Morien Resources Corp.

Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2013 and 2012

(Canadian dollars)
(Unaudited)

Prepared by Management – See Notice to Reader

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice to this effect. These unaudited condensed interim consolidated financial statements have been prepared by management of the Corporation. Management have compiled the unaudited condensed interim consolidated statements of financial position of Morien Resources Corp. as at June 30, 2013 and December 31, 2012 and the unaudited condensed interim consolidated statements of comprehensive loss and cash flows for the three and six months ended June 30, 2013 and 2012. The Corporation's independent auditors have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the June 30, 2013 and 2012 condensed interim consolidated financial statements. Readers are cautioned that these statements may not be appropriate for their intended purposes.

MORIEN RESOURCES CORP.

Condensed Interim Consolidated Statements of Financial Position
(Canadian dollars)
(Unaudited)

		June 30, 2013		December 31, 2012
ASSETS				Restated - Note 4
Current assets:				
Cash	$	723,415	$	1,659,016
Trade and other receivables		40,341		145,235
Prepaid expenses		8,231		21,059
Non-current assets held for sale		536,864		508,445
		1,308,851		2,333,755
Non-current assets:				
Investment in Donkin Joint Venture		18,490,130		18,240,130
Exploration and evaluation assets		262,292		262,292
		18,752,422		18,502,422
TOTAL ASSETS	$	20,061,273	$	20,836,177
LIABILITIES & EQUITY				
Current liabilities:				
Trade and other payables	$	227,829	$	415,216
Due to shareholder		250,000		250,000
		477,829		665,216
TOTAL LIABILITIES	$	477,829	$	665,216
SHAREHOLDERS' EQUITY				
Share capital	$	24,178,166	$	24,178,166
Contributed surplus		17,327,877		17,229,576
Accumulated other comprehensive income		153,389		120,943
Deficit		(22,075,988)		(21,357,724)
TOTAL EQUITY	$	19,583,444	$	20,170,961
TOTAL LIABILITIES AND EQUITY	$	20,061,273	$	20,836,177

Going concern (Note 2)
Subsequent event (Note 7)

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

MORIEN RESOURCES CORP.

Condensed Interim Consolidated Statements of Comprehensive Loss
(Canadian dollars)
(Unaudited)

	Notes	For the three months ended June 30, 2013	For the three months ended June 30, 2012	For the six months ended June 30, 2013	For the six months ended June 30, 2012
Corporate and administration		**$ 301,662**	$ 88,122	**$ 637,454**	$ 166,193
Exploration expenses		**41,095**	-	**83,155**	-
Foreign exchange loss		**(831)**	76	**(761)**	(39)
Loss from operating activities		**(341,926)**	(88,198)	**(719,848)**	(166,154)
Finance income		**2,851**	2,153	**6,984**	6,268
Finance expense		**(3,116)**	-	**(7,979)**	-
Net finance (expense) income		**(265)**	2,153	**(995)**	6,268
Net loss from continuing operations		**(342,191)**	(86,045)	**(720,843)**	(159,886)
Income (loss) from discontinued operations	**6**	**669**	(16,205)	**2,579**	(119,945)
Net loss		**$ (341,522)**	$ (102,250)	**$ (718,264)**	$ (279,831)
Other comprehensive loss:					
Items which may subsequently be recycled through profit or loss					
Foreign currency translation difference		**19,138**	(26,569)	**32,446**	(6,515)
Total comprehensive loss		**$ (322,384)**	$ (128,819)	**$ (685,818)**	$ (286,346)
Basic and diluted loss per share:					
Continuing operations		**$ (0.01)**	$ (0.03)	**$ (0.01)**	$ (0.05)
Discontinued operations		**0.00**	(0.00)	**0.00**	(0.04)
Basic and diluted loss per share		**$ (0.01)**	$ (0.03)	**$ (0.01)**	$ (0.09)
Basic and diluted weighted average number of shares outstanding		**49,256,240**	3,355,791	**49,256,240**	3,355,791

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

MORIEN RESOURCES CORP.

Condensed Interim Consolidated Statements of Changes in Equity
(Canadian dollars)
(Unaudited)

	Share capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total equity
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	$ -	$ -	$ -	$ (279,831)	$ (279,831)
Other comprehensive income loss	-	-	(6,515)	-	(6,515)
Shares issued upon exercise of warrants	-	-	-	-	-
Balance at June 30, 2012	$ 4,414,385	$ 16,710,046	$ 146,379	$ (20,406,369)	$ 864,441
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	$ -	$ -	$ -	$ (718,264)	$ (718,264)
Other comprehensive income	-	-	32,446	-	32,446
Share-based payments	-	98,301	-	-	98,301
Balance at June 30, 2013	$ 24,178,166	$ 17,327,877	$ 153,389	$ (22,075,988)	$ 19,583,444

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

MORIEN RESOURCES CORP.

Condensed Interim Consolidated Statements of Cash Flows
(Canadian dollars)
(Unaudited)

	For the six months ended			
		June 30, 2013		**June 30, 2012**
Cash flows from operating activities:				
Net loss	$	(718,265)	$	(279,831)
Items not involving cash:				
Stock-based compensation		98,301		-
Impairment of property, plant and equipment		-		72,279
Net finance expense		995		9,113
Change in non-cash working capital		(65,637)		(37,244)
Cash flows from operating activities	$	(684,606)	$	(235,683)
Cash flows from financing activities:				
Proceeds from Erdene Resource Development loan		-		271,536
Repayment of obligations under capital lease		-		(2,394)
Interest paid		(7,979)		(15,381)
Cash flows from financing activities	$	(7,979)	$	253,761
Cash flows from investing activities:				
Expenditures - Investment in Donkin Joint Venture		(250,000)		-
Proceeds from the sale of property, plant and equipment		-		463,505
Increase in restricted cash		-		(55,355)
Interest received		6,984		158
Cash flows from investing activities	$	(243,016)	$	408,308
Decrease in cash	$	(935,601)	$	426,386
Cash, beginning of period		1,659,016		33,254
Cash, end of period	$	723,415	$	459,640

Cash flows from discontinued operations (note 6)

The accompanying notes are an integral part of these condensed interim 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. The address of the Corporation's registered office is 99 Wyse Road, Suite 1480, Dartmouth, Nova Scotia, B3A 4S5. The unaudited condensed interim consolidated financial statements of the Corporation as at June 30, 2013 and December 31, 2012 comprise the Corporation and its subsidiaries 6531954 Canada Limited ("6531954") and Advanced Primary Minerals USA Corp ("APMUSA"). The principal business of the corporation is the exploration and development of coal interests in Nova Scotia, Canada.

2. Going concern

These condensed interim 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. In 2012, the Corporation financed its negative cash flows from operations through the sale of assets and through a promissory note (the "Note") from the Corporation's former controlling shareholder, Erdene Resource Development Corp. ("Erdene"). On November 9, 2012, the Corporation completed the purchase of Erdene's North American property interests, comprised primarily of Erdene's 25% interest in the Donkin Coal Project in Cape Breton, Nova Scotia, Canada, for share consideration. The acquisition also provided approximately $1.4 million cash after repayment of the promissory note to Erdene.

The Corporation had working capital of $831,021 at June 30, 2013 as compared to $1,668,539 at December 31, 2012, a $837,518 decrease. Management believes current working capital is sufficient to fund the Corporation's budgeted expenditures until approximately the fourth quarter of 2013. 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 development of the Donkin project is contingent upon liquidating non-core assets, obtaining equity financing or securing strategic alliances. The timing and availability of additional financing will be determined largely by market conditions. There is no certainty that the Corporation will be able to raise funds as they are required in the future.

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. Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting ("IAS 34"). They do not include all the disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Corporation's 2012 annual consolidated financial statements which have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB")

The policies applied in these condensed interim consolidated financial statements are consistent with the policies disclosed in Notes 3 and 4 of the consolidated financial statements for the year ended December 31, 2012 with the exception of new standards, interpretations and amendments mandatorily effective for the first time from January 1, 2013. Note 4 sets out the impact of the new standards, interpretations and amendments that have a material effect on the consolidated financial statements.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 27, 2013.

4. New standards, amendments and interpretations effective for the first time from January 1, 2013

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 condensed interim 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 the partners with an interest in the net assets of the joint venture equal to each parties proportionate ownership interest and provides for 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 venture under IFRS 11 and will now be accounted for using the equity method instead of proportionate consolidation. Prior periods have been restated for this change in accounting policy in accordance with the requirements of the new standard.

  There was no impact of the application of IFRS 11, "Joint Arrangements" on the consolidated statement of financial position as at January 1, 2012 as the Investment was acquired on November 9, 2012. Accordingly, a restated consolidated statement of financial position for January 1, 2012 has not been presented in these financial statements.

  The impact of the application of IFRS 11, "Joint Arrangements" on the consolidated statement of financial position for December 31, 2012 is as follows:

(Canadian dollars)

December 31, 2012		Consolidated Statement of Financial Position as Prevsiously Reported		Reclassification of Exploration and Evaluation Assets as Investment in Donkin Joint Venture		Consolidated Statement of Financial Position After IFRS 11
ASSETS						
Current assets:						
Cash	$	1,659,016		-	$	1,659,016
Trade and other receivables		145,235		-		145,235
Prepaid expenses		21,059		-		21,059
Non-current assets held for sale		508,445		-		508,445
		2,333,755		-		2,333,755
Non-current assets:						
Investment in Donkin Joint Venture		-	$	18,240,130		18,240,130
Exploration and evaluation assets		18,502,422		(18,240,130)		262,292
		18,502,422		-		18,502,422
TOTAL ASSETS	$	20,836,177	$	-	$	20,836,177
LIABILITIES & EQUITY						
Current liabilities:						
Trade and other payables	$	415,216	$	-	$	415,216
Due to shareholder		250,000		-		250,000
		665,216		-		665,216
TOTAL LIABILITIES	$	665,216	$	-	$	665,216
SHAREHOLDERS' EQUITY						
Share capital	$	24,178,166		-	$	24,178,166
Contributed surplus		17,229,576		-		17,229,576
Accumulated other comprehensive income		120,943		-		120,943
Deficit		(21,357,724)		-		(21,357,724)
TOTAL EQUITY	$	20,170,961	$	-		20,170,961
TOTAL LIABILITIES AND EQUITY	$	20,836,177	$	-	$	20,836,177

There was no impact of IFRS 11, “Joint Arrangements” on the consolidated statements of comprehensive loss or the consolidated statements of cash flow as the Donkin project is in the evaluation/development stage and all costs to date have been capitalized as exploration and evaluation assets of the joint venture. Therefore, the equity method investment is comprised solely of contributions to the joint venture as there have been no distributions to date. Accordingly, restated consolidated statements of comprehensive loss and statements of cash flows have not been presented in these financial statements.

4. New standards, amendments and interpretations effective for the first time from January 1, 2013 (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. The Corporation’s consolidated financial statements for the year ending December 31, 2013 will contain this additional disclosure. 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 Condensed Interim Statements of Comprehensive Loss.

- IFRS 13 Fair Value Measurement

  IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted.

  The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Corporation.

In addition, the following new or amended standards and interpretations that are mandatory for 2013 annual periods have not had a material impact on the Corporation at this time:

- IFRS 7 Financial Instruments: Disclosures: Amendments – Offsetting Financial Assets and Financial Liabilities
- IFRS 10 Consolidated Financial Statements
- IAS 19 Employee Benefits (Amendments)
- Annual Improvements to IFRSs (2009 – 2011 Cycle)

5. Fair Value

Cash, consisting of bank balances shown in the consolidated statement of financial position as at June 30, 2013 and December 31, 2012, are measured at fair value on a recurring basis using level 1 inputs. The fair value of the financial assets and liabilities at June 30, 2013 and December 31, 2012, using level 2 and 3 inputs, was nil. During the periods ended June 30, 2013 and December 31, 2012, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

(Canadian dollars)

6. Discontinued operations

During the year-ended December 31, 2012, the Corporation sold its clay operations in the United States 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 three months ended June 30,		For the six months ended June 30,	
	2013	**2012**	**2013**	**2012**
Results of discontinued operations				
Revenue	**$ 3,040**	$ 136,625	**$ 5,796**	$ 253,223
Cost of sales	**348**	131,625	**1,194**	334,532
	2,692	5,000	**4,602**	(81,309)
Corporate and administration	**2,023**	(24)	**2,023**	23,959
Exploration expenses	**-**	14,877	**-**	147
Foreign exchange loss	**-**	(1,282)	-	(851)
Income (loss) from operating activities	**669**	(8,571)	**2,579**	(104,564)
Finance expense	**-**	(7,634)	**-**	(15,381)
Income (loss) from discontinued operations	**$ 669**	$ (16,205)	**$ 2,579**	$ (119,945)

Cash flows (used in) provided by discontinued operation	For the six months ended June 30,	
	2013	**2012**
Net cash (used in) operating activities	**$ (1,177)**	$ (138,899)
Net cash (used in) provided by investing activities	-	463,505
Net cash (used in) provided by financing activities	**(51,196)**	110,119
Net cash (used in) provided by discontinued operation	**$ (52,373)**	$ 434,725

7. Subsequent event

On August 7, 2013, the Corporation announced it had signed agreements to sell 208 acres of real estate in Georgia USA, classified as held for sale, for total cash proceeds of USD$295,000. Closing is expected on or before August 30, 2013. After closing, the Corporation will still hold 84 acres of Georgia real estate which will continue to be classified as held for sale.