



Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2018 and 2017

(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 March 31, 2018 and December 31, 2017 and the unaudited condensed interim consolidated statements of comprehensive loss, change in equity and cash flows for the three months ended March 31, 2018 and 2017. The Corporation's independent auditors have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the March 31, 2018 and 2017 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)

	Notes	March 31, 2018	December 31, 2017
ASSETS			
Current assets:			
Cash		\$ 3,638,828	\$ 3,856,941
Marketable securities		201,772	278,487
Receivables		191,425	109,819
Prepaid expenses		6,652	28,364
		4,038,677	4,273,611
TOTAL ASSETS			
		\$ 4,038,677	\$ 4,273,611
LIABILITIES & EQUITY			
Current liabilities:			
Trade and other payables		\$ 53,247	\$ 77,736
TOTAL LIABILITIES			
		53,247	77,736
SHAREHOLDERS' EQUITY			
Share capital		\$ 4,030,742	\$ 4,036,415
Contributed surplus		1,243,925	1,243,925
Deficit		(1,348,566)	(1,208,618)
Accumulated other comprehensive income		59,329	124,153
TOTAL EQUITY			
		\$ 3,985,430	\$ 4,195,875
TOTAL LIABILITIES AND EQUITY			
		\$ 4,038,677	\$ 4,273,611

Subsequent event (Note 6)

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

Approved on behalf of the Board:

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

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

MORIEN RESOURCES CORP.

Condensed Interim Consolidated Statements of Comprehensive Income (Loss)

(Canadian dollars)

(Unaudited)

	Notes	For the three months ended March 31,	
		2018	2017
Royalty revenue	4	\$ 190,345	\$ -
Corporate and administration expenses		201,643	195,141
Other expenses		-	6,506
Foreign exchange (gain) loss		(4,542)	367
Operating expenses		(197,101)	(202,014)
Finance income		14,706	4,369
Loss from operations		7,950	(197,645)
Realized gain on receipt of long-term receivable		-	519,981
Net income (loss) before tax		7,950	322,336
Deferred income tax (expense) recovery		(11,891)	26,396
Net income (loss)		\$ (3,941)	\$ 348,732
Other comprehensive income (loss):			
Items which may subsequently be recycled through profit and loss			
Realized gain on receipt of long-term receivable	3	\$ -	\$ (519,981)
Fair value adjustment on long-term receivable, net of tax of nil	3	-	2,309
Unrealized (loss) gain on available-for-sale marketable securities, net of deferred tax of \$10,883 (2016 - 26,396)		(64,824)	143,902
Other comprehensive income (loss)		(64,824)	(373,770)
Total comprehensive loss		\$ (68,765)	\$ (25,038)
Basic income (loss) per share		\$ (0.00)	\$ (0.01)
Diluted income (loss) per share		\$ (0.00)	\$ (0.01)
Basic and diluted weighted average number of shares outstanding		54,402,614	52,989,364

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)

	Notes	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
Balance at January 1, 2017		52,986,614	\$ 24,705,285	\$ 17,731,330	\$ 755,790	\$ (38,565,776)	\$ 4,626,629
Total comprehensive loss for the period:							
Net loss		-	-	-	-	322,336	322,336
Other comprehensive income		-	-	-	(347,374)	-	(347,374)
Options exercised		27,500	11,675	(3,575)	-	-	8,100
Balance at March 31, 2017		53,014,114	\$ 24,716,960	\$ 17,727,755	\$ 408,416	\$ (38,243,440)	\$ 4,609,691
Balance at January 1, 2018		54,402,614	\$ 4,036,415	\$ 1,243,925	\$ 124,153	\$ (1,208,618)	\$ 4,195,875
Total comprehensive income for the period:							
Net income		-	-	-	-	(3,941)	(3,941)
Other comprehensive loss		-	-	-	(64,824)	-	(64,824)
Dividends paid to shareholders		-	-	-	-	(136,007)	(136,007)
Normal course issuer bid purchase of common shares		-	(5,673)	-	-	-	(5,673)
Balance at March 31, 2018		54,402,614	\$ 4,030,742	\$ 1,243,925	\$ 59,329	\$ (1,348,566)	\$ 3,985,430

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 three months ended	
		March 31,	
	Notes	2018	2017
Cash flows from operating activities:			
Net income (loss)		\$ (3,941)	\$ 322,336
Items not involving cash:			
Gain on collection of long-term receivable	3	-	(519,981)
Net finance income		(14,706)	(4,369)
Net change in non-cash working capital		(72,492)	(18,812)
Cash flows from operating activities		\$ (91,139)	\$ (220,826)
Cash flows from financing activities:			
Proceeds on exercise of stock options		-	8,100
Dividends paid		(136,007)	-
Purchase of shares for cancellation		(5,673)	-
Cash flows from financing activities		\$ (141,680)	\$ 8,100
Cash flows from investing activities:			
Purchase of marketable securities		-	(51,067)
Collection of long term receivable		-	2,000,000
Interest received		14,706	4,369
Cash flows from investing activities		\$ 14,706	\$ 1,953,302
Increase (decrease) in cash		\$ (218,113)	\$ 1,740,576
Cash, beginning of period		3,856,941	1,322,764
Cash, end of period		\$ 3,638,828	\$ 3,063,340

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

MORIEN RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements

(Canadian dollars)

(Unaudited)

For the three months ended March 31, 2018 and 2017

1. Nature of operations

Morien Resources Corporation (“Morien” or the “Corporation”) is a corporation domiciled in Canada. The address of the Corporation’s registered office is 99 Wyse Road, Suite 1480, Dartmouth, Nova Scotia, B3A 4S5. The condensed interim consolidated financial statements of the Corporation as at March 31, 2018 and 2017 comprise the Corporation and its subsidiary Advanced Primary Minerals USA Corp (“APMUSA”). The principal business of the Corporation is the identification and purchase of mineral projects.

2. Basis of presentation

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”).

These financial statements were prepared using the same accounting policies and methods of computation and are subject to the same use of estimates and judgments, as the Corporations consolidated financial statements for the year ended December 31, 2017. 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 2017 annual consolidated financial statements which have been prepared in accordance with IFRS.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 28, 2018.

3. Receivables from Kameron

On January 7, 2015, the Corporation signed an agreement with Kameron Collieries ULC (“Kameron”) to sell the Corporation’s 25% working interest in the Donkin Coal Mine (“Donkin”) in Cape Breton, Nova Scotia. Pursuant to the agreement, Kameron agreed to pay Morien aggregate cash consideration of \$5.5 million; \$2.0 million on closing, \$2.0 million on or before the earlier of the sale of first domestic coal and the 2nd anniversary of closing, and \$1.5 million on or before the earlier of the first export sale of coal and the 3rd anniversary of closing. The transaction closed on February 27, 2015.

Each reporting period the Corporation revalued the remaining \$3.5 million of milestone payments owed to the Corporation by Kameron by applying a probability assessment. In February 2017 the Corporation received \$2.0 million of the remaining \$3.5 million due from Kameron and therefore management increased the probability of collection of this amount from 80% to 100% in the 2016 financial statements. The fair value adjustment was recorded, net of any tax effect, in accumulated other comprehensive income (loss) until the funds were received, at which point the adjustment flowed through the statement of income (loss). In the quarter ended March 31, 2017, as a result of collecting a milestone payment from Kameron, the Corporation realized a gain of \$519,981.

MORIEN RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements

(Canadian dollars)

(Unaudited)

For the three months ended March 31, 2018 and 2017

4. Royalty revenue

	For the period ended March 31	
	2018	2017
Donkin Mine (Kameron Collieries)	\$ 165,345	\$ -
Black Point (Vulcan Materials)	25,000	-
	\$ 190,345	\$ -

In 2017 the Donkin Coal Mine went into commercial production. The Corporation receives a quarterly royalty on sales based on of 2% on the first 500,000 tonnes of coal sales (net of certain coal handling and transportation costs) per calendar quarter and 4% on tonnage above 500,000 tonnes. In the third quarter of 2017, Vulcan Materials began making minimum quarterly royalty payments of \$25,000 to the Corporation related to the Black Point Project. Minimum royalties are subject to an annual inflationary adjustment and will be credited against any future production royalties from Black Point.

5. 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:

	March 31, 2018	December 31, 2017
Cash	\$ 3,638,828	\$ 3,856,941
Receivables	191,425	109,819
	\$ 3,830,253	\$ 3,966,760

The Corporation manages credit risk by holding the majority of its cash with Schedule 1 banks in Canada, where management believes the risk of loss to be low. Receivables include royalty payments from Kameron. The credit risk on the Kameron receivables is considered 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 March 31, 2018, the Corporation had a cash balance of \$3,638,828 (December 31, 2017- \$3,856,941) to settle current liabilities of \$53,247 (December 31, 2017 - \$77,736).

The Corporation holds marketable securities with a fair market value as at March 31, 2018 of \$201,772 (December 31, 2017 - \$278,487). The daily exchange traded volume of these shares may not be sufficient for the Corporation to liquidate its position in a short period of time without potentially affecting the market value of the shares.

MORIEN RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements

(Canadian dollars)

(Unaudited)

For the three months ended March 31, 2018 and 2017

5. 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

Morien operates in Canada, and equity financings are in Canadian dollars. APMUSA is based 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:

	March 31, 2018	December 31, 2017
Cash	\$ 169,182	\$ 164,655
	\$ 169,182	\$ 164,655

Sensitivity to a plus or minus 10% change in the USD dollar exchange rate would affect comprehensive loss and deficit by approximately \$16,900 (December 31, 2017 - \$16,500).

(c) Commodity price risk

The Corporation is exposed to commodity price risk. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Corporation monitors prices for the commodities underlying the Corporation's royalties. At this point the Corporation doesn't enter into any hedging to offset risk.

(d) Equity price risk

The Corporation is exposed to equity price risk through its marketable securities. Sensitivity to a plus or minus 10% change in the market value of its marketable securities would affect comprehensive loss by approximately \$20,200 (December 31, 2017 - \$27,800). The Corporation manages exposure to equity price risk within acceptable parameters as approved by the Board of Directors.

MORIEN RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements

(Canadian dollars)

(Unaudited)

For the three months ended March 31, 2018 and 2017

5. Financial instruments (continued)

Fair value

During the period ended March 31, 2018 and year ended December 31, 2017, 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 of financial assets and liabilities and the level in the hierarchy.

	March 31, 2018			December 31, 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets:						
Cash	\$ 3,638,828	\$ -	\$ -	\$ 3,856,941	\$ -	\$ -
Marketable securities	201,772	-	-	278,487	-	-

6. Subsequent event

On May 11, 2018, the Corporation granted 2,285,000 share purchase options with an exercise price of \$0.60 to certain officers, directors and individuals providing services to the Corporation. The options expire May 11, 2023 and vested immediately.