



Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022

(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, 2023 and December 31, 2022 (audited) and the unaudited condensed interim consolidated statements of income and comprehensive income (loss), changes in equity and cash flows for the three months ended March 31, 2023 and 2022. The Corporation's independent auditors have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the March 31, 2023 and 2022 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)

| | March 31 2023 | December 31 2022 |
|---|------------------|---------------------|
| | \$ | \$ |
| ASSETS | | |
| Current | | |
| Cash | 190,607 | 276,730 |
| Short-term investments | 993,952 | 985,764 |
| Trade and other receivables | 534,131 | 196,062 |
| Prepaid expenses | 51,201 | 25,888 |
| Non-current assets | | |
| Investments [note 5] | — | — |
| TOTAL ASSETS | 1,769,891 | 1,484,444 |
| LIABILITIES | | |
| Current liabilities | | |
| Trade and other payables | 124,084 | 83,740 |
| Non-current liabilities | | |
| Unearned revenue [note 6] | 646,258 | 613,457 |
| Total liabilities | 770,342 | 697,197 |
| SHAREHOLDERS' EQUITY | | |
| Share capital [note 7] | 4,695,938 | 4,424,098 |
| Contributed surplus | 1,953,652 | 2,053,754 |
| Deficit | (5,650,041) | (5,690,605) |
| Total shareholders' equity | 999,549 | 787,247 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 1,769,891 | 1,484,444 |

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 Income (Loss) and Comprehensive Income (Loss)

(Unaudited – in Canadian dollars)

| | For the Three Months Ended March 31 | |
|--|-------------------------------------|-----------|
| | 2023 | 2022 |
| | \$ | \$ |
| Royalty revenue [note 9] | 464,462 | 2,761 |
| Operating expenses | | |
| Corporate and administration | 205,926 | 136,554 |
| Exploration and evaluation | 2,361 | — |
| Foreign exchange loss | 1,794 | 13,912 |
| | 210,081 | 150,466 |
| Finance income | 11,936 | 2,462 |
| Income (loss) from operations | 266,317 | (145,243) |
| Realized loss on investments [note 5] | — | (1,504) |
| Net and comprehensive income (loss) | 266,317 | (146,747) |
| Earnings per share | | |
| Basic income (loss) per share | 0.01 | (0.00) |
| Diluted income per share | 0.01 | (0.00) |
| Weighted average number of common shares outstanding [000's] | | |
| Basic | 50,642 | 50,587 |
| Diluted | 51,257 | 50,887 |

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 # | Contributed surplus \$ | Deficit \$ | Total shareholders' equity \$ | |
|--|--------------------|---------------------------|------------------|-------------------------------------|------------------|
| At January 1, 2022 | 50,587,614 | 4,329,007 | 2,111,523 | (4,651,778) | 1,788,752 |
| Net and comprehensive loss for the period | — | — | — | (146,747) | (146,747) |
| Normal course issuer bid purchase of common shares | (1,500) | (8,309) | — | (167) | (8,476) |
| At March 31, 2022 | 50,586,114 | 4,320,698 | 2,111,523 | (4,798,692) | 1,633,529 |
| Net and comprehensive loss for the period | — | — | — | (398,374) | (398,374) |
| Options exercised | 175,000 | 142,769 | (57,769) | — | 85,000 |
| Dividends paid | — | — | — | (253,491) | (253,491) |
| Normal course issuer bid purchase of common shares | (387,000) | (39,369) | — | (240,215) | (279,584) |
| At December 31, 2022 | 50,587,614 | 4,329,007 | 2,111,523 | (4,651,778) | 1,788,752 |
| Net and comprehensive income for the period | — | — | — | 266,317 | 266,317 |
| Options exercised | 950,000 | 290,102 | (100,102) | — | 190,000 |
| Dividends paid | — | — | — | (126,753) | (126,753) |
| Normal course issuer bid purchase of common shares | (177,114) | (18,262) | — | (99,000) | (117,262) |
| At March 31, 2023 | 51,147,000 | 4,695,938 | 1,953,652 | (5,650,041) | 999,549 |

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 Three Months Ended March 31 | |
|---|-------------------------------------|------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| OPERATING ACTIVITIES | | |
| Net and comprehensive income (loss) for the period | 266,317 | (146,747) |
| Items not involving cash: | | |
| Foreign exchange loss on financial assets | 1,794 | 13,912 |
| Additions to unearned revenue [note 6] | 32,801 | 29,514 |
| Realized loss on investments | — | 1,504 |
| Finance income | (11,936) | (2,462) |
| Changes in non-cash working capital: | | |
| Increase in trade and other receivables | (338,069) | (9,567) |
| (Increase) decrease in prepaid expenses | (25,313) | 7,060 |
| Increase (decrease) in trade and other payables | 40,344 | (20,097) |
| Cash used in operating activities | (34,062) | (126,883) |
| FINANCING ACTIVITIES | | |
| Options exercised | 190,000 | — |
| Dividends paid | (126,753) | — |
| Purchase of shares for cancellation | (117,262) | (8,476) |
| Cash used in financing activities | (54,015) | (8,476) |
| INVESTING ACTIVITIES | | |
| Increase in short-term investments | (8,188) | — |
| Proceeds from disposal of investments | — | 171,496 |
| Interest received | 11,936 | 2,462 |
| Cash provided by investing activities | 3,748 | 173,958 |
| Effect of exchange rate fluctuations on cash held in foreign currency | (1,794) | (548) |
| (Decrease) increase in cash and cash equivalents | (86,123) | 38,051 |
| Cash and cash equivalents, beginning of period | 276,730 | 1,233,577 |
| Cash and cash equivalents, end of period | 190,607 | 1,271,628 |

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 three months ended March 31, 2023 and 2022

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 three months ended March 31, 2023 and 2022 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, 2022. 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 2022 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 May 17, 2023.

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, 2022.

4. Future changes in accounting policies

The following new amendments to standards and interpretations under IFRS, are not yet effective for the period ended March 31, 2023, 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 |
|---|-----------------------|
| Classification of Liabilities as Current or Non-current (Amendments to IAS 1) | January 1, 2024 |
| Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases) | January 1, 2024 |

5. Investments

In 2016, the Corporation bought shares in Minco plc, a publicly traded company. As the result of a 2017 takeover of Minco plc, the Corporation received a combination of public shares in Dalradian Resources Inc. valued at market price and non-public entity shares in Buchans Resources Limited that were initially measured at a cost of \$nil. Morien subsequently sold the public shares in Dalradian Resources Inc. in 2018. In 2019, Buchans Resources Limited was split into three unlisted companies: Buchans Resources Limited, Minco Exploration plc and Canadian Manganese Company Inc..

MORIEN RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements

(Canadian dollars)

For the three months ended March 31, 2023 and 2022

5. Investments (continued)

Due to a lack of market prices and observable inputs for two of the unlisted entities, Buchans Resources Limited and Minco Exploration plc, the Corporation has estimated a \$nil fair value on initial recognition of these two holdings. The Corporation has determined there is insufficient more recent information available to determine a fair value other than cost and has classified the fair value as Level 3 within the fair value hierarchy as at March 31, 2023 and December 31, 2022. The third company, Canadian Manganese Company Inc., was listed on the NEO Exchange subsequent to December 31, 2021. 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 and a corresponding unrealized gain recognized at December 31, 2021.

In the first quarter of 2022, all shares of Canadian Manganese Company Inc. were disposed of for cash proceeds of \$171,496, resulting in a realized loss of \$1,504 at March 31, 2022.

6. Unearned revenue

The Corporation received advanced payments for the three months ended March 31, 2023 of \$32,801 (2022 – \$29,514), 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 March 31, 2023. 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 March 31, 2023 is as follows:

| | Shares | \$ |
|--|-------------------|------------------|
| At January 1, 2022 | 50,587,614 | 4,329,007 |
| Normal course issuer bid purchase of common shares | (1,500) | (8,309) |
| At March 31, 2022 | 50,586,114 | 4,320,698 |
| Options exercised | 175,000 | 142,769 |
| Normal course issuer bid purchase of common shares | (387,000) | (39,369) |
| At December 31, 2022 | 50,374,114 | 4,424,098 |
| Options exercised | 950,000 | 290,102 |
| Normal course issuer bid purchase of common shares | (177,114) | (18,262) |
| At March 31, 2023 | 51,147,000 | 4,695,938 |

Under the terms of a normal course issuer bid, Morien purchased and cancelled 177,114 shares in the three months ended March 31, 2023 (2022 – 1,500) at a total cost of \$117,262 (2022 – \$8,476), including \$4,546 in transaction costs (2022 – \$8,191). The total cost of \$117,262 reduces share capital by \$18,262 (2022 – \$8,309) and increases the deficit by \$99,000 (2022 – \$167).

MORIEN RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements

(Canadian dollars)

For the three months ended March 31, 2023 and 2022

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 the Corporation'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 Venture Exchange ("TSX-V"). Options granted under the 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 changes in stock options for the three months ended March 31, 2023 and 2022 were as follows:

| | Number of options | Weighted average exercise price \$ |
|---------------------------------------|-------------------|---------------------------------------|
| At January 1, 2022 and March 31, 2022 | 4,225,000 | 0.42 |
| Exercised | (175,000) | 0.49 |
| At December 31, 2022 | 4,050,000 | 0.42 |
| Exercised | (950,000) | 0.20 |
| At March 31, 2023 | 3,100,000 | 0.49 |

The following table summarizes information concerning outstanding and exercisable options at March 31, 2023:

| Expiry date | Number of options outstanding | Weighted average exercise price \$ | Remaining contractual life (years) |
|--------------------------|----------------------------------|--|--|
| May 11, 2023 | 2,100,000 | 0.60 | 0.11 |
| January 7, 2024 | 200,000 | 0.48 | 0.77 |
| May 20, 2025 | 800,000 | 0.20 | 2.14 |
| At March 31, 2023 | 3,100,000 | 0.49 | 0.68 |

9. Royalty revenue

| | For the three months ended March 31 | |
|----------------------------------|-------------------------------------|-------|
| | 2023 | 2022 |
| | \$ | \$ |
| Donkin Mine (Kameron Collieries) | 464,462 | 2,761 |

The Corporation owns a life-of-mine, gross production royalty on quarterly coal sales from the Donkin Mine ("Donkin"), owned by Kameron Collieries ULC ("Kameron"). Morien's royalty consists of 2% on the revenue from the first 500,000 tonnes of coal sales per calendar quarter, and 4% on the revenue from any coal sales from quarterly tonnage above 500,000 tonnes, net of certain coal handling and transportation costs. The Donkin royalty is payable to the Corporation on a quarterly basis based on sales from production from the mine.

On March 30, 2020, Kameron Collieries announced that it was ceasing production operations at the Donkin Mine due to adverse geologic conditions. The Mine had been maintained during an idled phase of care and maintenance until it reopened in September 2022 after receiving regulatory approval from the Nova Scotia provincial government. The Mine commenced commercial sales during the fourth quarter of 2022.

MORIEN RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements

(Canadian dollars)

For the three months ended March 31, 2023 and 2022

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:

| | March 31, 2023 | December 31, 2022 |
|-----------------------------|------------------|-------------------|
| | \$ | \$ |
| Cash and cash equivalents | 190,607 | 276,730 |
| Short-term investments | 993,952 | 985,764 |
| Trade and other receivables | 534,131 | 196,062 |
| | 1,718,690 | 1,458,556 |

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 Corporation has an allowance for doubtful accounts at period-end of \$nil (2022 – \$nil), as management considers the credit risk to be low. No amounts were written off during the period (2022 – \$nil).

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, 2023, the Corporation had cash and short-term investments of \$1,184,559 (December 31, 2022 - \$1,262,494) to settle current liabilities of \$124,084 (December 31, 2022 - \$83,740).

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) 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. As at March 31, 2023, the Corporation has not entered into any hedging to offset risk.

MORIEN RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements

(Canadian dollars)

For the three months ended March 31, 2023 and 2022

10. Financial instruments (continued)

(c) Foreign currency risk

The Corporation 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, 2023 | December 31, 2022 |
|---------------------------|----------------|-------------------|
| | \$ | \$ |
| Cash and cash equivalents | 2,831 | 2,468 |
| Short-term investments | 993,952 | 985,764 |
| | 996,783 | 988,232 |

Sensitivity to a plus or minus 10% change in the USD dollar exchange rate would affect net and comprehensive income and deficit by approximately \$99,680 (December 31, 2022 - \$98,820).

(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 March 31, 2023 and December 31, 2022. Any change in fair value is not predictable at this point.

Fair value

During the period ended March 31, 2023, 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:

| | March 31, 2023 | | | December 31, 2022 | | |
|-------------|----------------|---------|---------|-------------------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Investments | — | — | — | — | — | — |

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 2023, are \$2,700.