Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

(Canadian dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Morien Resources Corp.

We have audited the accompanying consolidated financial statements of Morien Resources Corp., which comprise the consolidated statements of financial position as at December 31, 2013 and December 31, 2012, the consolidated statements of comprehensive loss, changes in 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 Consolidated 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 Morien Resources Corp. as at December 31, 2013 and December 31, 2012, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

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Emphasis of Matter

Without modifying our opinion, we draw attention to note 2 in the consolidated financial statements which indicates that Morien Resources Corp. has experienced significant losses and negative cash flows from operations and does not have sufficient capital to fund its operations beyond the second quarter of 2015 unless it can secure additional equity financing or strategic alliances. These conditions, along with other matters as set forth in note 2 in the consolidated financial statements indicate the existence of a material uncertainty that casts significant doubt about Morien Resources Corp.'s ability to continue as a going concern.

KPMG LLP

Chartered Accountants

April 22, 2014
Halifax, Canada

MORIEN RESOURCES CORP.

Consolidated Statements of Financial Position
(Canadian dollars)

	Notes	December 31, 2013	December 31, 2012
ASSETS			
Current assets:			
Cash		**$ 336,127**	$ 1,659,016
Trade and other receivables	**9**	**55,267**	145,235
Prepaid expenses		**19,189**	21,059
Non-current assets held for sale	**10 & 11**	**262,292**	508,445
		672,875	2,333,755
Non-current assets:			
Exploration and evaluation assets	**11**	**18,540,130**	18,502,422
		18,540,130	18,502,422
TOTAL ASSETS		**$ 19,213,005**	$ 20,836,177
LIABILITIES & EQUITY			
Current liabilities:			
Trade and other payables		**$ 131,326**	$ 415,216
		131,326	415,216
Non-current liabilities:			
Due to shareholder	**12**	**150,000**	250,000
TOTAL LIABILITIES		**$ 281,326**	$ 665,216
SHAREHOLDERS' EQUITY			
Share capital	**15**	**$ 24,178,166**	$ 24,178,166
Contributed surplus		**17,337,960**	17,229,576
Accumulated other comprehensive income		**-**	120,943
Deficit		**(22,584,447)**	(21,357,724)
TOTAL EQUITY		**$ 18,931,679**	$ 20,170,961
TOTAL LIABILITIES AND EQUITY		**$ 19,213,005**	$ 20,836,177

Going concern (Note 2)
Subsequent event (Note 11)

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

Approved on behalf of the Board:

signed *"John P. A. Budreski"* *Director*

signed *" John P. Byrne"* *Director*

MORIEN RESOURCES CORP.

Consolidated Statements of Comprehensive Loss

(Canadian dollars)

	Notes	For the year ended December 31, 2013	December 31, 2012
Corporate and administration	**17**	**$ 1,042,347**	$ 685,500
Exploration expenses	**18**	**190,098**	105,621
Foreign exchange loss		**6,037**	8,261
Loss from operating activities		**(1,238,482)**	(799,382)
Finance income	**19**	**9,415**	10,514
Finance expense	**19**	**(12,301)**	(13,232)
Net finance expense		**(2,886)**	(2,718)
Loss from continuing operations		**(1,241,368)**	(802,100)
Income (Loss) from discontinued operation	**20**	**14,645**	(429,086)
Net loss		**$ (1,226,723)**	$ (1,231,186)
Other comprehensive income / (loss):			
Items which may subsequently be recycled through profit or loss			
Foreign currency translation difference		**31,076**	(31,951)
Total comprehensive loss		**$ (1,195,647)**	$ (1,263,137)
Basic and diluted loss per share:			
Continuing operations		**$ (0.03)**	$ (0.08)
Discontinued operations		**0.00**	(0.04)
Basic and diluted loss per share		**$ (0.03)**	$ (0.12)
Basic and diluted weighted average number of shares outstanding		**49,256,240**	9,877,167

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

MORIEN RESOURCES CORP.

Consolidated Statements of Changes in Equity

(Canadian dollars)

	Share capital	Contributed surplus	Cumulative Translation Adjustment	Deficit	Total
Balance at January 1, 2012	$ 4,414,385	$ 16,710,046	$ 152,894	$ (20,126,538)	$ 1,150,787
Total comprehensive loss for the period:					
Net loss	-	-	-	(1,231,186)	(1,231,186)
Other comprehensive loss	-	-	(31,951)	-	(31,951)
Shares issued to acquire assets (note 6)	19,763,781	-	-	-	19,763,781
Options granted to acquire assets (note 6)	-	259,816	-	-	259,816
Share-based payments	-	259,714	-	-	259,714
Balance at December 31, 2012	**$ 24,178,166**	**$ 17,229,576**	**$ 120,943**	**$ (21,357,724)**	**$ 20,170,961**
Balance at January 1, 2013	$ 24,178,166	$ 17,229,576	$ 120,943	$ (21,357,724)	$ 20,170,961
Total comprehensive loss for the period:					
Net loss	-	-	-	(1,226,723)	(1,226,723)
Other comprehensive income	-	-	31,076	-	31,076
Recognition of cumulative translation adjustment from inactive foreign subsidiary	-	-	(152,019)	-	(152,019)
Share-based payments	-	108,384	-	-	108,384
Balance at December 31, 2013	**$ 24,178,166**	**$ 17,337,960**	**$ -**	**$ (22,584,447)**	**$ 18,931,679**

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

MORIEN RESOURCES CORP.

Consolidated Statements of Cash Flows

(Canadian dollars)

	Notes	For the year ended December 31, 2013	For the year ended December 31, 2012
Cash flows from operating activities:			
Net loss		**$ (1,226,723)**	$ (1,231,186)
Item not involving cash:			
Stock-based compensation		**108,384**	259,714
Impairment of property, plant & equipment	**20**	**123,219**	281,264
Foreign exchange gain on inactive foreign subsidiary	**20**	**(152,019)**	-
Loss on sale of property, plant & equipment	**7**	**-**	50,319
Net finance expense		**2,886**	18,099
Change in non-cash working capital		**(186,944)**	188,054
Cash flows from operating activities		**$ (1,331,197)**	$ (433,736)
Cash flows from financing activities:			
(Repayment of) / proceeds from shareholder loan		**(100,000)**	250,000
Proceeds from Erdene Resource Development loan		**-**	402,755
Repayment of Erdene Resource Development loan		**-**	(550,000)
Repayment of obligations under capital lease		**-**	(2,394)
Interest paid		**(12,301)**	(28,613)
Cash flows from financing activities		**$ (112,301)**	$ 71,748
Cash flows from investing activities:			
Acquisition under Plan of Arrangement net of transaction costs	**6**	**-**	1,521,175
Proceeds on sale of property, plant and equipment net of costs to sell	**7**	**411,194**	463,505
Contributions to investment in Donkin joint venture		**(300,000)**	-
Interest received		**9,415**	3,070
Cash flows from investing activities		**$ 120,609**	$ 1,987,750
Increase (decrease) in cash		**$ (1,322,889)**	$ 1,625,762
Cash, beginning of year		**1,659,016**	33,254
Cash, end of year		**$ 336,127**	$ 1,659,016

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

1. Nature of operations

Morien Resources Corporation (“Morien” or the “Corporation”), a corporation domiciled in Canada, was formed when Advanced Primary Minerals Corporation (“APM”) amalgamated with Erdene Resources Inc. ("ERI") on November 9, 2012 (see note 6). The address of the Corporation’s registered office is 99 Wyse Road, Suite 1480, Dartmouth, Nova Scotia, B3A 4S5. The consolidated financial statements of the Corporation as at and for the years ended December 31, 2013 and 2012 comprise the Corporation and its subsidiaries 6531954 Canada Limited (“6531954”) and Advanced Primary Minerals USA Corp (“APMUSA”). Subsequent to the Plan of Arrangement outlined in note 6, the principal business of the Corporation is the exploration and development of coal and aggregate interests in Nova Scotia, Canada.

2. Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes the Corporation will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the entity’s ability to continue as a going concern, as described in the following paragraphs.

The Corporation is in the exploration stage and is subject to the risks and challenges similar to other companies in a comparable stage of exploration. These risks include, but are not limited to, dependence on key individuals, successful exploration results and the ability to secure adequate financing to meet the minimum capital required to successfully advance the projects and continue as a going concern.

The Corporation experienced significant losses and negative cash flows from operations in 2013 and 2012. The Corporation had working capital of $541,549 at December 31, 2013 compared to $1,918,539 at December 31, 2012, representing a $1,376,990 decrease. Subsequent to year end, the Corporation received $1.0 million in cash upon closing of the agreements outlined in Note 11. Management believes current working capital is sufficient to fund the Corporation’s budgeted expenditures until approximately the second quarter of 2015. The Corporation holds a 25% interest in the Donkin joint venture and Glencore, the holder of the 75% majority interest in the joint venture, is seeking a buyer for its interest, which impacts the ability of the Corporation to raise capital or to advance the project to development until Glencore completes a sale. There is no certainty the sales process will be completed in a timeframe that will enable the Corporation to raise funds as required in the future to advance the project to development. The ability of the Corporation to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business and continue with, or expand upon its evaluation and development of the Donkin project is contingent upon obtaining equity financing or securing strategic alliances.

These consolidated financial statements do not reflect the adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate, then adjustments would be necessary to the carrying values of the assets, the reported revenues and expenses, and the statement of financial position classifications used.

3. Basis of presentation

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. The consolidated financial statements were authorized for issue by the Board of Directors on April 22, 2014.

b) Basis of measurement and change in accounting policy

The consolidated financial statements have been prepared on the historical cost basis.

Items included in the financial statements of each of the Corporation’s subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in Canadian dollars, which is the functional and presentation currency of Morien Resources Corp.

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning on or after January 1, 2013. The following new standards, amendments and interpretations that have been adopted in these consolidated financial statements have had an effect on the Corporation’s future results, financial position, and/or presentation and disclosure of such items:

- IFRS 11 - Joint Arrangements

  Effective January 1, 2013, the Corporation implemented IFRS 11, “Joint Arrangements”. The new standard required the Corporation to evaluate its 25 percent interest in its joint arrangement, the Donkin Joint Venture. This evaluation took into consideration the fact that the Joint Venture Agreement provides for an unincorporated structure and specifies that the rights and obligations arising from the operations are shared between the joint venturers in proportion to their respective holdings and requires 100% unanimous votes for certain decisions of significance to the development and operation of the project. Based on this evaluation, the Corporation has determined the Donkin Joint Venture is a joint operation under IFRS 11 and Morien will account for its 25% direct interest in the project. This results in the same accounting as under proportionate consolidation, so there is no impact on the carrying value of the exploration and evaluation assets as a result of the adoption of IFRS 11.

3. Basis of presentation (continued)

a) Basis of measurement and change in accounting policy (continued)

- IFRS 12 - Disclosures of Interest in Other Entities

  Effective January 1, 2013, the Corporation implemented IFRS 12, "Disclosure of Interest in Other Entities." This standard establishes disclosure requirements for interests in other entities, including joint arrangements, associates, special purpose entities and other off balance sheet entities.

- Amendment to IAS 1 Presentation of Financial Statements

  The amendments to IAS 1 revised the presentation of other comprehensive income (OCI). Separate subtotals are required for items which may subsequently be recycled through profit or loss and items that will not be recycled through profit or loss. The Corporation has updated the presentation of OCI on the face of the Statements of Comprehensive Loss.

c) Use of estimates and judgments

The preparation of the financial statements requires the Corporation's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results may differ from these estimates. The more significant areas requiring the use of management estimates and assumptions are discussed below.

Critical accounting estimates:

Estimate of recoverability for non-financial assets

When there are indicators that an asset may be impaired, the Corporation is required to estimate the asset's recoverable amount. The recoverable amount of an asset or cash generating unit is measured at the higher of fair value less costs to sell and value in use.

Value in use is also generally determined as the present value of the estimated future cash flows, but only those expected to arise from the continued use of the asset in its present form and its eventual disposal. Present values are determined using a risk-adjusted pre-tax discount rate appropriate to the risks inherent in the asset.

Future cash flow estimates are based on expected production and sales volumes, mineral prices (considering current and historical prices, price trends and related factors), resources, operating costs, restoration and rehabilitation costs and future capital expenditure.

Share-based payments

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. Fair value is measured using the Black-Scholes pricing model and requires the exercise of judgment in relation to variables such as expected volatilities and expected lives based on information available at the time the fair value is measured.

3. Basis of presentation (continued)

c) Use of estimates and judgments (continued)

Provisions for site restoration

Management's assumption that there are currently no provisions required for site restoration is based on facts and circumstances that existed during the year.

The following accounting policies involve judgments or assessments made by management:

Exploration and evaluation assets

Management is required to apply judgment in whether a property or an exploration area's potential has been determined, in which case subsequent exploration and evaluation costs are capitalized.

Management is required to apply judgment in determining whether technical feasibility and commercial viability can be demonstrated for resource properties. Once technical feasibility and commercial viability of a resource property can be demonstrated, exploration costs will be reclassified to property, plant and equipment and subject to different accounting treatment. As at December 31, 2013, management determined that no such reclassification was required.

Taxation

The Corporation's accounting policy for taxation requires management's judgment in assessing whether deferred tax assets and certain deferred tax liabilities are recognized on the balance sheet. Deferred tax assets, including those arising from tax loss carry-forwards, capital losses and temporary differences are recognized only where it is considered probable that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, mineral prices, reserves, operating costs, restoration and rehabilitation costs, capital expenditure, dividends and other capital management transactions.

Judgments are also required about the application of income tax legislation. These judgments and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the balance sheet and the amount of other tax losses and temporary differences not yet recognized. In such circumstances, some or all of the carrying amount of recognized deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the income statement.

4. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

The accounting policies have been applied consistently by all subsidiaries of the Corporation.

a) Basis of consolidation

The consolidated financial statements include those of Morien and its wholly owned subsidiaries: APMUSA, incorporated under the laws of Delaware, USA and subsequent to November 9, 2012, the date of the Arrangement described in Note 6, the consolidated financial statements also included the wholly owned subsidiary, 6531954 Canada Limited.

4. Summary of significant accounting policies (continued)

a) Basis of consolidation (continued)

i) Subsidiaries

Subsidiaries are those entities over which the Corporation has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Corporation controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the parent company.

Subsidiaries are fully consolidated from the date on which control is transferred to the Corporation and cease to be consolidated from the date on which control is transferred out of the Corporation. A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

i) Transactions eliminated on consolidation

Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

b) Foreign currency

i) Foreign currency transactions

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for: exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from cumulative translation account to profit or loss on repayment of the monetary items.

ii) Foreign operations

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

- assets and liabilities are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement presented are translated at monthly average exchange rates; and

4. Summary of significant accounting policies (continued)

b) Foreign currency (continued)

ii) Foreign operations (continued)

- all resulting exchange differences are recognized as a separate component of equity ("cumulative translation account")

On the loss of control of a foreign operation, all the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Corporation are recognized in the income statement as part of the gain or loss on sale.

c) Financial instruments

i) Financial assets

The Corporation initially recognizes loans and receivables and deposits on the date that they originate. All other financial assets are recognized initially on trade date at which the Corporation becomes party to the contractual provision of the instrument.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or the rights to receive the contractual cash flows on the financial asset are transferred.

The Corporation has the following non-derivative financial assets: loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables and cash.

Cash comprises cash on hand and demand deposits.

Fair value

Fair value is determined based on current bid prices for all quoted investments.

ii) Financial liabilities

The Corporation initially recognizes other financial liabilities on the trade date at which the Corporation becomes party to the contractual provisions of the instrument. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

The Corporation derecognizes financial liabilities when its contractual obligations are discharged or cancelled or expire.

4. Summary of significant accounting policies (continued)

c) Financial instruments (continued)

ii) Financial liabilities (continued)

The Corporation has the following non-derivative other financial liabilities: trade and other payables and due to shareholder.

iii) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

d) Exploration and evaluation assets

Pre-exploration expenditures are expensed as incurred. All direct costs related to the acquisition of resource property interests are capitalized by property. Exploration costs are charged to operations in the period incurred until such time a property, or an area's potential has been determined, in which case subsequent exploration and evaluation costs are capitalized.

Exploration and evaluation assets are initially measured at cost and classified as tangible assets. Exploration and evaluation assets include expenditures on acquisition of rights to explore, studies, exploratory drilling, trenching, sampling, and other direct costs related to exploration or evaluation of a project. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Where a project is determined to be technically or commercially feasible and a decision has been made to proceed with development with respect to a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is reclassified as a resource property in property, plant and equipment.

An impairment review of exploration and evaluation assets is performed, either individually or at the cash-generating unit level, when there are indicators the carrying amount of the assets may exceed their recoverable amounts. To the extent this occurs, the excess is fully provided against the carrying amount, in the financial year in which this is determined. Exploration and evaluation assets are reassessed on a regular basis and these costs are carried forward provided at least one of the conditions below is met:

4. Summary of significant accounting policies (continued)

d) Exploration and evaluation assets (continued)

- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.

e) Property, plant and equipment

Recognition and measurement

Land is stated at historical cost. All items of property, plant and equipment are measured at historical 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 and direct labour and any other costs directly attributable to bringing the assets to working condition for their intended use.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation of property, plant and equipment is calculated using the declining balance method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of certain leased plant and equipment, the shorter lease term at the following rates:

Asset	Basis	Rate
Equipment, furniture & fixtures	Declining balance	20%
Software & computers	Declining balance	33%
Vehicles	Declining balance	30%

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively, if appropriate.

4. Summary of significant accounting policies (continued)

e) Property, plant and equipment

Development assets

Development assets include costs transferred from exploration and evaluation assets once technical feasibility and commercial viability of an area of interest are demonstrable, and development assets also includes subsequent costs to develop the mine to the production phase.

Depletion will be calculated on the basis of units of production and will commence when the mine starts commercial production. Depletion is based on assessments of measured and indicated resources and a proportion of mineral resources available to be mined by the current production equipment.

f) Impairment

i) Financial assets (including receivables)

Financial assets, other than those at fair value through profit or loss, are assessed for objective evidence of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against accounts receivable. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

ii) Non-financial assets

The carrying amounts of the Corporation’s non-financial assets, excluding exploration and evaluation assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, the asset’s recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets which generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or groups of assets (the “cash-generating-unit” or “CGU”).

4. Summary of significant accounting policies (continued)

f) Impairment (continued)

ii) Non-financial assets (continued)

The Corporation's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

Exploration assets are tested for impairment when development of the property commences or whenever facts and circumstances indicate impairment. An impairment loss is recognized for the amount by which the exploration assets' carrying amount exceeds their recoverable amount. Where the assets are not associated with a specific cash generating unit, the recoverable amount is assessed using fair value less cost to sell for the specific exploration area.

g) Lease payments

Determining whether an arrangement is, or contains a lease, is based on the substance of the arrangement, and requires an assessment of whether fulfillment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys the right to control the asset.

Leases where the lessee assumes substantially all of the benefits and risks of ownership are classified as finance leases. Finance leases are capitalized at the lower of the estimated present value of the underlying lease payments and the fair value of the asset. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding.

The corresponding rental obligations, net of finance charges, are included in other long-term and short-term payables, respectively. The interest element is expensed to the income statement, as a finance expense, over the lease period.

The property, plant and equipment acquired under finance leasing contracts is amortized in terms of the Corporation accounting policy limited to the lease contract term.

Leases of assets under which substantially all the benefits and risks of ownership are effectively retained by the lessor, are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the life of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

4. Summary of significant accounting policies (continued)

h) Provisions for site restoration

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

i) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred income tax assets and deferred income tax liabilities of the same taxable entity are offset when they relate to taxes levied by the same taxation authority and the entity has a legally enforceable right to set off current tax assets against current tax liabilities. The principal temporary differences arise from amortization and depreciation on property, plant and equipment, tax losses carried forward and fair value adjustments on assets acquired in business combinations.

4. Summary of significant accounting policies (continued)

j) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at fair value of the equity instruments at the date of grant. Fair value is measured using the Black-Scholes pricing model. The fair value determined at the grant date of the equity-settled share-based payments is expensed as services are rendered over the vesting period, based on the Corporation's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no-true-up for differences between expected and actual outcomes.

Equity-settled share-based payment transactions with parties other than employees and those providing similar services are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

k) Revenue

The Corporation recognizes revenue when the amount of revenue and costs associated with the transaction can be reliably measured and it is probable that future economic benefits will flow to the entity. Revenue is recognized when the risks and rewards of ownership are transferred and when the entity no longer has any managerial involvement over goods. Consequently sales are recognized when a Corporation entity has delivered products to the customer and collectability of the related receivables is reasonably assured. Revenue is reported net of discounts and pricing adjustments.

l) Discontinued operations

A discontinued operation is a component of the Corporation's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statements of loss and comprehensive loss is re-presented as if the operation had been discontinued from the start of the comparative period.

m) Earnings per share

The Corporation presents basic and diluted earnings per share date for its common shares. Basic earnings per share is calculated by dividing the profit or loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of shares outstanding adjusted for the effects of all dilutive potential common shares. All share options are currently anti-dilutive. As a result basic and diluted earnings per share are the same.

4. Summary of significant accounting policies (continued)

n) Segment reporting

At December 31, 2013 and 2012, the Corporation has one reportable operating segment, the Donkin Coal project, in Canada.

5. Future changes in accounting policies

A number of new standards, and amendments to standards and interpretations under IFRS, are not yet effective for the year ended December 31, 2013, and have not been applied in preparing these consolidated statements:

(a) Amendments to IFRS 9 - Financial Instruments

The IASB has issued IFRS 9, Financial Instruments, which will replace IAS 39, Financial Instruments: Recognition and Measurement, and some of the requirements of IFRS 7, Financial Instrument Disclosures. The date IFRS 9 becomes effective is still being finalized by the International Accounting Standards Board. The objective of IFRS 9 is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

The Corporation intends to adopt IFRS 9 but does not expect IFRS 9 to have a material impact on the financial statements. The classification and measurement of the Corporation's financial assets is not expected to change under IFRS 9 because of the nature of the Corporation's operations and the types of financial assets it holds.

(b) Amendments to IAS 32 – Offsetting Financial Assets and Liabilities

The amendments to IAS 32 clarify that an entity has a legally enforceable right to set-off if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The Corporation intends to adopt the amendments to IAS 32 in its financial statements for the annual period beginning January 1, 2014. The Corporation does not expect the amendments to have a material impact on the financial statements.

(c) IFRIC 21, Levies

IFRIC 21 provides guidance on accounting for levies in accordance with the requirement of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It also notes that levies do not arise from executory contracts or other contractual arrangements. The interpretation also confirms an entity recognizes a liability for a levy only when the triggering event in specified legislation occurs.

The Corporation intends to adopt IFRIC 21 in its financial statements for the annual period beginning January 1, 2014. However, the Company is not able at this time to estimate reasonably the impact that the amendments will have on the financial statements.

6. Plan of Arrangement

On November 9, 2012, the Corporation completed a Plan of Arrangement (the "Arrangement") with Erdene Resource Development Corporation ("Erdene") to exchange shares of APM for all of Erdene's North American property interests, comprised primarily of Erdene's 25% interest in the Donkin Coal Project in Cape Breton, Nova Scotia.

Terms of the Arrangement

The Arrangement Agreement set out the terms of the statutory plan of arrangement under section 192 of the Canada Business Corporations Act involving APM, ERI, and the securityholders of APM and Erdene whereby:

- Erdene transferred all of the issued and outstanding shares of its subsidiary, ERI, a corporation formed under the federal laws of Canada and being the entity that owns Erdene's North American property interests, to APM in exchange for an aggregate of 360,028,650 common shares of APM.
- APM and ERI amalgamated to form Morien.
- On the amalgamation of APM and ERI, each shareholder of APM (including Erdene) received one (1) common share of Morien for every 7.85 shares of APM owned by such shareholder.
- Erdene distributed to the Erdene shareholders one-half of one Morien share.

Following the Arrangement, Morien has 49,256,240 shares outstanding, 47,901,450 (97.25%) of which were held by the Erdene shareholders.

After completion of the Arrangement, Morien holds all of Erdene's North American property interests, consisting primarily of its 25% interest in the Donkin Coal Project, with the remaining 75% interest held by Glencore Xstrata ("Glencore"). Morien also owns the Black Point marine aggregate project in Guysborough County, Nova Scotia.

Asset acquisition

ERI did not meet the definition of a business in accordance with IFRS 3: Business Combinations as there are no established reserves for the acquired properties and the extent of additional work to convert resources into reserves. As a result, the ERI acquisition was accounted for as an asset acquisition. In accordance with IFRS 2: Share Based Payments, there is a rebuttable presumption that for equity-settled share-based payment transactions with parties other than employees, the fair value of the goods or services received can be reliably estimated. As such, the value of the APM shares issued in the ERI acquisition were measured based on the fair value of the ERI assets acquired in the transaction.

6. Plan of Arrangement (continued)

Asset acquisition (continued)

The acquisition of the ERI assets was recorded at the fair value of the assets acquired of $19,763,781, plus directly attributable transaction costs of $435,656. In addition, the fair value of 2,376,500 stock options granted as replacement options to holders of Erdene options that were cancelled as part of the plan of arrangement of $259,816 were also allocated to the exploration and evaluation assets acquired.

Identifiable assets acquired and liabilities assumed		
Cash	$	1,956,831
Exploration and evaluation assets		
Donkin		18,240,130
Nova Scotia Aggregate		262,292
	$	**20,459,253**

Consideration		
Share capital		19,763,781
Contributed surplus		259,816
Transaction costs		435,656
	$	**20,459,253**

The value of the identifiable assets acquired and liabilities assumed is supported by a formal independent valuation of the range of values representing the fair market value of the ERI assets acquired by APM.

7. Sale of clay operations

On June 29, 2012, the Corporation closed the sale of its Dearing, Georgia clay processing operations and select real estate (see note 23). The assets sold included all equipment and leaseholds connected with the Dearing, Georgia, USA leased facility, the Tudor mine property and associated mineral resource and data, as well as a property containing a house and storage building and a tract of vacant land. The sale price of the assets was partially settled by the assumption of the Corporation's liabilities by the buyer, namely the leases and purchase obligations, primarily for the land and building comprising the Dearing plant, as well as the asset retirement obligations associated with the Tudor mine and Dearing plant site.

The agreement also provides for a royalty payable to the Corporation on annual kaolin mined from the Tudor property in excess of 20,000 tons per year. To date, no royalties have been received under the arrangement.

7. Sale of clay operations (continued)

Details of the sale are as follows:

Cash sale price	$	500,573
Assumed liabilities		397,858
Total consideration		898,431
Book value of assets	$	(911,682)
Costs to sell		(37,068)
Loss on sale of clay assets	$	(50,319)

8. Financial instruments

Credit Risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

		December 31, 2013		**December 31, 2012**
Cash	**$**	**336,127**	$	1,659,016
Trade and other receivables		**55,267**		145,235
	$	**391,394**	$	1,804,251

The Corporation manages credit risk by holding the majority of its cash with high quality financial institutions in Canada, where management believes the risk of loss to be low.

Liquidity Risk:

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. As of December 31, 2013, the Corporation had a cash balance of $336,127 (December 31, 2012 - $1,659,016) to settle current liabilities of $131,326 (December 31, 2012 - $415,216). The Corporation does not have sufficient working capital to carry out all budgeted programs in 2014 and must finance by the second quarter 2014 to avoid disruption in planned expenditures (see Note 2).

8. Financial instruments (continued)

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.

(a) Interest rate risk

The Corporation has no interest-bearing debt and is not exposed to any significant interest rate risk.

(b) Foreign currency risk

Since the Plan of Arrangement described in note 6, Morien and its subsidiary 6531954 Canada Limited operate in Canada, and equity financings are in Canadian dollars; therefore, the Corporation is not exposed to foreign currency risk. APMUSA operates exclusively in the United States but is not currently in active operations; therefore, the exposure to foreign currency risk is limited. The Corporation does not use any form of hedging against fluctuations in foreign exchange.

The Corporation's exposure to USD dollar currency risk was as follows:

	December 31, 2013	December 31, 2012
Cash	**$ 49,922**	$ 115,221
Trade and other payables	**(394)**	(8,537)
	$ 49,528	$ 106,684

Sensitivity to a plus or minus 10% change in the USD dollar exchange rate would affect comprehensive loss and deficit by approximately $4,950 (2012 - $10,700).

(c) Price risk

The Corporation is not exposed to any direct price risk other than that associated with commodities and how fluctuations impact companies in the mineral exploration and mining industries as the Corporation has no revenues from continuing operations.

Fair Value

During the years ended December 31, 2013 and 2012, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities. The fair values of the Corporation's financial instruments are considered to approximate the carrying amounts. The following table provides the disclosures of the fair value and the level in the hierarchy.

	December 31, 2013			December 31, 2012		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets classified as loans and receivables:						
Cash	**$ 336,127**	**$ -**	**$ -**	$ 1,659,016	$ -	$ -
Trade and other receivables	**-**	**55,267**	**-**	-	145,235	-
Financial liabilities at amortized cost:						
Trade and other payables	**$ -**	**$ 131,326**	**$ -**	$ -	$ 415,216	$ -
Due to shareholders	**-**	**150,000**	**-**	-	250,000	-

9. Trade and other receivables

	December 31, 2013	December 31, 2012
Sales tax receivable	**$ 14,498**	$ 78,382
Other	**40,769**	66,853
	$ 55,267	$ 145,235

The Corporation's exposure to credit and currency risks is disclosed in Note 8.

10. Property, plant and equipment

	Land & buildings	Plant & operating equipment	Equipment, furniture & fixtures	Software & computer	Development assets	Total
Cost						
Balance, January 1, 2012	$ 1,812,194	$ 1,400,364	$ 166,683	$ 19,230	$ 4,575,106	$ 7,973,577
Disposals (note 7)	(997,401)	(1,391,079)	(166,683)	(19,230)	(4,575,106)	$ (7,149,499)
Transfer to assets held for sale	(789,709)	-	-	-	-	$ (789,709)
Effect of movement in exchange rates	(25,084)	(9,285)	-	-	-	$ (34,369)
Balance, December 31, 2012	$ -	$ -	$ -	$ -	$ -	$ -
Balance, January 1, 2013	$ -	$ -	$ -	$ -	$ -	$ -
Disposals (note 7)	-	-	-	-	-	-
Transfer to assets held for sale	-	-	-	-	-	-
Effect of movement in exchange rates	-	-	-	-	-	-
Balance, December 31, 2013	$ -	$ -	$ -	$ -	$ -	$ -
Depreciation & depletion						
Balance, January 1, 2012	$ (496,758)	$ (1,091,910)	$ (166,683)	$ (19,230)	$ (4,463,236)	$ (6,237,817)
Disposals (note 7)	496,758	1,091,910	166,683	19,230	4,463,236	6,237,817
Impairment (note 10a)	(281,264)	-	-	-	-	(281,264)
Transfer to assets held for sale	281,264	-	-	-	-	281,264
Balance, December 31, 2012	$ -	$ -	$ -	$ -	$ -	$ -
Balance, January 1, 2013	$ -	$ -	$ -	$ -	$ -	$ -
Disposals (note 7)	-	-	-	-	-	-
Impairment (note 10a)	-	-	-	-	-	-
Transfer to assets held for sale	-	-	-	-	-	-
Balance, December 31, 2013	$ -	$ -	$ -	$ -	$ -	$ -
Carrying amounts						
At January 1, 2012	$ 1,315,436	$ 308,454	$ -	$ -	$ 111,870	$ 1,735,760
At December 31, 2012	$ -	$ -	$ -	$ -	$ -	$ -
At January 1, 2013	$ -	$ -	$ -	$ -	$ -	$ -
At December 31, 2013	$ -	$ -	$ -	$ -	$ -	$ -

10. Property, plant and equipment (continued)

a) Impairment loss

In 2012, the Corporation assessed the fair value of the remaining Georgia, USA land, classified as non-current assets held for sale, based on an informal market analysis, and recorded an impairment of $281,264 in loss from discontinued operations in the Statement of Loss. In 2013, the Corporation further assessed the fair value of the remaining real estate and recognized an additional impairment of $123,219 in loss from discontinued operations in the Statement of Loss.

11. Exploration and evaluation assets

	Donkin Coal	Black Point Aggregate	Total
Balance, January 1, 2012	$ -	$ -	$ -
Acquisition under Plan of Arrangement (note 6)	18,240,130	262,292	18,502,422
Balance, December 31, 2012	$ 18,240,130	$ 262,292	$ 18,502,422
Balance, January 1, 2013	**$ 18,240,130**	**$ 262,292**	**$ 18,502,422**
Contributions to Donkin JV	**300,000**	**-**	**300,000**
Transfer to assets held for sale	**-**	**(262,292)**	**(262,292)**
Balance, December 31, 2013	**$ 18,540,130**	**$ -**	**$ 18,540,130**

The Corporation's interest in the Donkin Coal Project is held through a wholly owned subsidiary, 6531954 Canada Limited.

The Corporation is a 25% partner in the Donkin Joint Venture ("DJV") with Glencore. The terms of the arrangement are such that there is not beneficial ownership. As a result, the arrangement is considered a joint operation and classified as a resource property. The DJV was formed to secure the rights to the Donkin Coal Project and to explore, assess, study and, if feasible, develop the Donkin coal resource. The Donkin Coal Project is located in Cape Breton, Nova Scotia.

Pursuant to the DJV, the Corporation funded $10 million in qualifying Canadian Exploration Expenditures ("CEE") during the exploration program of the Donkin Coal Project. The Corporation is responsible to fund 25% of expenditures above $10 million incurred during the exploration and development program if it is to maintain its 25% interest in the Donkin Coal Project. In addition to the Corporation's commitment to the exploration and development program, there will be capital obligations upon a positive development decision. In such an event, the first $10 million of the Corporation's capital obligation will be funded by DCL. Glencore funded, on behalf of the Corporation, $1.0 million of the $10 million to meet Morien's obligation to the joint venture while the Glencore sales process progressed. To December 31, 2013, the Corporation has advanced a total of $14,942,141 (2012 - $14,642,141) in order to meet its commitment.

During 2013, the Board of Directors and management made the decision to dispose of the Corporation's Black Point Marine Aggregate Project ("Black Point"), a non-core asset. As a result, the Corporation reclassified the Black Point property from Exploration and evaluation assets to assets held for sale, which is classified as a current asset on the statement of financial position. On April 14, 2014, the Corporation entered into agreements ("Agreements") with Vulcan Materials Company ("Vulcan") and the Municipality of the District of Guysborough for the development of the

11. Exploration and evaluation assets (continued)

Black Point Project in Guysborough County, Nova Scotia. Under the terms of the Agreements, Vulcan assumed Morien's interest in Black Point and became manager and operator of the Project in exchange for milestone payments totaling $1,800,000 and a royalty stream payable on all material sold from the Project over the life of the mine. The first payment of $1,000,000 was received on signing, and a second payment of $800,000 is due upon the approval and receipt of all environmental permitting necessary for the mining and shipping of aggregate from the Project.

12. Due to shareholder

On November 6, 2012, the Corporation's CEO loaned the Corporation $250,000. The loan bears interest at commercial bank prime plus 2% and is repayable at any time but not later than November 9, 2015. During 2013, the Corporation repaid $100,000 of the loan plus accrued interest, leaving a balance of $150,000 at December 31, 2013 (December 31, 2012 - $250,000)

13. Income taxes and deferred tax liability

The Corporation's provision for income taxes differs from the amount computed by applying the combined Canadian federal and provincial income tax rates to income (loss) before income taxes as a result of the following:

	For the year ended December 31,			
		2013		**2012**
Statutory tax rates		**31.0%**		31.0%
Income taxes (recovery) computed at the statutory rates	**$**	**(427,000)**	$	(382,000)
Benefit of tax losses not recognized		**404,000**		338,000
Expenses not deductible for tax purposes		**34,000**		80,000
Effect of foreign tax rates		**(11,000)**		(36,000)
Provision for income taxes	**$**	**-**	$	-

The enacted or substantively enacted tax rate in Canada is 31.0% (2012 - 31.0%) and in the USA is 39.0% (2012 – 39.0%) where the Corporation operates are applied in the tax provision calculation.

The following temporary differences and non-capital losses have not been recognized in the consolidated financial statements.

		2013			2012	
	Canada	**USA**	**Total**	Canada	USA	Total
Non-capital losses carried forward	**$4,345,000**	**$8,516,000**	**$12,861,000**	$ 3,358,000	$ 7,326,000	$ 10,684,000
Property, plant & equipment	**10,000**	**-**	**10,000**	10,000	1,442,000	1,452,000
Share issuance costs	**24,000**	**-**	**24,000**	48,000	-	48,000
Intangible assets	**724,000**	**745,000**	**1,469,000**	724,000	785,000	1,509,000
	$5,103,000	**$9,261,000**	**$14,364,000**	$ 4,140,000	$ 9,553,000	$ 13,693,000

13. Income taxes and deferred tax liability (continued)

As at December 31 2013, the Corporation has non-capital losses available to be carried forward and applied against taxable income of future years. The non-capital losses have expiry dates as follows:

	2013			2012		
	Canada	**USA**	**Total**	Canada	USA	Total
2014	**$ 385,000**	**$ -**	**$ 385,000**	$ 180,000	$ -	$ 180,000
2015	**-**	**-**	**-**	385,000	-	385,000
2025 and thereafter	**3,960,000**	**8,516,000**	**12,476,000**	2,793,000	7,326,000	10,119,000
	$4,345,000	**$8,516,000**	**$12,861,000**	$ 3,358,000	$ 7,326,000	$ 10,684,000

14. Capital management

The Corporation's objective when managing its capital is to safeguard its ability to continue as a going concern so that it can continue to finance its ongoing development programs and ensure the Corporation remains in sound financial position. The Company defines capital that it manages as the aggregate of its obligations under finance leases, loans from shareholders and equity attributable to common shareholders of the Corporation, which is comprised of share capital, contributed surplus, accumulated other comprehensive income and deficit.

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets and the Corporation's working capital requirements. In order to maintain or adjust the capital structure, the Corporation (upon approval from its Board of Directors, as required) may issue additional capital, primarily through equity financings. The Board of Directors reviews and approves any material transaction out of the ordinary course of business, including proposals on acquisitions, major investments, as well as annual capital and operating budgets. The Company is not subject to externally imposed capital requirements.

The Company utilizes a combination of shareholder loans, finance leases and equity to finance its exploration and administrative obligations.

Capital Structure	**Interest rate**	**Maturity**	**December 31, 2013**	**December 31, 2012**
Shareholders' Equity			**$ 18,931,679**	$ 20,170,961
Due to shareholder - current	prime + 2%	November 2015	**150,000**	250,000
Net capital			**$ 19,081,679**	$ 20,420,961

15. Share Capital

Share capital

The Corporation has an unlimited number of common shares authorized for issue without par value. The number of common shares outstanding at year-end is as follows:

	2013	2012
On issue at January 1	**49,256,240**	3,355,791
Shares issued for acquisition of assets (note 6)	**-**	45,900,449
On issue at December 31	**49,256,240**	49,256,240

16. Stock options and warrants

(a) Stock options

The Corporation has a stock option plan, whereby it can grant options to employees, officers, directors and consultants of Morien to acquire up to 10% of the outstanding shares at the time of grant. The board of directors of the Corporation shall determine the exercise price, term and vesting provisions of options granted. Under Morien's stock option plan, the exercise price of each option may not be less than the market price of its shares at the date of grant less a discount permitted by the TSX-V. Options granted under the Morien plan will have a term not to exceed 5 years so long as the Corporation is classified as a Tier 2 issuer by the TSX-V.

The changes in stock options for the years ended December 31, 2013 and 2012 were as follows:

	December 31, 2013		December 31, 2012	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at January 1	**4,901,976**	**$ 0.41**	296,619	$ 1.50
Granted	**-**	**-**	4,876,500	0.40
Expired	**(946,976)**	**0.61**	(3,640)	6.87
Forfeited	**-**	**-**	(267,503)	1.42
Outstanding at December 31	**3,955,000**	**$ 0.36**	4,901,976	$ 0.41
Exercisable at December 31	**3,955,000**	**$ 0.36**	4,041,789	$ 0.43

16. Stock options and warrants (continued)

The following table summarizes information concerning outstanding and exercisable options at December 31, 2013:

(a) Stock options

Expiry date	Number of options outstanding		Weighted average exercise price	Remaining contractual life (years)
June 26, 2014	275,000	$	0.36	0.48
September 20, 2014	137,500	$	0.36	0.72
April 15, 2015	257,500	$	0.69	1.29
October 8, 2015	150,000	$	0.69	1.77
March 22, 2016	57,500	$	1.49	2.22
July 5, 2017	150,000	$	0.45	2.51
August 27, 2017	427,500	$	0.36	2.66
November 30, 2017	2,500,000	$	0.27	3.92
	3,955,000	$	0.36	3.25

(b) Share-based payments

The fair value of options granted in 2012 was $0.129, resulting in share based payments of $519,530. There were no options granted in 2013. Share based payment expense of $108,384 in the current year is a result of the vesting of a prior year option grant. The fair value of each option granted is estimated at the time of grant using the Black-Scholes option pricing model with weighted-average assumptions for grants as follows:

		Year-ended December 31, 2012
Share price at grant date	$	0.24
Exercise price	$	0.38
Risk-free interest rate		1.14%
Expected life		3.4 years
Expected volatility		98%
Expected dividends		-

Expected volatility is estimated by considering historic average share price volatility.

16. Stock options and warrants (continued)

(c) Warrants

The Corporation's Canadian dollar denominated broker warrants are considered derivative instruments as they were CAD denominated warrants granted when the Corporation's presentation currency was USD and are measured at fair value on initial recognition and subsequently at each reporting period, with changes in fair value recognized in the consolidated statement of comprehensive income as finance income or expense.

The following table summarizes the continuity of the warrants for the years ended December 31, 2013 and 2012:

	December 31, 2013		December 31, 2012	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at January 1	-	$ -	31,168	$ 1.18
Exercised	-	-	-	-
Expired	-	-	**(31,168)**	**1.18**
Outstanding at December 31	-	$ -	-	$ -
Exercisable at December 31	-	$ -	-	$ -

17. Corporate and administration

	For the year ended December 31 2013	2012
Employee benefit costs	**$ 604,294**	$ 215,990
Share-based payments	**108,384**	241,905
Direct costs	**329,669**	227,605
	$ 1,042,347	$ 685,500

18. Exploration expenses

	For the year ended December 31 2013	2012
Employee benefit costs	**$ 53,773**	$ 27,696
Share-based payments	**-**	17,809
Direct costs	**136,325**	60,116
	$ 190,098	$ 105,621

19. Finance income and expense

	For the year ended December 31 2013		2012	
Interest income	$	9,415	$	3,070
Unrealized gain on derivative liability		-		7,444
	$	9,415	$	10,514
Interest expense - other		(12,301)		(13,232)
	$	(12,301)	$	(13,232)
	$	(2,886)	$	(2,718)

20. Discontinued operations

During the year-ended December 31, 2012, the Corporation sold its clay operations in the United States (see note 7) and reclassified its remaining land as held for sale. As a result, the cash flows and results of United States operating segment have been presented as discontinued operations for the year ended December 31, 2013 and 2012.

	For the year ended December 31, 2013			2012
Results of discontinued operations				
Revenue	$	17,287	$	270,284
Cost of sales		20,569		368,218
		(3,282)		(97,934)
Corporate and administration		4,457		27,321
Exploration expenses		6,415		7,778
Impairment loss		123,219		281,264
Foreign exchange gain		(152,018)		(592)
Loss from operating activities		14,645		(413,705)
Finance expense		-		(15,381)
Income (loss) from discontinued operations	$	14,645	$	(429,086)

20. Discontinued operations (continued)

For the year ended December 31, 2013, the Corporation recognized a foreign exchange gain related to its foreign subsidiary APMUSA, which sold substantially all of its remaining assets in 2013. An impairment loss of $123,219 was recognized on Georgia, USA lands in 2013. For the year ended December 31, 2012, total loss on disposal of assets associated with discontinued operations was $50,319 related to the operating assets and shown in cost of sales and $281,264 related to Georgia lands shown under impairment loss.

Cash flows (used in) provided by discontinued operation	**For the years ended December 31,**			
		2013		**2012**
Net cash used in operating activities	**$**	**(17,191)**	$	(101,181)
Net cash used in financing activities		**(468,791)**		(321,334)
Net cash provided by investing activities		**411,194**		463,505
Net cash provided by discontinued operation	**$**	**(74,788)**	$	40,990

21. Related Parties

Compensation of key management personnel:

The total remuneration of the Directors and other key management personnel were as follows:

	For the years ended December 31,	
	2013	**2012**
Directors' fees	**85,000**	6,000
Share-based payments to directors	**-**	190,970
Key management short-term benefits	**300,563**	150,268
Share-based payments to key management	**108,384**	176,396
	493,947	523,634

Key management short-term benefits are CEO salary costs and management fees charged from ERD for the services of a part-time CFO and other key management personnel.