



Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 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 September 30, 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 and nine months ended September 30, 2023 and 2022. The Corporation's independent auditors have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the September 30, 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)

	September 30 2023	December 31 2022
	\$	\$
ASSETS		
Current		
Cash	512,178	276,730
Short-term investments [note 5]	1,018,786	985,764
Trade and other receivables	115,694	196,062
Prepaid expenses	12,684	25,888
Non-current assets		
Investments [note 5]	—	—
TOTAL ASSETS	1,659,342	1,484,444
LIABILITIES		
Current liabilities		
Trade and other payables	75,789	83,740
Non-current liabilities		
Unearned revenue [note 6]	716,215	613,457
Total liabilities	792,004	697,197
SHAREHOLDERS' EQUITY		
Share capital [note 7]	4,762,869	4,424,098
Contributed surplus	2,316,564	2,053,754
Deficit	(6,212,095)	(5,690,605)
Total shareholders' equity	867,338	787,247
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,659,342	1,484,444

Commitments [note 11]

Subsequent event [note 9]

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	
	2023	2022	2023	2022
	\$	\$	\$	\$
Royalty revenue [note 9]	100,604	—	932,710	2,761
Operating expenses				
Corporate and administration	188,680	132,600	578,296	427,145
Exploration and evaluation	—	14,169	6,613	33,350
Share-based compensation [note 8(b)]	96,296	—	389,254	—
Foreign exchange (gain) loss	(24,356)	(57,143)	(2,641)	(71,014)
	260,620	89,626	971,522	389,481
Investment income [note 5]	17,453	12,419	42,958	18,851
(Loss) income from operations	(142,563)	(77,207)	4,146	(367,869)
Net change in realized and unrealized gain from sale of investments [note 5]	—	—	—	(1,504)
Net and comprehensive (loss) income for the period	(142,563)	(77,207)	4,146	(369,373)
Basic and fully diluted loss per share	(0.00)	(0.00)	0.00	(0.01)
Weighted average number of common shares outstanding [000's]				
Basic and diluted	51,292	50,591	51,094	50,588

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, 2022	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)
Options exercised	50,000	15,269	(5,269)	—	10,000
Normal course issuer bid purchase of common shares	(1,500)	(9,119)	—	(167)	(9,286)
At September 30, 2022	50,636,114	4,335,157	2,106,254	(5,021,318)	1,420,093
Net and comprehensive loss for the period	—	—	—	(175,748)	(175,748)
Dividends paid to shareholders	—	—	—	(253,491)	(253,491)
Options exercised	125,000	127,500	(52,500)	—	75,000
Normal course issuer bid purchase of common shares	(387,000)	(38,559)	—	(240,048)	(278,607)
At December 31, 2022	50,374,114	4,424,098	2,053,754	(5,690,605)	787,247
Net and comprehensive income for the period	—	—	—	4,146	4,146
Dividends paid to shareholders	—	—	—	(383,212)	(383,212)
Share-based compensation	—	—	389,254	—	389,254
Options exercised [note 8(a)]	1,200,000	366,444	(126,444)	—	240,000
Normal course issuer bid purchase of common shares [note 7]	(282,114)	(27,673)	—	(142,424)	(170,097)
At September 30, 2023	51,292,000	4,762,869	2,316,564	(6,212,095)	867,338

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	
	2023	2022
	\$	\$
OPERATING ACTIVITIES		
Net income (loss) for the period	4,146	(369,373)
Items not involving cash:		
Share-based compensation	389,254	—
Foreign exchange gain on financial assets	(2,641)	(71,014)
Additions to unearned revenue [note 6]	102,758	91,830
Investment income	(42,958)	(18,851)
Net change in realized and unrealized gain from sale of investments	—	1,504
Changes in non-cash working capital:		
Trade receivables	80,368	1,492
Prepaid expenses	13,204	17,518
Trade and other payables	(7,951)	(14,992)
Cash provided by (used in) operating activities	536,180	(361,886)
FINANCING ACTIVITIES		
Proceeds on exercise of options	240,000	10,000
Dividends paid	(383,212)	—
Purchase of shares for cancellation	(170,097)	(9,286)
Cash (used in) provided by financing activities	(313,309)	714
INVESTING ACTIVITIES		
Increase in short-term investments	(33,022)	(78,239)
Investment income	42,958	18,851
Proceeds from disposal of investments	—	171,496
Cash provided by investing activities	9,936	112,108
Effect of exchange rate fluctuations on cash held in foreign currency	2,641	71,014
Increase (decrease) in cash	235,448	(178,050)
Cash, beginning of period	276,730	1,233,577
Cash, end of period	512,178	1,055,527

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, 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 nine months ended September 30, 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 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 November 20, 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 September 30, 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 to the Company:

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

Short-term investments is a guaranteed investment certificate (“GIC”) denominated in US dollars with a term of less than year. The interest earned on the GIC of \$30,097 is recorded within the net and comprehensive loss as investment income for the nine months ended September 30, 2023 in addition to interest earned on cash balances.

MORIEN RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements

(Canadian dollars)

For the nine months ended September 30, 2023 and 2022

5. Investments (continued)

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.

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 September 30, 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 nine months ended September 30, 2023 of \$102,758 (2022 – \$91,830), 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, 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 September 30, 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)	(9,119)
Options exercised	50,000	15,269
At September 30, 2022	50,636,114	4,335,157
Options exercised	125,000	127,500
Normal course issuer bid purchase of common shares	(387,000)	(38,559)
At December 31, 2022	50,374,114	4,424,098
Options exercised	1,200,000	366,444
Normal course issuer bid purchase of common shares	(282,114)	(27,673)
At September 30, 2023	51,292,000	4,762,869

MORIEN RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements

(Canadian dollars)

For the nine months ended September 30, 2023 and 2022

7. Share capital (continued)

Under the terms of a normal course issuer bid, Morien purchased and cancelled 282,114 shares in the nine months ended September 30, 2023 (2022 – 1,500) at a total cost of \$170,097 (2022 – \$9,286), including \$5,356 in transaction costs (2022 – \$9,001). The total cost of \$170,097 reduces share capital by \$27,673 (2022 – \$9,119) and increases the deficit by \$142,424 (2022 – \$167).

8. Stock options

(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, 2023:

	Number of options	Weighted average exercise price \$
At January 1, 2023	4,050,000	0.42
Exercised	(1,200,000)	0.20
Expired	(2,100,000)	0.60
Issued	2,150,000	0.60
At September 30, 2023	2,900,000	0.52

The following is a summary of the outstanding stock options as at September 30, 2023:

Expiry date	Number of options		Weighted average exercise price \$	Remaining contractual life (years)
	outstanding	vested		
January 7, 2024	200,000	200,000	0.48	0.27
May 20, 2025	550,000	550,000	0.20	1.64
May 25, 2028	2,150,000	716,667	0.60	4.65
At September 30, 2023	2,900,000	1,466,667	0.52	3.78

(b) Share-based compensation

During the nine months ended September 30, 2023, 2,150,000 options granted to officers and directors gave rise to share-based compensation of \$389,254. No stock options were issued in the previous period in 2022. The fair value of each option granted is estimated at the time of grant using the Black-Scholes option pricing model with weighted-average assumptions for grants as follows:

MORIEN RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements

(Canadian dollars)

For the nine months ended September 30, 2023 and 2022

8. Stock options (continued)

For the Nine Months Ended September 30	
	2023
Share price at grant date	\$0.51
Exercise price	\$0.60
Risk-free interest rate	3.52%
Expected dividend yield	2.1%
Expected life (years)	5.0
Expected volatility	111%
Weighted average grant date fair value	\$0.36

Expected volatility is estimated by considering historic average share price volatility. All options granted in the period vest over a two-year period (one-third on each of the date of grant and the first and second anniversaries of grant) and have a five-year term.

9. Royalty revenue

	For the Nine Months Ended September 30	
	2023	2022
	\$	\$
Donkin Mine (Kameron Collieries)	932,710	2,761

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 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.

On July 15, 2023, the Nova Scotia Department of Labour, Skills and Immigration (“DOL”), the province’s regulator for the Donkin Mine, issued a Stop Work Order (“SWO”) at Donkin in response to a roof fall that occurred on July 15, 2023. Subsequent to quarter end, on November 10, 2023, in consideration of continued uncertainty surrounding the release of the Donkin SWO, Kameron made the decision to lay off its remaining hourly workforce at the Mine and to place the operation into an idled state with no timeline to resume operations.

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.

MORIEN RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements

(Canadian dollars)

For the nine months ended September 30, 2023 and 2022

10. Financial instruments (continued)

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

	September 30, 2023	December 31, 2022
	\$	\$
Cash	512,178	276,730
Short-term investments	1,018,786	985,764
Trade and other receivables	115,694	196,062
	1,646,658	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 expected credit loss allowance 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 September 30, 2023, the Corporation had cash and short-term investments of \$1,530,964 (December 31, 2022 - \$1,262,494) to settle current liabilities of \$75,789 (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) 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, 2023	December 31, 2022
	\$	\$
Cash	2,260	2,468
Short-term investment	1,018,786	985,764
	1,021,046	988,232

Sensitivity to a plus or minus 10% change in the USD dollar exchange rate would affect net and comprehensive loss and deficit by approximately \$102,105 (December 31, 2022 - \$98,820).

MORIEN RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements

(Canadian dollars)

For the nine months ended September 30, 2023 and 2022

10. Financial instruments (continued)

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

Fair value

During the period ended September 30, 2023 and year ended December 31, 2022, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

The Corporation's investments are level 3 equity investments in two separate entities (see note 5) with a nil fair value at September 30, 2023. The fair values of the Corporation's remaining financial assets and liabilities, which include cash, short-term investments, 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 2024, are \$2,796.