



Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Canadian dollars)
(Unaudited)

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, 2022 and December 31, 2021 (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, 2022 and 2021. The Corporation's independent auditors have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the September 30, 2022 and 2021 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 2022	December 31 2021
	\$	\$
ASSETS		
Current		
Cash	1,055,527	1,233,577
Short-term investments	986,974	908,735
Trade and other receivables	4,611	6,103
Prepaid expenses	16,181	33,699
Investments [note 5]	—	173,000
Non-current assets		
Investments [note 5]	—	—
TOTAL ASSETS	2,063,293	2,355,114
LIABILITIES		
Current liabilities		
Trade and other payables	62,544	77,536
Non-current liabilities		
Unearned revenue [note 6]	580,656	488,826
Total liabilities	643,200	566,362
SHAREHOLDERS' EQUITY		
Share capital	4,335,157	4,329,007
Contributed surplus	2,106,254	2,111,523
Deficit	(5,021,318)	(4,651,778)
Total shareholders' equity	1,420,093	1,788,752
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,063,293	2,355,114

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	
	2022	2021	2022	2021
	\$	\$	\$	\$
Royalty revenue [note 9]	—	—	2,761	60,776
Operating expenses				
Corporate and administration	132,600	111,317	427,145	411,862
Exploration and evaluation	14,169	43,848	33,350	74,974
Foreign exchange (gain) loss	(57,143)	(20,378)	(71,014)	4,440
	89,626	134,787	389,481	491,276
Finance income	12,419	3,312	18,851	10,862
Loss from operations	77,207	131,475	367,869	419,638
Net change in realized and unrealized gain from sale of investments [note 5]	—	—	(1,504)	—
Net and comprehensive loss for the period	77,207	131,475	369,373	419,638
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 and diluted	50,591	50,914	50,588	50,981

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, 2021	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
Net and comprehensive income for the period	—	—	—	54,770	54,770
Normal course issuer bid purchase of common shares	(325,000)	(26,015)	—	(49,890)	(75,905)
At December 31, 2021	50,587,614	4,329,007	2,111,523	(4,651,778)	1,788,752
Net and comprehensive loss for the period	—	—	—	(369,373)	(369,373)
Normal course issuer bid purchase of common shares	(1,500)	(9,119)	—	(167)	(9,286)
Options exercised	50,000	15,269	(5,269)	—	10,000
At September 30, 2022	50,636,114	4,335,157	2,106,254	(5,021,318)	1,420,093

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	
	2022	2021
	\$	\$
OPERATING ACTIVITIES		
Net loss for the period	(369,373)	(419,638)
Items not involving cash:		
Share-based compensation	—	—
Foreign exchange loss (gain) on cash and short-term investments	(71,014)	4,440
Additions to unearned revenue [note 6]	91,830	86,153
Net finance income	(18,851)	(10,862)
Net change in realized and unrealized gain from sale of investments	1,504	—
Changes in non-cash working capital:		
Trade receivables	1,492	49,318
Prepaid expenses	17,518	19,782
Trade and other payables	(14,992)	(26,873)
Cash used in operating activities	(361,886)	(297,680)
FINANCING ACTIVITIES		
Proceeds from exercise of stock options	10,000	—
Purchase of shares for cancellation	(9,286)	(42,676)
Cash provided by (used in) financing activities	714	(42,676)
INVESTING ACTIVITIES		
Interest received	18,851	10,862
Proceeds from disposal of investments	171,496	—
Cash provided by investing activities	190,347	10,862
Effect of exchange rate fluctuations on cash held in foreign currency	(7,225)	(19,230)
Decrease in cash	(178,050)	(348,724)
Cash, beginning of period	1,233,577	1,753,729
Cash, end of period	1,055,527	1,405,005

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 six months ended June 30, 2022 and 2021

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. These condensed interim consolidated financial statements of the Corporation as at and for the three and nine months ended September 30, 2022 and 2021 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 interests and 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, 2021. 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 2021 annual consolidated financial statements which have been prepared in accordance with IFRS. Financial results for this interim period are not necessarily indicative of results that may be expected for any other interim period or for the year ending December 31, 2022.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors of the Corporation on November 21, 2022.

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, 2021.

4. Future changes in accounting policies

The following new amendments to standards and interpretations under IFRS, are not yet effective for the period ended September 30, 2022, and have not been applied in preparing these consolidated statements. The impact is expected to be negligible as the standards are not currently applicable:

New standards or amendments	Effective date
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	January 1, 2023
Financial Instruments (Amendment to IFRS 9)	January 1, 2023
Disclosure of Accounting Policies (Amendment to IAS 1)	January 1, 2023
Deferred Tax (Amendments to IAS 12)	January 1, 2023

5. Investments

In 2016 and 2017, the Corporation purchased 8.65 million shares of Minco plc, a publicly traded company. As the result of a 2017 takeover of Minco plc, the Corporation received a combination of 210,179 public shares in Dalradian Resources Inc. valued at market price and 865,000 non-public entity shares in Buchans Resources

MORIEN RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements

(Canadian dollars)

For the six months ended June 30, 2022 and 2021

5. Investments (continued)

Limited that were ascribed a \$nil fair value. In 2018, Morien sold the public shares in Dalradian Resources Inc. In 2019, Buchans Resources Limited was split into three unlisted companies: Buchans Resources Limited (“Buchans”), Minco Exploration plc (“Minco”) and Canadian Manganese Company Inc. (“CDMN”). Morien subsequently received 865,000 non-public entity shares in each of Buchans, Minco, and CDMN.

Due to a lack of market information and lack of observable inputs for two of the unlisted entities, Buchans and Minco, the Corporation has ascribed a \$nil fair value to these two holdings and they have been classified as Level 3 within the fair value hierarchy as at September 30, 2022 and December 31, 2021. CDMN was listed on the NEO Exchange in January 2022. Management determined a fair value of \$0.20 per share taking into consideration the initial list price of \$0.225 per share, less a discount based on liquidity considerations, for a total fair value of \$173,000 as at December 31, 2021.

At year-end, the fair value of this investment was classified as a level 2 financial instrument within the fair value hierarchy given the listing event did not take place until after December 31, 2021.

During the three months ended March 31, 2022, the Corporation sold its 865,000 shares of CDMN for cash proceeds of \$171,496.

6. Unearned revenue

The Corporation received advanced payments for the nine months ended September 30, 2022 of \$91,830 (2021 – \$86,153), in relation to its interest in the Black Point Aggregate Project (“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, 2022. They are classified as long-term liabilities in the likelihood production at Black Point will not occur in the next fiscal year.

7. Share capital

The Corporation has an unlimited number of common shares authorized for issue without par value. The number of common shares outstanding at September 30, 2022 is as follows:

	Shares #	Share capital \$
At January 1, 2021	51,111,614	4,375,689
Normal course issuer bid purchase of common shares	(524,000)	(46,682)
At December 31, 2021	50,587,614	4,329,007
Normal course issuer bid purchase of common shares	(1,500)	(9,119)
Stock options exercised	50,000	15,269
At September 30, 2022	50,636,114	4,335,157

Under the terms of a normal course issuer bid, Morien purchased and cancelled 1,500 shares in the nine months ended September 30, 2022 (2021 – 199,000) at a total cost of \$9,286 (2021 – \$42,676), including \$9,001 in transaction costs (2021 – \$4,986). The total cost of \$9,286 reduces share capital by \$9,119 (2021 – \$20,667) and increases the deficit by \$167 (2021 – \$22,009). On April 8, 2020, the Board of Directors suspended the Corporation’s quarterly dividend indefinitely as a result of a cessation in royalty revenue (see Note 9).

MORIEN RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements

(Canadian dollars)

For the six months ended June 30, 2022 and 2021

8. 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 change in stock options for the nine months ended September 30, 2022.

	Number of options	Weighted average exercise price \$
At January 1, 2021	4,530,000	0.42
Expired	(305,000)	0.30
At December 31, 2021	4,225,000	0.42
Exercised	(50,000)	0.20
At September 30, 2022	4,175,000	0.43

The following is a summary of the outstanding stock options as at September 30, 2022:

Expiry date	Number of options outstanding	Weighted average exercise price \$	Remaining contractual life (years)
May 11, 2023	2,225,000	0.60	0.61
January 7, 2024	200,000	0.48	1.27
May 20, 2025	1,750,000	0.20	2.64
At September 30, 2022	4,175,000	0.43	1.49

9. Royalty revenue

	For the Nine Months Ended September 30	
	2022	2021
	\$	\$
Donkin Mine (Kameron Collieries)	2,761	60,776

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 September 13, 2022, Kameron Collieries received regulatory approval from the Nova Scotia provincial government to reopen the Donkin Mine, allowing production at the Mine to recommence. The Mine had been on care and maintenance since March 2020.

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(Canadian dollars)

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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, 2022	December 31, 2021
	\$	\$
Cash	1,055,527	1,233,577
Short-term investments	986,974	908,735
Trade and other receivables	4,611	6,103
Investments	—	173,000
	2,047,112	2,321,415

The Corporation manages credit risk by holding the majority of its cash with Schedule 1 Canadian banks. Management believes the risk of loss to be low with Schedule 1 Canadian banks. Exposure on trade receivables is limited as all trade receivables are with one customer who the Corporation has strong working relationships with and is a reputable large international company with a history of timely payment. The other receivable is held with the federal government. The Corporation has an allowance for doubtful accounts at period-end of \$nil (2021 – \$nil), as management considers the credit risk to be low. No amounts were written off during the period (2021 – \$nil).

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 September 30, 2022, the Corporation had cash and short-term investments of \$2,042,501 (December 31, 2021 - \$2,648,078) to settle current liabilities of \$62,544 (December 31, 2021 - \$79,472).

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.

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Notes to Condensed Interim Consolidated Financial Statements

(Canadian dollars)

For the six months ended June 30, 2022 and 2021

10. Financial instruments (continued)

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

	September 30, 2022	December 31, 2021
	\$	\$
Cash	2,467	6,343
Short-term investments	986,974	908,735
	989,441	915,078

Sensitivity to a plus or minus 10% change in the USD dollar exchange rate would affect net and comprehensive loss and deficit by approximately \$98,945 (December 31, 2021 - \$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.

(d) Equity price risk

The Corporation holds two equity instruments in the mining category that do not have a quoted market price in an active market. Management has assessed the value of those instruments at \$nil fair value as at September 30, 2022 and December 31, 2021. Any change in fair value is not predictable at this point.

Fair value

During the period ended September 30, 2022 and year ended December 31, 2021, 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, 2022			December 31, 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	\$	\$	\$	\$	\$	\$
Investments	—	—	—	—	173,000	—

The Corporation's investments are equity investments in two separate entities (see note 5).

The fair values of the Corporation's remaining financial assets and liabilities, which include cash, trade and other 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 2022, are \$2,028.