This category consists of liabilities carried at amortized cost using the effective interest method.

The Company classified its accounts payable and accrued liabilities and loan payable as other financial liabilities.

Exploration and evaluation assets

Pre-exploration costs are expensed as incurred. Costs directly related to the acquisition of exploration and evaluation assets are capitalized provided that the legal rights to explore the mineral properties are acquired or obtained. Exploration and evaluation expenditures are expensed as incurred. When the technical feasibility and commercial viability of a mineral resource have been demonstrated and a development decision by the board has been made, the capitalized costs of the related property are transferred to mining development costs and any subsequent expenditures are capitalized as mine development costs.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

The carrying values of capitalized amounts are reviewed when indicators of impairment are present. If it is determined that capitalized exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, labor and other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs.

Property, plant and equipment, other than mine assets not related to future environmental provisions, is depreciated on a straight line basis. Mine assets, are depreciated on a units of production basis, using management's best estimates of resources related to the specific mine asset.

Vehicles	5 years
Machinery and Equipment	10 years
Office furniture, communication and computer equipment	10 years
Buildings	10 years
Mine Assets	Units of Production

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Property, plant and equipment (cont'd…)

Depreciation commences when the asset is available for its intended use. The residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with carrying amounts.

Impairment of long-lived assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that the carrying values of the assets may not be recoverable. If such an indication of impairment exists, an impairment loss is calculated as the amount by which the carrying amount of the CGU exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal, or, value in use (the discounted presented value of future cash flows). For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separate identifiable cash flows (cash generating units). Any impairment would be reversed in future periods if the conditions that gave rise to the original impairment no longer apply. The impairment reversal would be limited to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined net of depreciation had no impairment loss been recognized for the asset in prior years.

Provisions

Provisions for legal claims and constructive obligations are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as finance expense.

Environmental provisions

Mining, processing, development and exploration activities are subject to various laws and regulations governing the protection of the environment. An environmental provision is recognized in the period when a legal or constructive obligation originates. The liability is measured at the present value of estimated future cash outflows representing the estimated cost of rehabilitation adjusted for risks specific to the liability. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability where the impact of discounting is material. A corresponding increase to the carrying value of the related property is recorded and depreciated on the same basis as the related asset. The majority of the restoration and rehabilitation activities of the Company include the restoration and re-vegetation of extraction areas; as extraction sites are short-term in nature, these related costs are allocated to inventory and generally expensed in the period recognized. Where appropriate, the provision is accreted over time to its expected future settlement value.

Environmental provisions are reviewed at every reporting period. The liability is adjusted for changes in estimates in costs and timing of work to be performed. Changes in the discount rate and inflation rates are recognized each reporting period, with the changes recognized as additions to or reductions from the liability and a corresponding addition to or reduction from property, plant and equipment or profit and loss where the changes relate to mine sites. Changes in estimates of environmental provisions also include changes due to movement in the exchange rates. Any reduction to the asset may

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Provisions (cont'd…)

not exceed the carrying value of that asset.

Share-based payments

The Company accounts for stock options granted to directors, officers, employees and non-employees at fair value. Accordingly, the fair value of the options at the date of the grant is determined using the Black-Scholes option pricing model and share-based compensation is accrued and charged to operations, with an offsetting credit to share-based payment reserve, over the vesting periods using a graded vesting model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

When the stock options are exercised, the applicable amounts of equity reserves are transferred to share capital.

Current and deferred income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered the deferred tax asset is not set up.

New standards not yet adopted

The following are new pronouncements approved by the IASB. These new standards are not yet effective and have not been applied in preparing these financial statements, however, they may impact future periods:

IFRS 2 Share-based Payment ("IFRS 2") – In June 2016, the IASB issued amendments to IFRS 2 Share-based Payment, covering the measurement of cash-settled share-based payments, classification of share-based payments settled net of tax withholdings, and accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements, and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments apply for annual periods beginning on or after January 1, 2018, with early adoption permitted. The impact of the amendments to IFRS 2 on the Company's consolidated financial statements has not yet been determined.

IFRS 9, Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New standards not yet adopted (cont'd…)

measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company has not yet made an assessment of the impact of the amendments.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15") – In May 2014, the IASB issued IFRS 15, which covers principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. In September 2015, the IASB deferred the effective date of the standard to annual reporting periods beginning on or after January 1, 2018, with earlier application permitted. The impact of IFRS 15 on the Company's consolidated financial statements has not yet been determined.

IFRS 16 Leases ("IFRS 16") – In January 2016, the IASB issued IFRS 16, which requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted, provided the new revenue standard, IFRS 15, has been applied or is applied at the same date as IFRS 16. The impact of IFRS 16 on the Company's consolidated financial statements has not yet been determined.

3. SIGNFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Certain estimates, such as those related to the recoverability of property, plant and equipment, and exploration and evaluation assets, deferred tax assets and liabilities, depreciation and remaining useful life of assets, and disclosure of contingencies depend on subjective or complex judgments about matters that may be uncertain. Changes in those estimates could materially impact these consolidated financial statements.

Material sources of estimation uncertainty include:

Mineral Production

The Company's mine assets are depleted and amortized on a units of production basis, using the expected amount of future production. The Company does not have a National Instrument 43-101 compliant resource estimate and accordingly uses expected forecasts based on available geological and technical data as a basis for the expected amount of production. Changes to these estimates, which can be significant, could be caused by a variety of factors, including future production differing from current forecasts, development of mineral resources or factors that impact the expected life of the mining operation.

3. SIGNFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (cont'd…)

Deferred taxes

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. At the end of each reporting period, the Company reassesses unrecognized income tax assets.

The Company's operations involve dealing with uncertainties and judgments in the application of complex tax regulations in multiple jurisdictions. The final taxes paid are dependent upon many factors, including negotiations with tax authorities in various jurisdictions and resolution of disputes arising from tax audits. The Company recognizes potential liabilities and records tax liabilities for anticipated tax audit issues based on its estimate of whether, and the extent to which, additional taxes will be due. The Company adjusts these reserves in light of changing facts and circumstances; however, due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the Company's current estimate of the tax liabilities. If the Company's estimate of tax liabilities proves to be less than the ultimate assessment, an additional charge to expense would result. If the estimate of tax liabilities proves to be greater than the ultimate assessment, a tax benefit would result.

Impairment of property, plant and equipment, and goodwill

The Company considers both external and internal sources of information in assessing whether there are any indications that its cash generating unit ("CGU") including property, plant and equipment, and goodwill is impaired. External sources of information the Company considers include changes in the market, and the economic and legal environment in which the Company operates and affect the recoverable amount of mining interests and goodwill. Internal sources of information the Company considers include the manner in which mining properties, plant, and equipment are being used or are expected to be used and indications of economic performance of the assets.

In determining the recoverable amounts of the Company's property, plant and equipment, and goodwill, the Company makes estimates of the discounted future after-tax cash flows expected to be derived from the Company's mining properties, costs to sell the assets and the appropriate discount rate. The projected cash flows are significantly affected by changes in assumptions related to metal selling prices, changes in the amount of future production, and exploration potential, production cost estimates, future capital expenditures, discount rates and exchange rates.

Access to estimated future production and exploration potential of the Company's property, plant and equipment, and goodwill is a key assumption in determining their recoverable amounts. The ability to maintain existing or obtain necessary mining concessions, surface rights title, and water concessions is integral to the access of the production areas and exploration potential.

If the Company determines there has been an impairment because its prior estimates of discounted future cash flows have proven to be inaccurate, due to reductions in manganese prices or demand, increases in the costs of production, reductions in the amounts of production, or other factors the Company would be required to write-down the recorded value of its property, plant and equipment or goodwill in profit and loss.

3. SIGNFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (cont'd…)

Critical management judgments:

Depreciation and depletion

The Company's mine assets are depleted and amortized on a units of production basis, using the expected amount of future production. Changes to these estimates, which can be significant, could be caused by a variety of factors, including future production differing from current forecasts, expansion of mineral resources through exploration activities, difference between estimated and actual cost of mining and other factors impacting production or the expected life of mine assets. The Company does not have a National Instrument 43-101 compliant resource estimate and accordingly uses expected forecasts based on available geological and technical data as a basis for the expected amount of production.

Recoverability of exploration and evaluation assets

The Company capitalizes the acquisition costs related to its exploration and evaluation assets. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalized the costs, a judgment is made that recovery of the costs is unlikely, the relevant capitalized amount will be written off to profit and loss.

The recoverability of amounts shown for exploration and evaluation assets is dependent on the existence of economically recoverable reserves, the ability to obtain financing to complete the development of such reserves and meet obligations under various agreements, and the success of future operations or dispositions. If a project does not prove viable, all unrecoverable costs associated with the project net of any related existing impairment provisions are written off.

Determination of cash-generating unit

The Company reviewed its operations and considered all of its manganese operations in Brazil to constitute one CGU due to the proximity of the assets and operations, the shared infrastructure and the future operational plans. This CGU encompasses all of the property, plant and equipment and exploration and evaluation assets, as well as the goodwill, acquired in the Jaburi, Eletroligas and Cancana acquisitions.

4. SHARE EXCHANGE

The Arrangement Agreement (Note 1) is considered to be a common control transaction as Meridian controlled Cancana both before and after the share exchange and the operations of Cancana were already fully consolidated in the results and position of Meridian. Non-controlling interest and the loss attributable to non-controlling interest were recorded and presented in the financial statements of the Company up to November 27, 2016, the date of the share exchange. Upon completion of the share exchange and the shareholders of Cancana becoming shareholders of Meridian the non-controlling interest and the related cumulative translation adjustment was reclassified to be part of the equity of the Company.

The value of non-controlling interest as at November 27, 2016 was $5,673,368, consisting of accumulated other comprehensive income of ($1,930,903) and the retained interest in their proportionate share of net assets of Cancana and Jaburi of $7,604,271.

Direct transaction costs of $839,629 were recorded in share premium as a cost of the equity transaction between shareholders of the entity.

(Expressed in United States dollars)

5. PREPAID EXPENSES AND OTHER ASSETS

	December 31, 2016	December 31, 2015
Tax credit	444,339	294,185
Prepaid expenses and advances	600,978	280,996
Total	$ 1,045,317	$ 575,181

The Company is required to pay certain taxes in Brazil that are based on purchases of consumables and property, plant and equipment. These taxes are recoverable from the Brazilian tax authorities through various methods, including as a cash refund or as a credit against current taxes payable. In addition to the tax credit shown above the Company has classified $71,587 as non-current as the Company believes the timing of the recovery of these amounts will be greater than 12 months.

6. INVENTORY

	December 31, 2016	December 31, 2015
Stockpiled ore	$ 1,290,601	$ 1,463,680
Consumables and stores	17,736	14,443
Total	$ 1,308,337	$ 1,478,123

During the year ended December 31, 2016, $4,022,985 (December 31, 2015 - $312,879) of costs were expensed that were directly attributable to the costs incurred during the production of inventory. There was no inventory impairment recorded as at December 31, 2016 (December 31, 2015 - $665,835). As at December 31, 2015, the inventory was written down to the net realizable value by comparing the average production cost per tonne with the expected sales price less costs to sell.

(Expressed in United States dollars)

7. PROPERTY, PLANT AND EQUIPMENT

Cost:	Mine assets	Land and buildings	Vehicles, machinery and equipment	Office furniture and other	Assets under construction	Total
Balance, January 1, 2015	$ 9,784,458	$ 182,564	$ 1,286,246	$ 25,929	$ -	$ 11,279,197
Additions	15,254	143,736	298,294	55,449	182,323	695,056
Disposals	-	-	(23,993)	-	-	(23,993)
Currency adjustment	(3,221,989)	(82,817)	(466,645)	(18,713)	(28,851)	(3,819,015)
Balance, December 31, 2015	6,577,723	243,483	1,093,902	62,665	153,472	8,131,245
Additions	19,982	21,079	145,757	169,944	397,783	754,545
Transfers	-	323,156	189,411	(20,549)	(492,018)	-
Currency adjustment	1,500,803	139,348	720,359	27,001	27,949	2,415,460
Balance, December 31, 2016	$ 8,098,508	$ 727,066	$ 2,149,429	$ 239,061	$ 87,186	$ 11,301,250

Accumulated depreciation:	Mine assets	Land and buildings	Vehicles, machinery and equipment	Office furniture and other	Assets under construction	Total
Balance, January 1, 2015	$ (231,087)	$ (17,760)	$ (191,845)	$ (570)	$ -	$ (441,262)
Additions	(352,070)	(15,658)	(163,088)	(6,030)	-	(536,846)
Disposals	-	-	953	-	-	953
Currency adjustment	131,750	8,322	88,782	2,549	-	231,403
Balance, December 31, 2015	(451,407)	(25,096)	(265,198)	(4,051)	-	(745,752)
Additions	(591,853)	(35,335)	(171,577)	(68,792)	-	(867,557)
Transfers	-	-	(1,188)	1,188	-	-
Currency adjustment	(146,429)	(66,848)	(519,416)	(7,625)	-	(740,318)
Balance, December 31, 2016	$ (1,189,689)	$ (127,279)	$ (957,379)	$ (79,280)	$ -	$ (2,353,627)

Net book value:	Mine assets	Land and buildings	Vehicles, machinery and equipment	Office furniture and other	Assets under construction	Total
December 31, 2015	$ 6,126,316	$ 218,387	$ 828,704	$ 58,614	$ 153,472	$ 7,385,493
December 31, 2016	$ 6,908,819	$ 599,787	$ 1,192,050	$ 159,781	$ 87,186	$ 8,947,623

(Expressed in United States dollars)

8. EXPLORATION AND EVALUATION ASSETS

Summary of exploration and evaluation assets:

Balance as at January 1, 2015	$	17,100,981
Foreign currency adjustment		(4,334,273)
Balance as at December 31, 2015		12,766,708
Foreign currency adjustment		2,888,954
Balance as at December 31, 2016	$	15,655,662

Title to mineral property interests

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. Title to mineral properties is also subject to the laws and regulations in Brazil, which can be subject to change and may impact the Company's title to its mineral properties. Jaburi has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its interests are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers and rights of ownership may be affected by undetected defects.

Jaburi Claims

Prior to 2015, the Company acquired 100% interest in certain exploration claims via a combination of business acquisitions, asset acquisitions and staking. The claims are contiguous to the Company's manganese mine assets in Rondônia, Brazil.

Bom Futuro - Property Option Agreement

The Company's subsidiary, Jaburi, entered into a Definitive Investment Agreement (the "Investment Agreement") with Cooperativa de Garimpeiros de Santa Cruz Ltda. ("Coopersanta") and Cooperativa Metalúrgica de Rondônia Ltda. ("Coopermetal") (together the "Cooperatives"), whereby Jaburi can earn an interest in up to three components of the Cooperatives tin operation.

Pursuant to the Investment Agreement, Jaburi had until March 15, 2017 to complete due diligence, which the Company completed subsequent to year end. Upon completion of the due diligence period the Company elected to proceed with the transactions contemplated by the Agreement.

The Agreement comprises three project areas, under the terms of the Agreement:

1) The Cooperatives granted Jaburi a five year Tailings Reprocessing Permit on the Tailings Area, which can be extended for a further 5 years provided Jaburi has incurred $1.5 million in exploration expenditures on the area. If Jaburi reprocesses the tailings, the Cooperatives will pay Jaburi a reprocessing fee equal to cassiterite concentrate pricing less a 20% treatment charge and a 3% royalty;

2) Jaburi has the right to explore the Central Area and will receive a right of first refusal on the provision of underground mining services to the Cooperatives or on the rights to acquire the area; and

(Expressed in United States dollars)

8. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Bom Futuro - Property Option Agreement (cont'd…)

3) Jaburi is required to spend $10.5 million on exploration on the Non-Explored Area over five years. Upon completion of the exploration expenditures and a National Instrument 43-101 or Joint Ore Reserves Committee Code compliant feasibility study showing economic potential, the Cooperatives will assign and transfer the rights of the Non-Explored Area to a special purpose company ("SPC"). The SPC will be set up by Jaburi and Coopermetal for the mineral and commercial exploitation of this area, in which Jaburi will hold 80% interest and Coopermetal 20%. In the event Jaburi does not identify a National Instrument 43-101 or Joint Ore Reserves Committee Code compliant feasibility study showing economic potential, the Cooperatives will grant Jaburi a second exploration term of five years provided Jaburi invested $10.5 million in exploration work on the Non-Explored Area.

In addition, under the terms of the agreement the Company is required to finance the completion of the under construction 69kv power transmission line between Bom Futuro and Ariquemes. Jaburi will become eligible for reimbursement for the work performed on the completion of the power transmission line from Centrais Electricas de Rondônia S/A ("CERON"). Reimbursement is payable in cash, in up to six instalments following the completion of the power transmission line. Should reimbursement from CERON not be made in cash, Jaburi will be reimbursed by offsetting bills for consumed energy. All costs incurred to date have been expensed.

9. GOODWILL

Goodwill was acquired pursuant to the acquisition of Jaburi. Management has allocated goodwill to its manganese operations which is considered as a single CGU.

As at December 31, 2016 the Company performed its annual impairment testing on its goodwill, which consisted of a review of its manganese CGU to which goodwill relates. This CGU includes non-revenue generating exploration assets (Jaburi claims), as well as the current property, plant and equipment. A discounted cash flow analysis was prepared using discount rates of 11%-13% (2015 11%-13%), a sales price of $156 (R$485) (2015 - $85 (R$336)) per tonne, growth in the sales price of 3% (2015 – 3%) per year and expected production of 680,000 tonnes (2015 – 400,000 tonnes). The Company considered the exploration results available to December 31, 2016, current and expected production and the market capital of the Company, among other factors, and determined there was no impairment considered necessary.

Balance as at January 1, 2015	$	1,361,742
Foreign currency adjustment		(448,081)
Balance as at December 31, 2015		913,661
Foreign currency adjustment		208,261
Balance as at December 31, 2016	$	1,121,922

(Expressed in United States dollars)

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2016	December 31, 2015
Trade payables	$ 2,107,413	$ 1,151,823
Payroll liabilities	673,461	190,071
Taxes and fees payable	117,263	230,827
Total	$ 2,898,137	$ 1,572,721

11. PROVISIONS

	Environmental provision (i)	Other provisions (ii)	Total
Balance, January 1, 2015	$ 162,798	$ 7,526	$ 170,324
Paid during the year	(17,493)	-	(17,493)
Accrued during the year	113,005	113,966	226,971
Foreign currency adjustment	(68,683)	(20,510)	(89,193)
Balance, December 31, 2015	189,627	100,982	290,609
Paid during the year	(47,607)	(25,988)	(73,595)
Accrued during the year	113,750	199,244	312,994
Foreign currency adjustment	48,089	35,762	83,851
Balance, December 31, 2016	$ 303,859	$ 310,000	$ 613,859

(i) *Environmental provision*

Pursuant to Jaburi's operations in Brazil, the Company is required to rehabilitate its plant and colluvial mining sites, as well as remove all plant and equipment. A provision has been recognized for the requirements to rehabilitate these sites environmentally and decommission the plant and equipment. Environmental liabilities required to rehabilitate sites are considered short term in nature and is included in production costs in the period recognized. Long term environmental liabilities related to decommissioning the plants are recorded at the present value of the estimated costs, assuming risk-free discount rates of 4.00% (2015 – 4.50%). The Company's remediation plan consists of $198,602 to be spent in the next fiscal year in addition to $105,257 related to long-term decommissioning of plants and equipment expected to be incurred in 2020.

(ii) *Other provisions*

Various legal, tax and regulatory matters are outstanding from time to time due to the nature of the Company's operations. In the event that management's estimate of the future resolution of these matters changes, the Company will recognize the effects of the changes in its consolidated financial statements on the date such charges occur. As at December 31, 2016, the Company has recognized a provision of $310,000 (2015 - $100,982) representing management's best estimates of expenditures required to settlement present obligations. The ultimate outcome or actual cost of settlement may vary materially from management estimates due to the inherent uncertainty regarding the Company's estimates.

(Expressed in United States dollars)

12. CONVERTIBLE NOTE

		December 31, 2016		December 31, 2015
Balance, beginning of year	$	1,174,919	$	1,049,330
Finance expense		125,933		125,589
Balance, end of year	$	1,300,852	$	1,174,919
Equity component of convertible note	$	453,423	$	453,423

In December 2014, the Company entered into a non-arm's length convertible note agreement with Sentient for proceeds of $1,500,000. The convertible note is non-interest bearing and matures on December 31, 2017. The proceeds were allocated first to the fair value of the convertible note, with the remaining $453,423 allocated to the equity component. The fair value was determined by using an interest rate approximating the Company's market rate of interest for a similar debt instrument. The liability component of the debt is accreted over the term of the convertible note. The debt has an effective interest rate of 12%.

The convertible note was initially used to fund convertible notes of the same balance and terms between the Company and Ferrometals BV, the Company's subsidiary, and Ferrometals BV and Cancana. Immediately prior to the share exchange (Note 4) the debt was restructured such that the convertible note between Ferrometals BV and Cancana was transferred to Meridian and then to Sentient. The substance of the debt restructuring resulted in the Company and Sentient maintaining the same conversion terms as the original convertible notes, but the only convertible note remaining is between Cancana and Sentient, with the conversion rights entitling Sentient to shares of Meridian upon an election to convert. As there was no modifications to the existing terms there was no impact on the present value of the liability component.

The principal is convertible, in whole or in part, into common shares at a price of C$0.4375, at the option of Sentient at any time for the term of the note. If the principal is converted in whole 3,991,885 shares will be issued.

13. LOANS PAYABLE

		December 31, 2016		December 31, 2015
Balance, beginning of year	$	-	$	-
Borrowings(i)		5,750,000		-
Restructuring (ii)		1,000,000		-
Interest expense		44,583		-
Balance, end of year	$	6,794,583	$	-
Current	$	1,000,000	$	-
Non current		5,794,583		-
Total	$	6,794,583	$	-

(i) In October 2016, the Company entered into a non-arm's length loan agreement with Sentient for $7,000,000, available in tranches. The loan bears interest at a rate of 10% per annum and is for a term of 1.5 years, maturing on April 30, 2018. During the year ended December 31, 2016 the Company drew down $5,750,000 and accrued interest of $44,583.

13. LOANS PAYABLE (cont'd…)

(ii) Prior to the closing of the share exchange the outstanding loan balance of $1,000,000 which Cancana had borrowed from Ferrometals BV was restructured such that Sentient became the counterparty of the loan facility. The assignment of this loan payable resulted in a return of equity of the Company to Sentient, with consideration being the Cancana debt of $1,000,000. Subsequent to year end the loan was extended to April 30, 2018 and the interest rate was amended to 10%.

14. SHAREHOLDERS' EQUITY (formerly Members' Interest)

Authorized Capital

As at December 31, 2016 the Company had authorized capital of €5,000,000 and is authorized to issue 500,000,000 common shares with a par value of €0.01.

Issued Capital

The Company has 151,087,921 issued and fully paid shares.

Share capital

Share capital comprises the amount subscribed for at the par value.

Share premium

Share premium comprises the amount subscribed for share capital in excess of par value.

Capital contributions

During the year ended December 31, 2016, the Company received $10,000,000 (December 31, 2015 - $10,000,000) in capital contributions from its shareholders.

Shares issued

During the year ended December 31, 2016:

a) In conjunction with the Company's legal form conversion to a public company:

   a. The Company reacquired Sentient Global Resources Fund III's interest; and

   b. The outstanding member capital as of August 2016 was converted into nominal share capital. The Company completed a share split immediately prior to the completion of the Arrangement Agreement to the effect that Meridian had a total issued and outstanding common shares of 133,109,662.

b) On November 28, 2016, the Company acquired all of the issued and outstanding common shares of Cancana in share for share exchange where the Company issued 0.4 common shares of the Company for each common share of Cancana. In addition, under the Arrangement Agreement, the Company issued common shares in the same common share exchange ratio for each of Cancana's in-the-money stock options outstanding. Under the Arrangement Agreement the Company issued 17,978,259 shares to the Cancana share and option holders resulting in 151,087,921 common shares outstanding.

(Expressed in United States dollars)

14. SHAREHOLDERS' EQUITY (formerly Members' Interest) (cont'd…)

Reserves - Stock options and warrants

The Company's subsidiary, Cancana, had a stock option plan under which it is authorized to grant options to directors, employees and consultants of Cancana to acquire up to 10% of the issued and outstanding common stock. The exercise price of each option is based on the market price of the Company's stock for a period preceding the date of grant. The options could be granted for a maximum term of 10 years and vest as determined by the Cancana board of directors. On completion of the Arrangement Agreement (Note 1) the Company adopted a stock option plan with terms consistent with the Cancana stock option plan.

Cancana's stock option and share purchase warrant transactions are summarized as follows (pre-share exchange):

	Warrants			Stock Options		
	Number		Weighted Average Exercise Price	Number		Weighted Average Exercise Price
Outstanding January 1, 2015	32,800,674	C$	0.29	1,940,000	C$	0.24
Exercised	(308,110)		0.25	-		-
Expired	(9,573,422)		0.33	-		-
Outstanding December 31, 2015	22,919,142		0.28	1,940,000		0.24
Exercised	-		0.28	(1,660,000)		0.23
Converted in Share Exchange (i)	-		0.28	(90,000)		0.23
Expired	(22,919,142)		0.28	(20,000)		0.87
Forfeited	-			(170,000)		0.25
Outstanding December 31, 2016	-		-	-		-
Number currently exercisable	-		-	-		-

(i) The in the money value of 90,000 stock options were converted to common shares of Meridian, in accordance with the Arrangement Agreement, resulting in the issuance 16,285 common shares of the Company (or 40,714 Cancana shares at a value of C$0.42).

15. NON-CONTROLLING INTERESTS

As at December 31, 2016 the Company had 100 % (2015 – 86.55%) ownership in Jaburi and 100% (47.17%) ownership in Cancana. Set out below is summarized financial information for Jaburi and Cancana that has been consolidated into these financial statements. All financial information is presented before any intercompany elimination.

(Expressed in United States dollars)

15. NON-CONTROLLING INTERESTS (cont'd…)

Investment in Jaburi:

As at:		December 31, 2015
NCI percentage		13.45%
Current assets		$ 2,409,319
Non-current assets		20,973,284
Current liabilities		(1,130,257)
Non-current liabilities		(5,306,844)
Net assets		$ 16,945,502
Net assets attributable to NCI		$ 2,278,485
Period ended:	**November 27, 2016**	**December 31, 2015**
Revenues	$ 3,777,957	$ 332,636
Loss and comprehensive loss	(3,506,292)	(13,826,677)
Loss and comprehensive loss attributable to NCI	$ (388,967)	$ (1,840,864)

Investment in Cancana:

As at:		December 31, 2015
NCI percentage		52.83%
Current assets		$ 691,435
Non-current assets		8,572,490
Current liabilities		(1,040,864)
Non-current liabilities		(1,174,911)
Net assets		$ 7,048,150
Net assets attributable to NCI		$ 3,723,795
Period ended:	**November 27, 2016**	**December 31, 2015**
Revenues	$ -	$ -
Loss and comprehensive loss	(1,241,188)	(2,733,995)
Loss and comprehensive loss attributable to NCI	$ (667,401)	$ (1,444,469)

During the period ended November 27, 2016 the Company made capital contributions of $11,080,000 to Jaburi increasing the Company's interest and diluting the interest held by Cancana. On November 27, 2016 the Company completed the Share Exchange with Cancana (Note 1 and 4), acquiring 100% of the issued and outstanding shares of Cancana.

(Expressed in United States dollars)

16. RELATED PARTIES

Key management compensation

	December 31, 2016	December 31, 2015
Salaries, consulting and directors fees	$ 1,590,028	$1,220,554

The Company had the following transactions with entities related by way of common directors and/or management:

a) Geological and assay services of $Nil (2015 - $130,447) to Oregon Resources Corp, a company related by common director.

b) Professional fees of $219,594 (2015 - $209,892) to Vistra Fund Services (Netherlands) BV, a company which a director is an employee of.

As at December 31, 2016, the Company had the following balances due to/from entities related by way of common directors and/or management. These amounts, unless otherwise noted, were unsecured and non-interest bearing.

	December 31, 2016	December 31, 2015
Accounts payable and accrued liabilities	$ 501,371	$ 191,506

In the course of operations, Ferrometals BV made loans to Cancana which are eliminated on consolidation. Cancana had pledged its shares of Jaburi as security to Ferrometals BV pursuant to the terms of this loan. Refer to Note 12 and 13 for a description of loans which were restructured as part of the Arrangement Agreement.

In March 2014, the Company issued a credit facility to IDM International Limited and its subsidiary, Oregon Resources Corporation, a company related by common directors totalling $3,275,000. The amounts advanced were non-interest bearing and repayable on demand. In March 2015, the balance was repaid in full.

17. PRODUCTION COSTS

	December 31, 2016	December 31, 2015
Inventory costs	$ 4,022,985	$ 312,879
Royalties and taxes	853,198	70,756
Depreciation and depletion	867,558	536,846
Inventory impairment	-	665,835
Freight expenses	1,414,609	-
Total	$ 7,158,350	$ 1,586,316

Inventory costs includes payroll of $1,218,532 (2015 - $103,250).

(Expressed in United States dollars)

18. EXPLORATION EXPENSES

	December 31, 2016	December 31, 2015
Assays	$ 313,530	$ 163,286
Consulting – geological and other	549,665	455,897
Drilling	1,310,611	902,944
Equipment and maintenance	347,194	94,800
Fees and licenses	193,583	235,826
Field expenditures and road construction	196,715	44,307
Geophysics	-	1,224,649
Other	57,294	258,915
Payroll	1,291,085	307,756
Room and boarding	341,386	81,647
Total	$ 4,601,063	$ 3,770,027

19. GENERAL AND ADMINISTRATION EXPENSES

	December 31, 2016	December 31, 2015
Community relations	$ 274,122	$ 105,500
Consulting	575,528	804,037
Investor relations and shareholder communication	146,747	312,676
Insurance	94,253	107,640
Legacy Provision	-	542,319
Management and director fees (Note 16)	856,516	779,660
Office and miscellaneous	365,194	200,762
Payroll	1,131,972	604,333
Rent	117,185	71,471
Subscriptions and licenses	31,347	11,118
Telephone and information technology	267,533	232,442
Travel	616,713	959,331
VAT and other indirect taxes	133,560	79,179
Total	$ 4,610,670	$ 4,810,468

20. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

Significant non-cash transactions are as follows:

i) On November 27, 2016, in conjunction with the share exchange (note 1 and 4):

a. The outstanding loan balance of $1,000,000 between Cancana and Ferrometals BV was restructured and assigned to Sentient. The assignment of this loan payable resulted in a return of share premium of the Company to Sentient, with consideration being the Cancana debt of $1,000,000 (note 13).

b. The Company issued 17,978,259 common shares to the Cancana security holders. The value of NCI and the related cumulative translation adjustment, totaling $7,604,271 was reclassified to equity.

ii) During the year ended December 31, 2015 the non-cash movement in NCI was $1,679,201 (note 15).

(Expressed in United States dollars)

21. INCOME TAXES

The components of the Company's income tax expense consist of the following:

	December 31, 2016	December 31, 2015
Current tax expense	$ 45,719	$ 371,611
Deferred tax (recovery)	(1,106,382)	(2,219,956)
Income tax (recovery), net	(1,060,663)	(1,848,345)

A reconciliation of income taxes (recovery) at statutory rates with the reported taxes for the years ended December 31, 2015 and 2014 is as follows:

	December 31, 2016	December 31, 2015
Loss before income taxes	$ (11,849,687)	$ (11,521,131)
Statutory tax rate:	25%	25%
Expected income tax (recovery)	(2,962,422)	(2,880,282)
Foreign tax rate differential	(816,000)	(645,000)
Statutory permanent differences	244,000	503,000
Losses and deductible temporary differences not recognized	2,473,759	1,173,937
Income tax (recovery), net	$ (1,060,663)	$ (1,848,345)

The significant components of deferred tax assets and liabilities as at year-end are as follows:

	December 31, 2016	December 31, 2015
Exploration and evaluation assets	$ (1,130,000)	$ (929,760)
Property, plant and equipment and other	(1,484,000)	(1,379,760)
Loss carryforwards	2,614,000	1,342,240
Net deferred tax assets (liabilities)	$ -	$ (967,280)

The movement in the deferred tax liability is explained as follows:

	December 31, 2016	December 31, 2015
Deferred tax assets (liabilities), beginning of year	$ (967,280)	$ (4,226,772)
Deferred tax recovery	1,106,382	2,219,956
Other comprehensive income – foreign currency translation	(139,102)	1,039,536
Deferred tax assets (liabilities), end of year	$ -	$ (967,280)

(Expressed in United States dollars)

21. INCOME TAXES (cont'd…)

The significant components of the Company's deductible temporary differences, and unused tax losses that have not been recognized on the statement of financial position are as follows:

	December 31, 2016	December 31, 2015
Temporary differences:		
Exploration and evaluation assets	$ -	$ 20,187,000
Property, plant and equipment	-	311,000
Environmental provision	199,000	121,000
Share issue costs	256,000	398,000
Loss carryforwards	12,196,000	13,058,000

Loss carryforwards consist of Netherlands tax losses of $5,919,000, which expire between 2023 and 2026, Canadian tax losses of $274,000, which expire between 2027 and 2036, and Brazilian tax losses of $6,003,000, which have no expiry date. The ability of the Company to access unrecognized tax losses and other deductions in Canada has been restricted as a result of the 2016 acquisition of control of Cancana. Tax attributes are subject to review, and potential adjustment, by tax authorities.

22. CAPITAL MANAGEMENT

The capital structure of the Company consists of equity attributable to common shareholders, comprising of share capital, share premium, reserves, and deficits and convertible note (Note 12). The Company's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic condition and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and investments.

The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank sponsored instruments. This strategy is unchanged from the year ended December 31, 2015. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products.

23. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial instruments

The Company is required to disclose the fair value of each class of financial assets and liabilities in the financial statements. Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect placement within the fair value hierarchy levels.

The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quotes prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of receivables and advances, accounts payable and accrued liabilities, and loan payable approximates fair value due to the short term nature of the financial instruments. Cash is carried at its fair value using level 1 inputs.

23. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd…)

Risk management

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include, credit risk, currency risk, interest rate risk and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Credit risk

Financial instruments that potentially subject the Company to credit risk consist of cash and receivables. The Company deposits cash with high credit quality financial institutions as determined by rating agencies. Receivables and advances are mostly due from suppliers and contractors. Trade receivables are due from well-known customers, and the carrying amount of the financial assets represents the maximum credit exposure.

Currency risk

The international nature of the Company's operations results in foreign exchange risk as certain transactions are denominated in foreign currencies. Jaburi's operations and exploration programs are primarily in Brazil and are denominated in the Brazilian real, and its liabilities are denominated primarily in Brazilian reals, while Cancana's operations are primarily in Canada and its liabilities are denominated in Canadian dollars. The fluctuation of the US dollar will, consequently, have an impact upon the reported profitability of the Company and may also affect the value of the Company's assets and liabilities.

The Company holds cash and accounts payable in Canadian dollars, Australian dollars and Brazilian reals; fluctuations in these currencies will, consequently, have an impact upon the Company's profitability and the value of the Company's liabilities. As at December 31, 2016, the impact of a 10% change in rate of exchange on the US dollar compared to the Brazilian real would result in a change of approximately $62,000 on the Company's loss for the year. The net position of the Company in Australian dollars, Canadian dollars and Euros is not significant as at December 31, 2016. The Company does not use derivative instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against gains or losses from foreign exchange.

Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash balances. None of the Company's debt is subject to floating interest rates. The Company does not believe its interest rate risk is significant.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities.

The Company has historically relied upon capital contributions and maintaining an adequate level of cash to satisfy its capital requirements and will continue to depend heavily upon these financing activities. All of the Company's accounts payable and accrued liabilities are subject to normal trade terms. The Company is exposed to risk that it will encounter difficulty in satisfying liabilities on maturity.

There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company will need additional capital in the future to finance ongoing exploration of its properties, such capital is expected to be derived from the completion of equity financings. The Company has limited financial resources, has minimal source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the previously mentioned financing activities.

(Expressed in United States dollars)

23. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd…)

Liquidity risk (cont'd…)

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success. In recent years, the securities markets have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

As at December 31, 2016, the Company's liabilities that have contractual maturities are as follows:

	December 31, 2017	December 31, 2018	Total
Accounts payable and accrued liabilities	$ 2,898,137	$ -	$ 2,898,137
Provisions	613,859	-	613,859
Loans Payable	1,000,000	5,794,583	6,794,583
Convertible Note	1,300,852	-	1,300,852
	5,812,848	5,794,583	11,607,431

24. SEGMENTED INFORMATION

The Company's sole operation is the Jaburi mine in Rondônia, Brazil. Accordingly, the chief decision makers consider Meridian to currently have one segment and, therefore, segmented information is not presented

25. COMMITMENTS AND CONTINGENCIES

A significant portion of the Company's operations are located in Brazil. From time to time various legal, labour, environmental and tax matters are outstanding due to the nature of both current and historical operations. The Company has taken and continues to take all necessary and available steps to comply with relevant laws and regulations, however there is no assurance such steps will be successful.

Royalties

The Company pays royalties to landowners as well as the Brazilian government. Royalties to landowners are determined based on individual negotiated agreements, usually at a rate of 1.5% of net sales proceeds on the sale of manganese oxide material, while royalties of approximately 3% of sale proceeds on the sale of manganese oxide material are paid to the Brazilian government.

25. COMMITMENTS AND CONTINGENCIES (cont'd…)

Pilot Plant

During the year ended December 31, 2016, the Company entered into an agreement for the purchase and construction of a new pilot plant. The Company committed to future capital commitments of approximately R$10,775,000 ($3,340,250). Of this amount, R$8,900,000 ($2,759,000) corresponds to the supply of equipment and engineering services, which will be paid in six instalments and adjusted dependent on the Brazilian real: Euro exchange rate. As of December 31, 2016, R$6,230,000 ($1,931,300) was included in advances to supplier. The remaining R$1,875,000 ($581,250) corresponds to the assembly services and the installation of the pilot plant, which will be paid in two instalments.

Buffer Zone

The Company has been advised that due to certain Jaburi tenements being in close proximity to indigenous title land, Jaburi could be affected by a civil public action between two Brazilian government departments.

Jaburi currently owns several tenements, which border the Povo Cinta Larga indigenous land. Due to illegal diamond mining activities by third parties within the Povo Cinta Larga indigenous land and surrounding areas, the Brazilian Federal Prosecutor's Office (the "FPO") has filed a civil public action against the Brazilian Mining Authority – National Department of Mineral Production (the "DNPM"). The FPO is requesting the DNPM to withdraw all existent research applications and mining authorizations within the indigenous land of Povo Cinta Larga and surrounding area adjacent to the indigenous land (buffer zone). The DNPM has filed appeals to block the FPO civil public action and the final ruling is pending.

If there is an eventual imposition of a buffer zone, this would have a material impact on Jaburi's tenements as some of Jaburi's tenements straddle or are wholly within the proposed buffer zone. The area impacted by the proposed buffer zone would be approximately 35% of the total Jaburi project area.

Jaburi has retained legal counsel to represent them in this issue who are filing various legal actions to defend their interests. At this point in time, management has determined that it is not possible to determine an estimate of the potential loss or likelihood of outcomes, and therefore no liability has been accrued.