

**Morien**  
**Resources Corp.**

Highly Differentiated, with Dividends

# Forward Looking Statements



Some of the statements made by **Morien Resources Corp.** ("Morien") in this presentation may constitute "forward-looking information" as defined under applicable securities laws. These statements reflect Morien's current expectations of future revenues and business prospects and opportunities and are based on information currently available to Morien. Morien cautions that actual performance will be affected by a number of factors, many of which are beyond its control, and that future events and results may vary substantially from what Morien currently foresees. Factors that could cause actual results to differ materially from those in forward-looking statements include risks and uncertainties described in Morien's annual information form filed with the Canadian Securities regulators on SEDAR ([www.sedar.com](http://www.sedar.com)). Morien cautions that its royalty revenue will be based on production by third party property owners and operators who will be responsible for determining the manner and timing for the properties forming part of Morien's royalty portfolio. These third party owners and operators are also subject to risk factors that could cause actual results to differ materially from those predicted herein including: volatility in financial markets or general economic conditions; capital requirements and the need for additional financing; fluctuations in the rates of exchange for the currencies of Canada and the United States; prices for commodities including gold, coal and aggregate; unanticipated changes in production, mineral reserves and mineral resources, metallurgical recoveries and/or exploration results; changes in regulations and unpredictable political or economic developments; loss of key personnel; labour disputes; and ineffective title to mineral claims or property. There are other business risks and hazards associated with mineral exploration, development and mining. Although Morien believes that the forward-looking information contained herein is based on reasonable assumptions, readers cannot be assured that actual results will be consistent with such statements. Morien expressly disclaims any intention or obligation to update or revise any forward-looking information in this news release, whether as a result of new information, events or otherwise, except in accordance with applicable securities laws. Unless otherwise indicated, all dollar values herein are in C\$.

# A Highly Differentiated Strategy



## **Morien Resources Corp.**

### *Definition:*

A Canadian based, dividend-paying, mining development company that holds royalty interests in two (coal and aggregates) world class, tidewater accessed projects. The coal project commenced production in 2017 and the aggregate project is expected to commence production in 2020. Morien's management team exercises ruthless discipline in managing both the top and bottom halves of the financial ledger. Shareholder returns are paramount over corporate size, number or scale of assets and industry recognition.

# Key Value Drivers



## Dividend Policy

- ▶ Inaugural quarterly, variable dividend announced December 2017
- ▶ Tied to royalty that is driven by seaborne metallurgical coal prices

## Royalty Revenues

- ▶ Strong returns, low risk

## Strong Cash Position

- ▶ \$3.6 mln

## Two Top Tier Royalty Assets

- ▶ Anticipated average royalty revenue of \$6 to \$8 mln per annum

## Future Growth

- ▶ Active project generation program

## Buying Back Stock

- ▶ Normal course issuer bid - 16% of company purchased since 2015

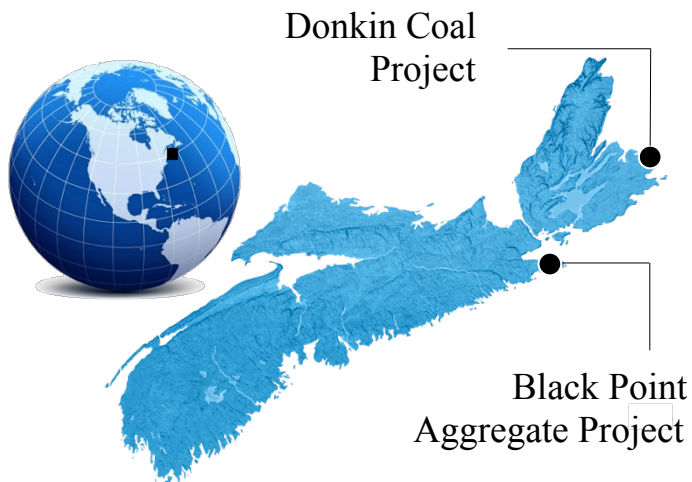
# Corporate Snapshot



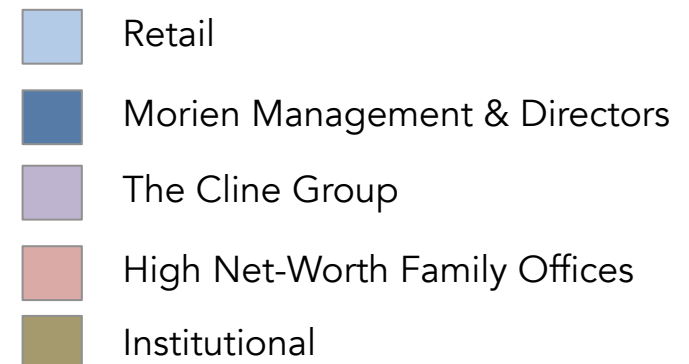
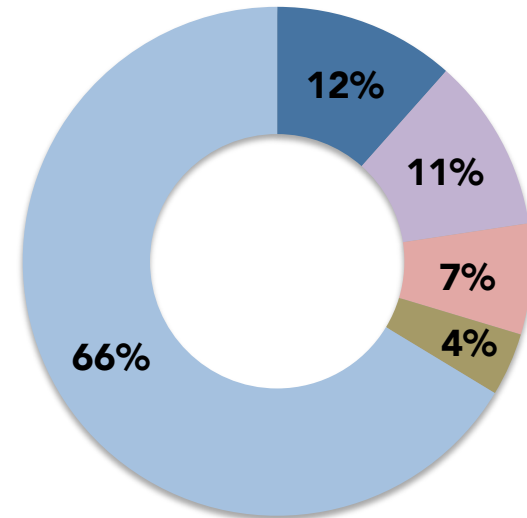
## Snapshot

Ticker Symbol	TSX-V: MOX
Shares O/S	53.4 mln
Shares F/D	57.9 mln
Market Cap	\$30 mln
Cash	\$3.6 mln

## Project Locations



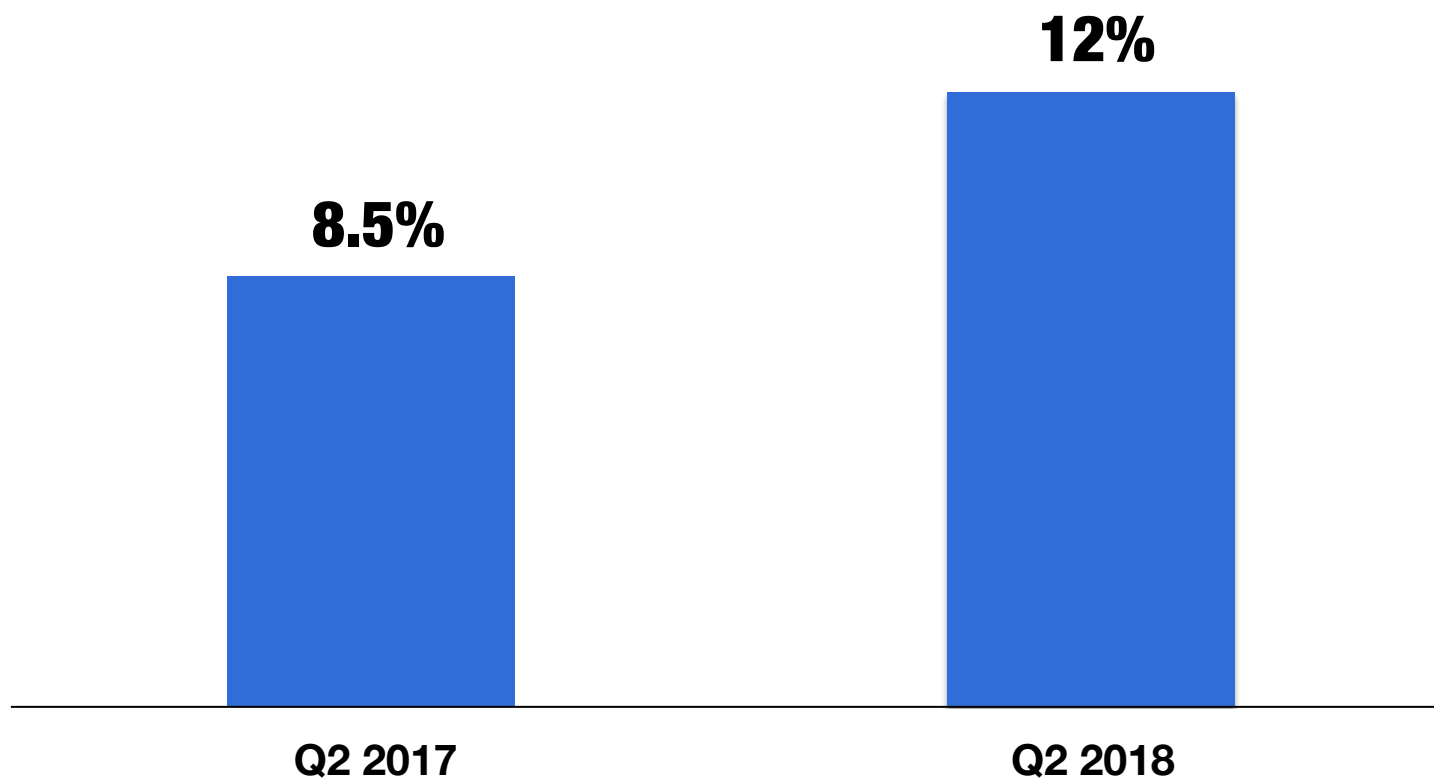
## Top Shareholders



# Aligning Interest with Shareholders



- ▶ Morien Directors and Management % Ownership of Company



# Board of Directors



## John P.A. Budreski

- 30+ years of extensive capital markets and executive management experience
- Formerly Vice Chairman of Cormark Securities Inc. and prior to that, President and CEO of Orion Securities Inc.
- Mr. Budreski is also a Director of Sandstorm Gold Ltd. and NuLegacy Corporation.



## Charles Pitcher

- 40+ years experience in operations, engineering, management and mining project development
- Former President of Wilson Creek Coal in Pennsylvania, and former President & CEO of Western Canadian Coal Corp. where he led the acquisition, development and startup of major coal projects in western Canada.



## John Byrne

- 30+ years of investment banking and corporate finance experience
- President of Petroleum Corporation of Canada Exploration Ltd., which helped finance Enerplus Energy Services Ltd. for which Mr. Byrne served as its Vice Chairman (1986-2000)
- Former senior executive with Levesque Beaubien Geoffrion (now National Bank Financial)



## Bill Ritchie

- Mr. Ritchie's distinguished career includes having been chair and CEO of Scotia Bond Ltd., as well as being one of the founders of Keltic Savings Corporation Limited.
- Over the years, Mr. Ritchie has served on boards of companies including Empire Company Ltd., Sobeys Inc., and DHX Media Ltd.
- Inducted into the Nova Scotia Business Hall of Fame in 2010

# Donkin Coal Project

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# Donkin Coal Mine



## Owner/Operator

The Cline Group (Chris Cline)

## Status

Producing since 2017

## Terms

2% to 4% production royalty

## Lifespan

25+ years

## Permitted Production Rate

2.75 mln saleable tonnes per annum

## Anticipated Royalty Revenue

\$4 to \$8 mln per annum



Donkin Mine Entrance



Donkin Coal Stockpile (June 2018)

# Donkin Coal Mine



## Chris Cline

- ▶ Founder of Foresight Energy LP.
- ▶ Developed / operated over 25 coal mining, processing and transportation operations in the Appalachian Region and the Illinois Basin.
- ▶ Operations included some of the most productive long wall mining operations in the country.
- ▶ Cline took Foresight Energy public in 2014, and sold a controlling stake in 2015 for \$1.4 billion cash.

**“The plan Chris has is to duplicate in Canada what he’s built in the U.S.”**

Paul Vining, CEO The Cline Group



Sugar Camp Mine (Foresight Energy LP)



Chris Cline at the Donkin Mine

# Donkin Coal Mine



- ▶ Over C\$200 mln spent on Donkin by Cline since 2015 acquisition



# Donkin Coal Mine



## Status Update

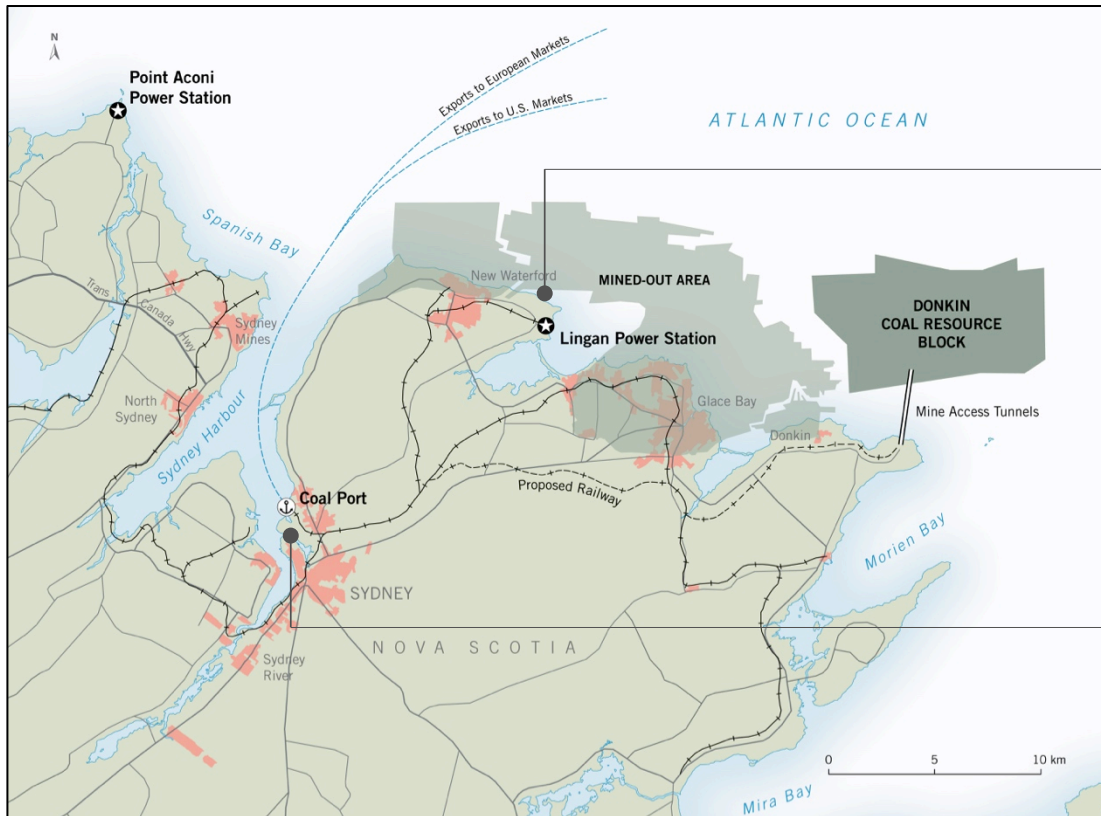
- ▶ Currently 120 employees/contractors on site
- ▶ Two Coal Sections (3 to 4 continuous miner units) currently operating
- ▶ Production per Coal Section approximately 30,000-45,000 tonnes per month, depending on work schedules and mining conditions
- ▶ Nova Scotia government approvals pending on new mining equipment and mining plan submittals
- ▶ Cline targeting the permitted annual production level of approximately 2.75 - 3.0 million tonnes over a 2-3 year period
- ▶ Cline currently exploring options for the construction of dedicated coal export terminal off Donkin headland



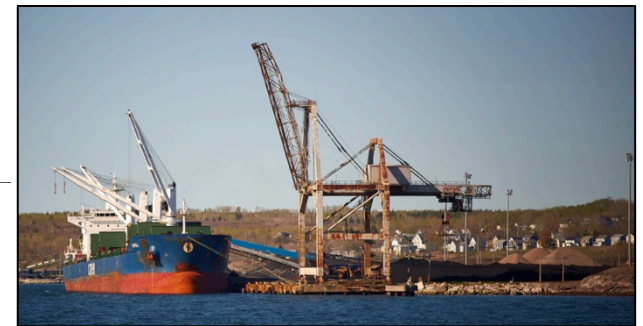
# Donkin Coal Mine



- ▶ Sales have been a mixture of domestic thermal, and export thermal and metallurgical coal
- ▶ Multi-year offtake agreement established in July 2018 with local power utility for portion of thermal coal production



Local coal delivery to Lingan Power Station

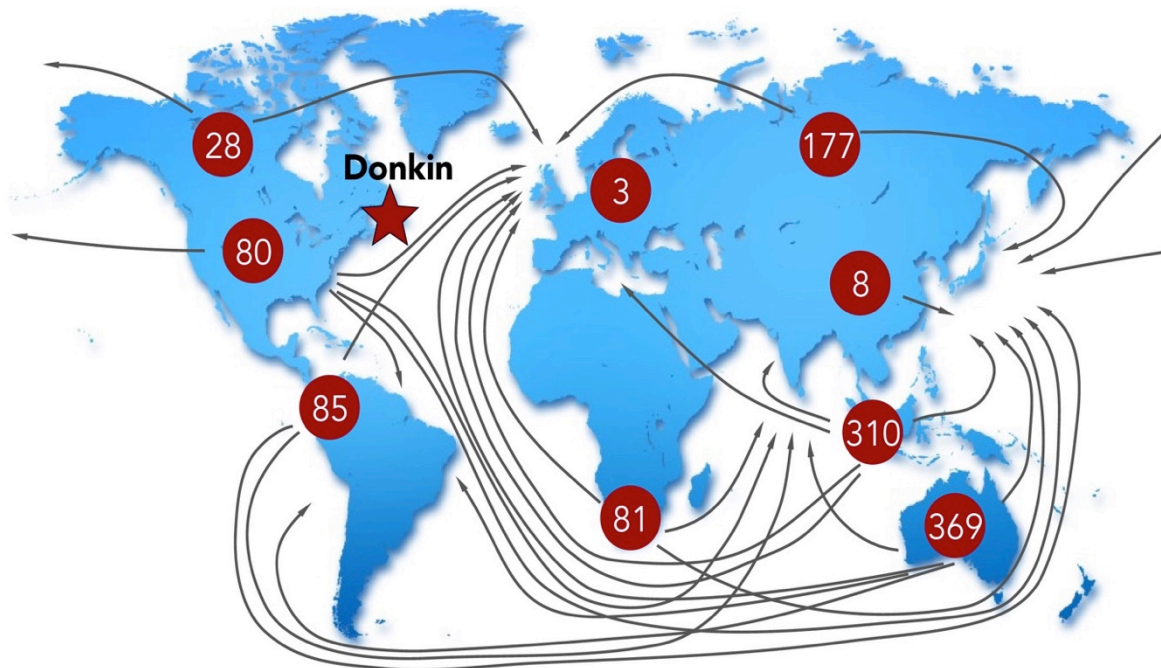


Coal export from Sydney Terminal (May'18)

# Global Trade in Coal up 1.5% in 2017



- ▶ 1.14 Bln Tonnes of Coal Exported into Seaborne Market in 2017

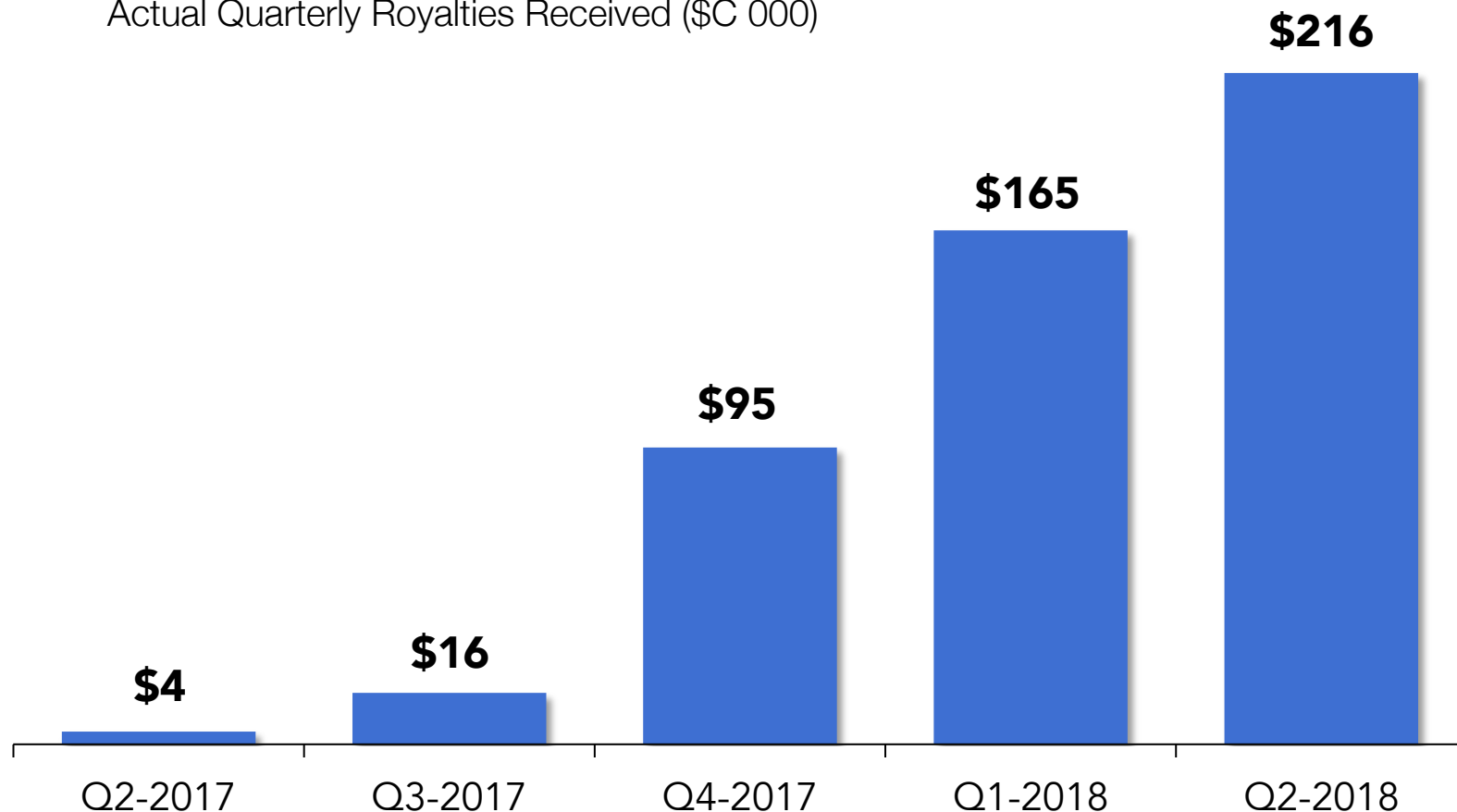


- USA seaborne exports rose 60%
- South Africa and Russia seaborne exports rose 7%
- Germany's met coal imports rose by 2%
- India imported 17% of all met coal shipments

# Donkin Coal Mine - Actual Royalty Income



Actual Quarterly Royalties Received (\$C 000)

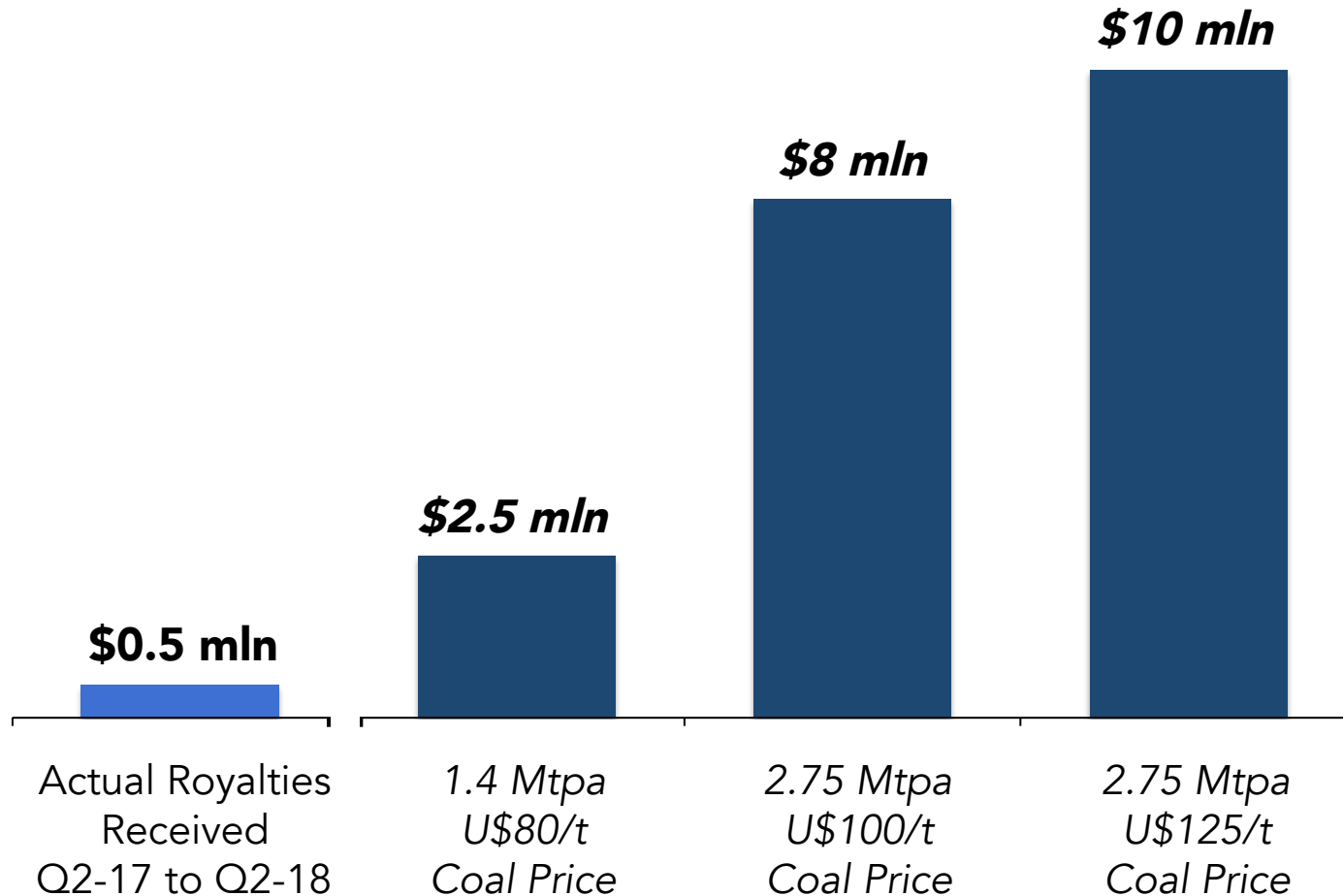


1. Estimate based on Q3-2018 assumptions that Morien considers to be reasonable. Actual royalties received, if any, and subject primarily to production rates and coal pricing, may vary from those estimated.

# Donkin Coal Mine - Projected Royalty Income



Projected Annual Royalty (\$C) <sup>1</sup>

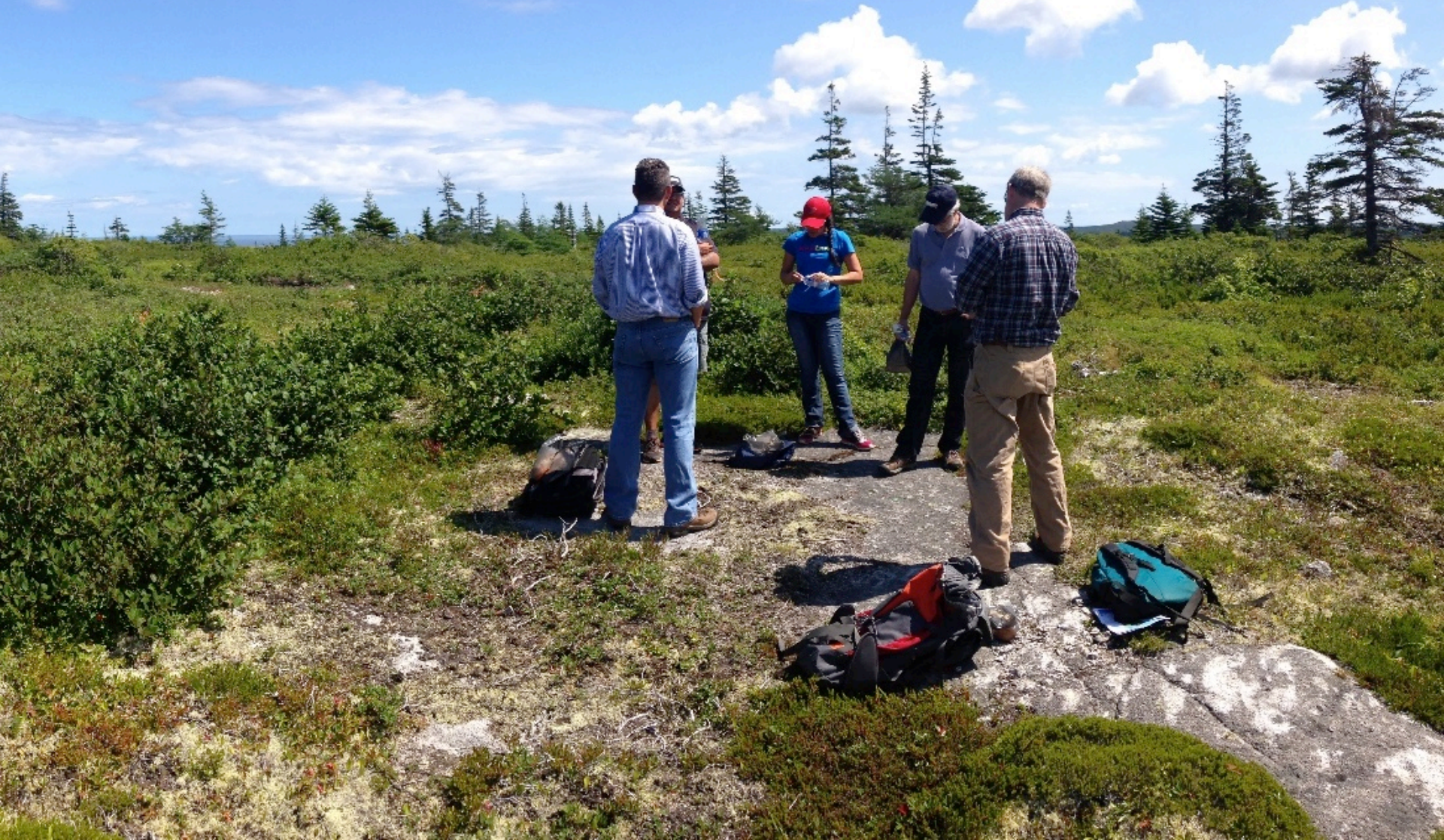


1. Estimate based on Q3-2018 assumptions that Morien considers to be reasonable. Actual royalties received, if any, and subject primarily to production rates and coal pricing, may vary from those estimated.



**More than just coal ...**

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# Black Point Aggregate Project



## Owner

Vulcan Materials Company; largest aggregate producer in North America

## Status

Environmental permit granted in 2017; production decision by 2020

## Terms

Production royalty (terms undisclosed)

## Lifespan

50+ years

## Anticipated Royalty Revenue

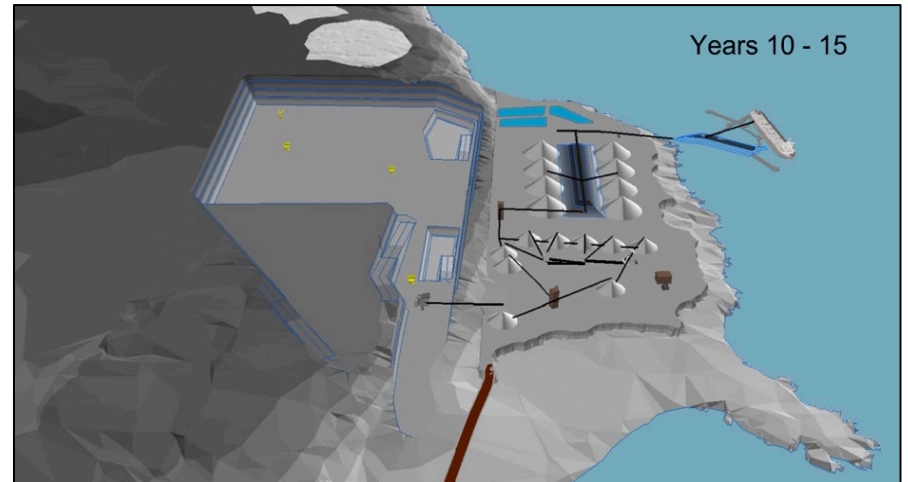
\$250k to \$750k per annum (advanced quarterly royalty payments commenced in 2017)

## Milestone Payment

\$400k payment pending from Vulcan



Black Point project site

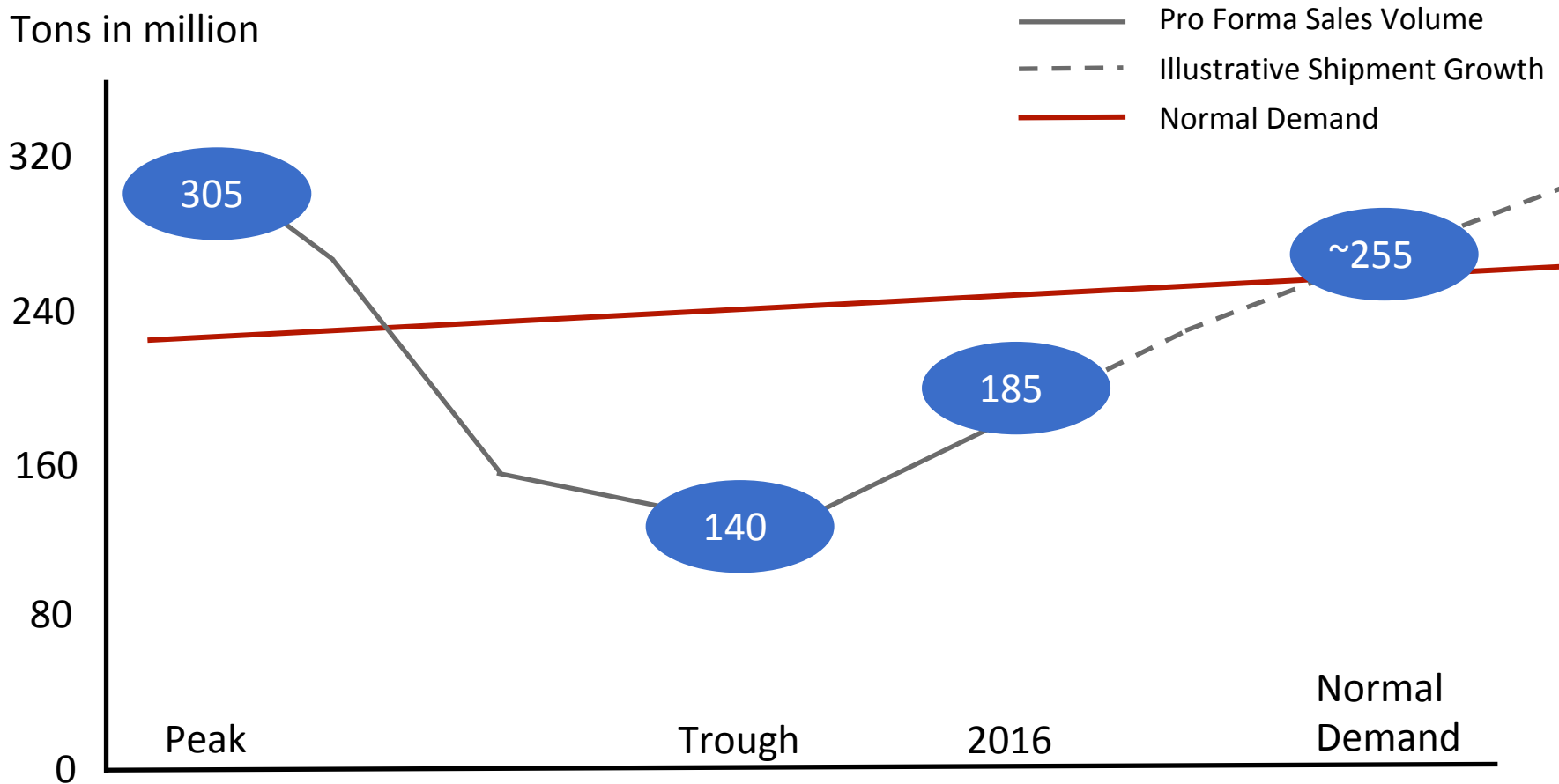


Rendering of Black Point site layout

# Aggregate Demand



- ▶ Vulcan Aggregate Shipments Still Well Below Normalized Levels



# Ongoing Project Generation Program



- ▶ Focused on acquiring additional royalties to compliment existing portfolio
- ▶ Morien does not compete where it can't compete;
- ▶ Commodity Focus: Industrial minerals  
Specialty / minor metals  
Bulk commodities  
Oil and gas
- ▶ Jurisdictions Americas, Europe
- ▶ Project Stage Producing or near-to-production assets
- ▶ Owner Proven operating track record



## Ownership

- ▶ Surface: Morien Resources
- ▶ Sub-surface: Morien Resources and Natural Resource Partners LP

## Details

- ▶ 1,054 acres

## Location

- ▶ Georgia, USA

## Status

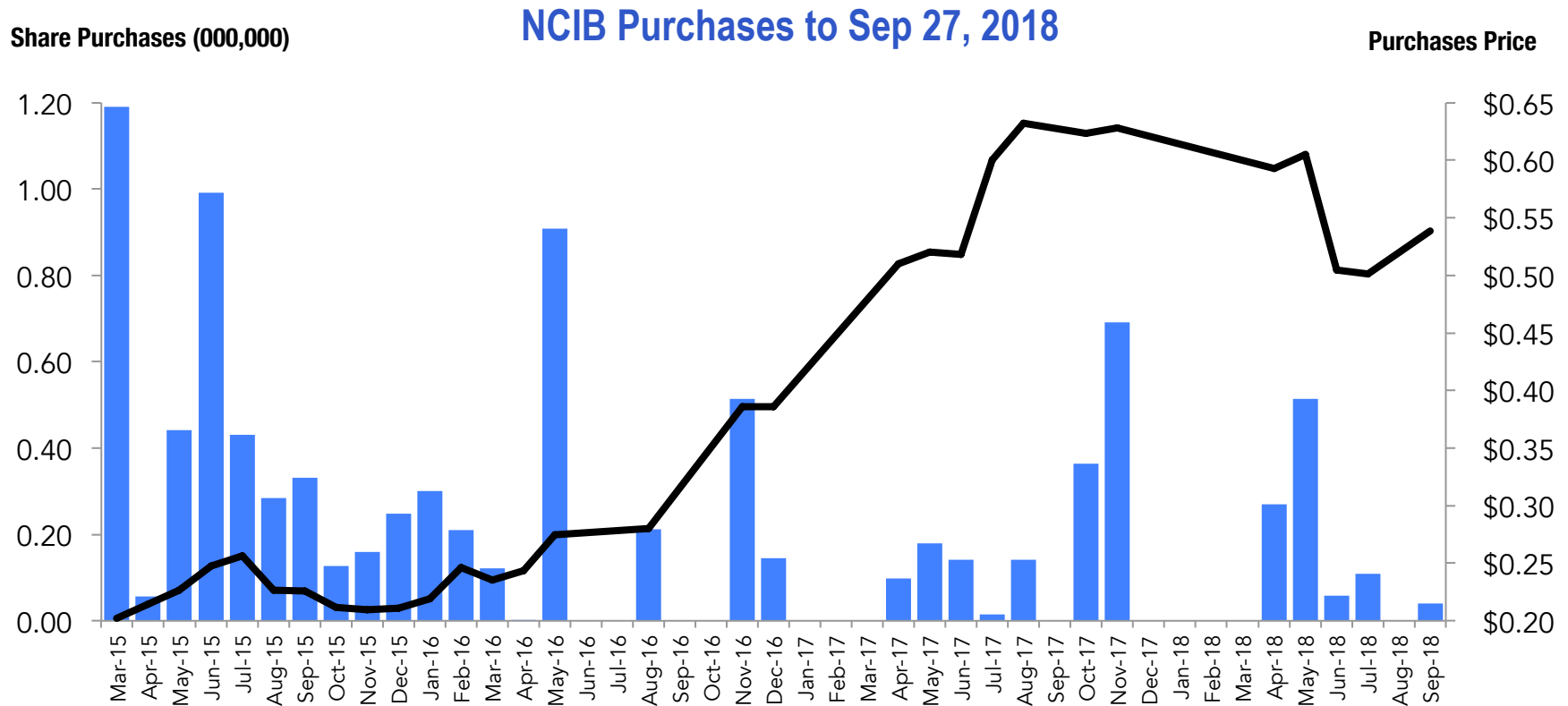
- ▶ Morien attempting to sell land



# Normal Course Issuer Bid



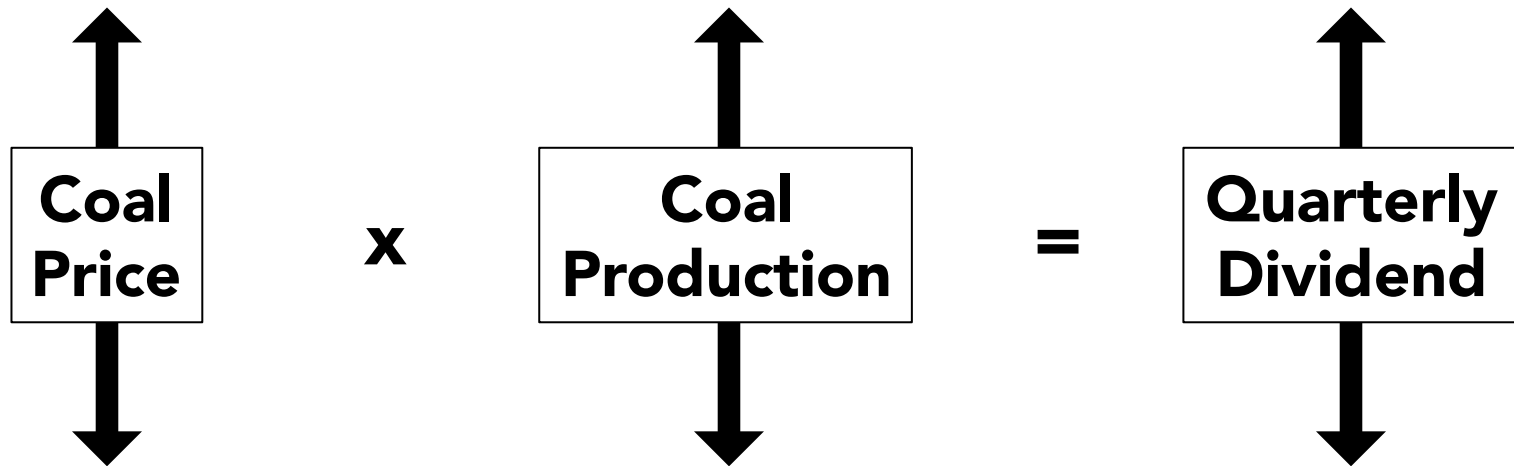
- ▶ Reduced the Company's Common Shares by 16% Since 2015



# Dividend



- Dividend policy initiated on December 12, 2017
- Initial dividend of \$0.005/share paid on December 27, 2017
- Quarterly dividend of \$0.0025/share paid in 2018
- Dividend intended to be variable, in relation to mine production & coal price



# Dividend Tied to Stable Commodity



- ▶ No replacement for metallurgical coal in the production of steel

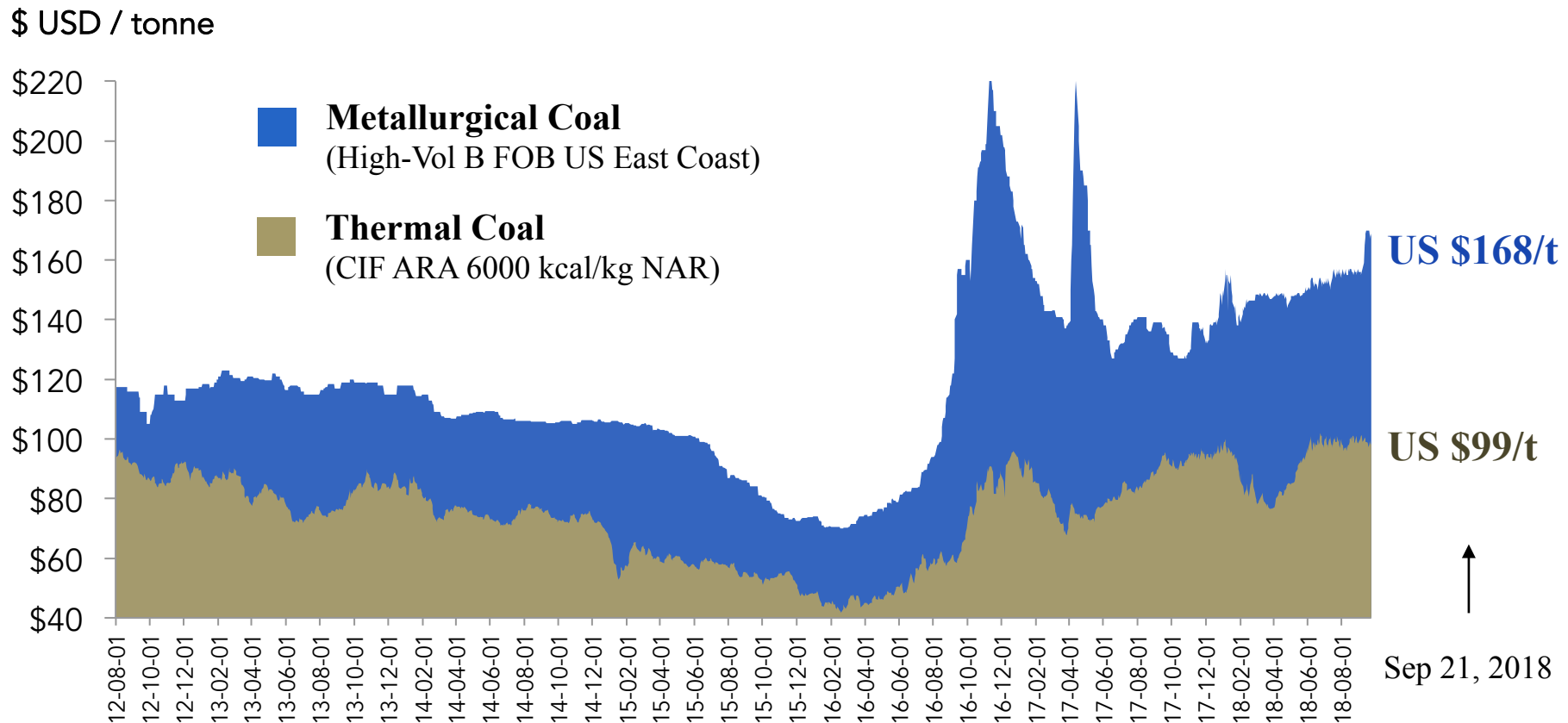




# ...with Strong Pricing Fundamentals



- ▶ 6-Year Price Chart for Donkin Quality Metallurgical and Thermal Coal



# Potential Dividend



- ▶ Dividend Significantly Leveraged to Seaborne Metallurgical Coal Market

	U\$80/t coal price @ 1.4 mlnT/year	U\$100/t coal price @ 2.75 mlnT/year
Coal Price (U \$/t)	\$ 80	\$ 100
Transport, loading, etc. (U \$/t)	\$ (10)	\$ (10)
Net Coal Price (U \$/t)	\$ 70	\$ 90
Net Coal Price (C \$/t)	\$ 88	\$ 113
Annual Production (mln tonnes)	1.4	2.75
Royalty @ 2% / 4% (C\$ mln)	\$ 2.4	\$ 7.9
G&A (C\$ mln)	\$ (0.7)	\$ (0.7)
Taxes at 31% (C\$ mln)	\$ (0.5)	\$ (2.2)
Net After Tax (C\$ mln)	\$ 1.2	\$ 5.0
Dividend Payout	80%	80%
Total Dividend (C\$ mln)	\$ 0.9	\$ 4.0
<b>Annual Dividend Per Share</b>	<b>\$ 0.02</b>	<b>\$ 0.07</b>

# Dividend Calculator (Morien Website)





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<b>Donkin Coal Sale Price (USD \$/tonne)</b>	\$85	\$60	<input type="range" value="85"/>	\$150
Est. Transportation & Related Deductions (USD \$/tonne)	(\$10)			
Net Coal Price (USD \$/tonne)	\$75			
<b>USD / CAD Exchange Rate</b>	1.25	1.00	<input type="range" value="1.25"/>	1.50
Net Coal Price (CAD \$/tonne)	\$94			
<b>Donkin Production (mln tonnes/year)</b>	2	0.5	<input type="range" value="2"/>	2.75
Royalty @ 2% / 4% (CAD \$ mlns)	\$3.75			
G&A (CAD \$ mlns)	(\$0.7)			
Taxes at 31% (CAD \$ mlns)	(\$0.9)			
Net After Tax (CAD \$ mlns)	\$2.10			
<b>Payout of Free Cash Flow (%)</b>	80%	50%	<input type="range" value="80"/>	90%
Total Dividend (CAD \$ mlns)	\$1.68			
Morien Shares Outstanding (mln)	54.4			
<b>Estimated Annual Dividend Per Share</b>	<b>\$0.031</b>			

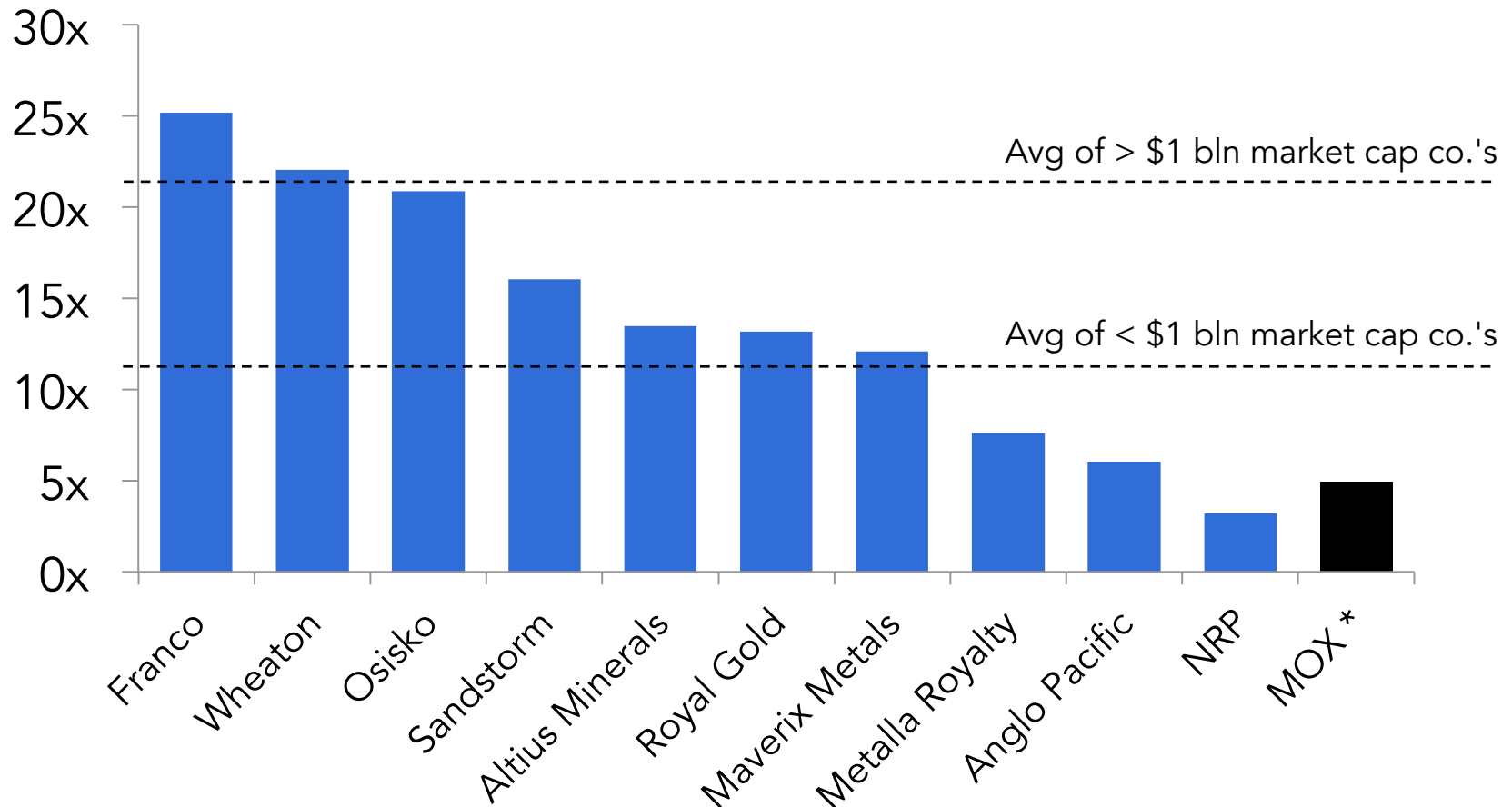


- Opportunity for re-rating potential relative to royalty peers
  - Royalty companies trade at higher valuation multiples than miners
  - Average Market Cap/Cash Flow Multiple for royalty companies with < \$1 bln market cap is 11x
- Favourable accounting materially enhances earnings and ROE
  - No fixed assets, therefore no depreciation
  - No depreciation, therefore higher earnings
  - Historical write-offs means low shareholder's book equity
  - Higher earnings on lower equity delivers very appealing ROEs
  - High ROEs bring higher investor attention

# Peer Valuation Suggests Re-Rate Potential



Market Cap/Cash Flow Multiple



\* Assumes current market cap and \$6.5 mln in annual royalty cash flow



- Continued production ramp-up at Donkin
- Quarterly dividends to materially benefit from increases in production and coal price at Donkin
- Continued NCIB Purchases
- Vulcan intends to develop the Black Point project rapidly once market returns
- Valuation multiple expansion and re-rate potential
- Royalty incomes plus cash position plus attractive stock facilitate accretive growth opportunities
- Long life dividends expected from long-life royalties; 25+ years at Donkin and 50+ years at Black Point

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**Dawson Brisco**  
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**Susanne Willett**  
CFO

**Mike MacDonald**  
Vice President, P.Geo

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**TSX-V: MOX**  
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