



Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2021 and 2020

(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 September 30, 2021 and December 31, 2020 (audited) and the unaudited condensed interim consolidated statements of income and comprehensive income (loss), changes in equity and cash flows for the three and nine months ended September 30, 2021 and 2020. The Corporation's independent auditors have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the September 30, 2021 and 2020 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

(Unaudited – in Canadian dollars)

	September 30 2021 \$	December 31 2020 \$
ASSETS		
Current		
Cash and short-term investments	2,314,144	2,648,078
Trade receivables	—	49,318
Prepaid expenses	7,654	27,436
Non-current assets		
Investments [note 5]	—	—
TOTAL ASSETS	2,321,798	2,724,832
LIABILITIES		
Current liabilities		
Trade and other payables	52,599	79,472
Non-current liabilities		
Unearned revenue [note 7]	459,312	373,159
Total liabilities	511,911	452,631
SHAREHOLDERS' EQUITY		
Share capital	4,355,022	4,375,689
Contributed surplus	2,111,523	2,111,523
Deficit	(4,656,658)	(4,215,011)
Total shareholders' equity	1,809,887	2,272,201
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,321,798	2,724,832

Commitments [note 11]

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

On behalf of the Board:

“John P. Byrne”, Director

“Mary C. Ritchie”, Director

MORIEN RESOURCES CORP.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited – in Canadian dollars)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
	\$	\$	\$	\$
Royalty revenue [note 6]	—	—	60,776	206,350
Operating expenses				
Corporate and administration	111,317	146,175	411,862	503,038
Exploration and evaluation	43,848	—	74,974	—
Share-based compensation [note 9]	—	—	—	189,676
Foreign exchange (gain) loss	(20,378)	19,482	4,440	(26,262)
	134,787	165,657	491,276	666,452
Finance income	3,312	3,484	10,862	21,702
Net and comprehensive loss for the period	(131,475)	(162,173)	(419,638)	(438,400)
Basic and fully diluted loss per share	(0.00)	(0.00)	(0.01)	(0.01)
Weighted average number of common shares outstanding [000's]				
Basic	50,914	51,416	50,981	52,202
Diluted	51,428	51,416	51,145	52,743

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

MORIEN RESOURCES CORP.

Condensed Interim Consolidated Statement of Changes in Equity

(Unaudited – in Canadian dollars)

	Common shares #	Share capital \$	Contributed surplus \$	Deficit \$	Total shareholders' equity \$
At January 1, 2020	53,903,114	4,526,090	1,921,847	(3,241,406)	3,206,531
Net and comprehensive loss for the period	—	—	—	(438,400)	(438,400)
Dividends paid to shareholders [note 8]	—	—	—	(132,155)	(132,155)
Normal course issuer bid purchase of common shares	(1,671,000)	(140,905)	—	(271,491)	(412,396)
Share-based compensation	—	—	189,676	—	189,676
At September 30, 2020	51,232,114	4,385,185	2,111,523	(4,083,452)	2,413,256
Net and comprehensive loss for the period	—	—	—	(122,434)	(122,434)
Normal course issuer bid purchase of common shares	(120,500)	(9,496)	—	(9,125)	(18,621)
At December 31, 2020	51,111,614	4,375,689	2,111,523	(4,215,011)	2,272,201
Net and comprehensive loss for the period	—	—	—	(419,638)	(419,638)
Normal course issuer bid purchase of common shares	(199,000)	(20,667)	—	(22,009)	(42,676)
At September 30, 2021	50,912,614	4,355,022	2,111,523	(4,656,658)	1,809,887

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

MORIEN RESOURCES CORP.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited - in Canadian dollars)

	For the Nine Months Ended September 30	
	2021	2020
	\$	\$
OPERATING ACTIVITIES		
Net loss for the period	(419,638)	(276,227)
Items not involving cash:		
Share-based compensation	—	189,676
Foreign exchange loss (gain) on financial assets	4,440	(45,744)
Additions to unearned revenue [note 7]	86,153	55,587
Net finance income	(10,862)	(18,218)
Changes in non-cash working capital:		
Trade receivables	49,318	310,511
Prepaid expenses	19,782	30,764
Trade and other payables	(26,873)	(50,386)
Cash (used in) provided by operating activities	(297,680)	195,963
FINANCING ACTIVITIES		
Dividends paid	—	(132,155)
Purchase of shares for cancellation	(42,676)	(265,915)
Cash used in financing activities	(42,676)	(398,070)
INVESTING ACTIVITIES		
Interest received	10,862	18,218
Cash provided by investing activities	10,862	18,218
Effect of exchange rate fluctuations on cash held in foreign currency	(4,440)	45,744
Decrease in cash and short-term investments	(333,934)	(138,145)
Cash and short-term investments, beginning of period	2,648,078	3,239,321
Cash and short-term investments, end of period	2,314,144	3,101,176

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)

For the nine months ended September 30, 2021 and 2020

1. Nature of operations

Morien Resources Corp. (“Morien” or the “Corporation”) is a corporation domiciled in Canada. The address of the Corporation’s registered office is 1701 Hollis Street, Suite 800, Halifax, Nova Scotia, B3J 3M8. The condensed interim consolidated financial statements of the Corporation as at and for the nine months ended September 30, 2021 and 2020 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 Corporation’s consolidated financial statements for the year ended December 31, 2020. 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 2020 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 of the Corporation on November 22, 2021.

3. Significant accounting policies

The accounting policies applied in these condensed interim consolidated financial statements are the same as those applied in the Corporation’s consolidated financial statements as at and for the year ended December 31, 2020.

4. Future changes in accounting policies

The following new amendments to standards and interpretations under IFRS, are not yet effective for the nine months ended September 30, 2021, and have not been applied in preparing these consolidated statements:

IAS 1 – Presentation of Financial Statements

On January 23, 2020, the IASB issued an amendment to IAS 1 Presentation of Financial Statements providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments further clarify that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty.

The amendments are effective for annual periods beginning on or after January 1, 2023 and are to be applied retrospectively, with early adoption permitted. Morien will assess the financial impact of the amendments and expects to apply the amendments at the effective date.

MORIEN RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements

(Canadian dollars)

For the nine months ended September 30, 2021 and 2020

5. Investments

As the result of a 2017 reorganization of a publicly traded company, shares of which were held by Morien, the Corporation received non-public entity shares that were ascribed a \$nil fair value when received. Morien sold the shares in the publicly traded company in 2018 and retained the non-public entity shares that were subsequently split into three unlisted companies in 2019. Due to a lack of market information and lack of observable inputs to determine fair value, management has ascribed a \$nil fair value in the Level 3 fair value hierarchy as at September 30, 2021 and December 31, 2020 and elected to account for the investments at fair value through profit and loss.

The Corporation holds the investments with a goal of appreciation in value of the investments in the event of public listings or other transactions. However, due to current market conditions and the unlikely event of disposition of any or all of the shares in 2021, the investments are classified as non-current assets.

6. Royalty revenue

	For the Nine Months Ended September	
	2021	2020
	\$	\$
Donkin Mine (Kameron Collieries)	60,776	206,350

The Corporation owns a life-of-mine, gross production royalty for Donkin of 2% on the revenue from the first 500,000 tonnes of coal sales per calendar quarter, net of certain coal handling and transportation costs, and 4% on the revenue from any coal sales from quarterly tonnage above 500,000 tonnes, net of certain coal handling and transportation costs.

On March 30, 2020, Kameron Collieries announced that it was ceasing production operations at the Donkin Mine due to adverse geologic conditions. The Mine has not been sealed and is being maintained during an idled phase of care and maintenance for an indeterminate period of time.

The Corporation owns a life-of-mine production royalty for Black Point operated by Vulcan. In 2017, Vulcan began making quarterly advanced minimum royalty payment (“Advanced Payments”) to the Corporation related to Black Point. The quarterly Advanced Payments received from Vulcan in 2021 and 2020 are reflected in unearned revenue (see Note 7 – Unearned revenue).

7. Unearned revenue

The Corporation received Advanced Payments for the nine months ended September 30, 2021 of \$86,153 (2020 – \$83,907), in relation to its interest in Black Point. All Advanced Payments will be credited against future production royalties from Black Point and are therefore recorded as unearned revenue until such time Black Point begins production. The balance of unearned revenue relates solely to the cumulative Black Point Advanced Payments received through to September 30, 2021. In March 2020, Vulcan applied for a second two-year extension for Black Point and was subsequently granted approval in April 2020 by the Nova Scotia provincial government. The cumulative Advanced Payments are classified as long-term liabilities as production at Black Point is not anticipated to occur in the next year.

MORIEN RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements

(Canadian dollars)

For the nine months ended September 30, 2021 and 2020

8. Share capital

Authorized share capital

The Corporation has an unlimited number of common shares authorized for issue without par value.

Under the Corporation's normal course issuer bid ("NCIB"), Morien is able until January 31, 2022, to purchase in any 30-day period, up to 2% of its issued and outstanding shares outstanding at the time of the purchase, up to the maximum of 3,820,700 common shares.

The Corporation has authorized, issued and outstanding, 50,912,614 common shares as at September 30, 2021 (December 31, 2020 – 51,111,614).

	Shares #	Share capital \$
At January 1, 2020	52,903,114	4,526,090
Normal course issuer bid purchase of common shares	(1,791,500)	(150,401)
At December 31, 2020	51,111,614	4,375,689
Normal course issuer bid purchase of common shares	(199,000)	(20,667)
At September 30, 2021	50,912,614	4,355,022

The Corporation purchased and cancelled 199,000 shares in the nine months ended September 30, 2021 (2020 – 1,671,000) at a total cost of \$42,676 (2020 – \$412,396), including \$4,986 in transaction costs (2020 – \$9,229). The total cost of \$42,676 reduces share capital by \$20,667 (2020 – \$140,905) and increases the deficit by \$22,009 (2020 – \$271,491).

The Corporation declared and paid a quarterly dividend of \$0.0025 per share in the nine months ended September 30, 2020 for total dividends paid of \$132,155. On April 8, 2020, the Board of Directors suspended the Corporation's quarterly dividend indefinitely.

9. Stock options and per share amounts

(a) Stock options

The Corporation has an incentive 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 following table summarizes the changes in the outstanding stock options for the nine months ended September 30, 2021:

	Number of options	Weighted average exercise price \$
At January 1, 2020	2,730,000	0.56
Granted	1,800,000	0.20
At December 31, 2020	4,530,000	0.42
Expired	(305,000)	0.30
At September 30, 2021	4,225,000	0.42

MORIEN RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements

(Canadian dollars)

For the nine months ended September 30, 2021 and 2020

9. Stock options and per share amounts (continued)

The following is a summary of the outstanding stock options as at September 30, 2021:

Expiry date	Number of options outstanding	Weighted average exercise price \$	Remaining contractual life (years)
May 11, 2023	2,225,000	0.60	1.61
January 7, 2024	200,000	0.48	2.27
May 20, 2025	1,800,000	0.20	3.64
At September 30, 2021	4,225,000	0.42	2.51

(b) Share-based compensation

No options were granted in the nine months ended September 30, 2021. During the nine months September 30, 2020, 1,800,000 options were granted to officers and directors giving rise to share-based compensation of \$189,676. The fair value of each option granted was estimated at the time of grant using the Black-Scholes option pricing model with weighted-average assumptions for grants as follows:

For the Nine months Ended September 30

	2020
Share price at grant date	\$0.17
Exercise price	\$0.20
Risk-free interest rate	0.41%
Expected dividend yield	1.81%
Expected life (years)	5.0
Expected volatility	95%
Weighted average grant date fair value	\$0.10

Expected volatility is estimated by considering historic average share price volatility. All options granted vested immediately and have a five-year term.

10. Financial instruments

Credit risk:

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its obligations.

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

	September 30, 2021	December 31, 2020
	\$	\$
Cash and short-term investments	2,314,144	2,648,078
Trade receivables	—	49,318
	2,314,144	2,697,396

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.

MORIEN RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements

(Canadian dollars)

For the nine months ended September 30, 2021 and 2020

10. Financial instruments (continued)

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 September 30, 2021, the Corporation had cash and short-term investments of \$2,314,144 (December 31, 2020 - \$2,648,078) to settle current liabilities of \$52,599 (December 31, 2020 - \$79,472).

COVID-19:

On March 11, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", was classified as a global pandemic, which resulted in governments enacting emergency measures to combat the spread of the virus. These measures, which included the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown.

Global equity and capital markets have also experienced significant volatility and weakness. The governments have reacted with significant monetary and fiscal interventions designed to stabilize and stimulate economic conditions. The extent of the impact of COVID-19 may have on the Corporation is unknown, as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence.

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:

	September 30, 2021	December 31, 2020
	\$	\$
Cash and short-term investments	915,559	953,662

Sensitivity to a plus or minus 10% change in the USD dollar exchange rate would affect net and comprehensive loss and deficit by approximately \$91,560 (December 31, 2020 - \$95,370).

(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 does not enter into any hedging to offset risk.

MORIEN RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements

(Canadian dollars)

For the nine months ended September 30, 2021 and 2020

10. Financial instruments (continued)

Fair value

During the period ended September 30, 2021 and year ended December 31, 2020, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

Assets measured at fair value on a recurring basis:

	September 30, 2021			December 31, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	\$	\$	\$	\$	\$	\$
Short-term investments	909,139	—	—	894,349	—	—
Investments	—	—	—	—	—	—

The Corporation holds a short-term investment in a Schedule 1 Canadian bank USD instrument. The Corporation does not expect any liquidity issues associated with the instrument and therefore is classified in Level 1.

The Corporation's other investments are in the equity of companies that do not have a quoted market price in an active market (see note 5). As a result, these instruments are classified within Level 3 of the fair value hierarchy. Management has assessed the value of the equity instruments at \$nil fair value as at September 30, 2021 and December 31, 2020 due to the lack of market information and observable inputs.

The fair values of the Corporation's remaining financial assets and liabilities, which include cash, trade receivables and trade and other payables, are considered to approximate their carrying amounts due to their short-term nature and historically negligible credit losses.

11. Commitments

The Corporation leases shared office space on a short-term basis. Total future minimum lease payments for this space, due in 2021, are \$2,028.