Morien Resources Corp.

Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2016 and 2015

(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 June 30, 2016 and December 31, 2015 and the unaudited condensed interim consolidated statements of comprehensive loss, change in equity and cash flows for the three and six months ended June 30, 2016 and 2015. The Corporation's independent auditors have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the June 30, 2016 and 2015 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
(Canadian dollars)

	Notes	June 30, 2016	December 31, 2015
ASSETS			
Current assets:			
Cash		**$ 2,112,577**	$ 2,616,577
Receivable	**5**	**1,594,464**	-
Other		**118,005**	27,734
		3,825,046	2,644,311
Non-current assets:			
Long-term receivable	**5**	**1,189,647**	2,778,654
TOTAL ASSETS		**$ 5,014,693**	$ 5,422,965
LIABILITIES & EQUITY			
Current liabilities:			
Trade and other payables		**$ 107,352**	$ 110,028
TOTAL LIABILITIES		**107,352**	110,028
SHAREHOLDERS' EQUITY			
Share capital	**7**	**$ 25,020,104**	$ 25,427,254
Contributed surplus		**17,726,255**	17,675,080
Accumulated other comprehensive income		**305,374**	269,791
Deficit		**(38,144,392)**	(38,059,188)
TOTAL EQUITY		**$ 4,907,341**	$ 5,312,937
TOTAL LIABILITIES AND EQUITY		**$ 5,014,693**	$ 5,422,965

Contingent liability (Note 8)
Comparative figures (Note 9)

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

MORIEN RESOURCES CORP.

Condensed Interim Consolidated Statements of Comprehensive Loss
(Canadian dollars)

	Notes	For the three months ended June 30, 2016	For the three months ended June 30, 2015	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Royalty revenue		**$ -**	$ -	**$ -**	$ 34,994
Corporate and administration		**222,113**	326,706	**458,349**	711,286
Exploration and evaluation expenses		**11,421**	16,331	**19,942**	40,450
Foreign exchange loss (gain)		**7,014**	924	**19,303**	(2,581)
Operating expenses		**(240,548)**	(343,961)	**(497,594)**	(749,155)
Finance income		**7,312**	10,076	**12,390**	18,839
Net finance income		**7,312**	10,076	**12,390**	18,839
Loss from operations		**(233,236)**	(333,885)	**(485,204)**	(695,322)
Gain on disposal of exploration and evaluation asset	**6**	**400,000**	-	**400,000**	-
Net income (loss)		**$ 166,764**	$ (333,885)	**$ (85,204)**	$ (695,322)
Other comprehensive income:					
Items which may subsequently be recycled through profit and loss:					
Unrealized gain on available-for-sale marketable securities, net of tax of $5,526		**$ 25,954**	$ -	**$ 30,126**	$ -
Fair value adjustment on long-term receivable, net of tax of nil	**5**	**4,363**	4,312	**5,457**	64,809
		30,317	4,312	**35,583**	64,809
Total comprehensive income (loss)		**$ 197,081**	$ (329,573)	**$ (49,621)**	$ (630,513)
Basic and diluted loss per share		**$ 0.00**	$ (0.01)	**$ (0.00)**	$ (0.01)
Basic and diluted weighted average number of shares outstanding		**54,463,191**	58,518,675	**54,799,710**	59,226,529

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

MORIEN RESOURCES CORP.

Condensed Interim Consolidated Statements of Changes in Equity

(Canadian dollars)

	Notes	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
Balance at January 1, 2015		59,942,248	$ 26,501,350	$ 17,584,433	$ -	$ (36,981,545)	$ 7,104,238
Total comprehensive income for the period:							
Net income		-	-	-	-	(630,513)	(630,513)
Other comprehensive income		-	-	-	64,809	-	64,809
Cancellation of shares on execution of sunset clause		(6,010)	-	-	-		-
Buyback under shares restructuring		(274,624)	(92,802)	-	-		(92,802)
Normal course issuer bid purchase of common shares	7	(2,679,500)	(611,031)	-	-	-	(611,031)
Share-based compensation		-	-	82,214	-	-	82,214
Total transactions with owners		(2,960,134)	$ (703,833)	$ 82,214	$ -	$ -	$ (621,619)
Balance at June 30, 2015		56,982,114	$ 25,797,517	$ 17,666,647	$ 64,809	$ (37,612,058)	$ 5,916,915
Balance at January 1, 2016		**55,400,614**	**$ 25,427,254**	**$ 17,675,080**	**$ 269,791**	**$ (38,059,188)**	**$ 5,312,937**
Total comprehensive loss for the period:							
Net loss		**-**	**-**	**-**	**-**	**(85,204)**	**(85,204)**
Other comprehensive income		**-**	**-**	**-**	**35,583**	**-**	**35,583**
Normal course issuer bid purchase of common shares	7	**(1,543,500)**	**(407,150)**	**-**	**-**	**-**	**(407,150)**
Share-based compensation		**-**	**-**	**51,175**	**-**	**-**	**51,175**
Total transactions with owners		**(1,543,500)**	**$ (407,150)**	**$ 51,175**	**$ -**	**$ -**	**$ (355,975)**
Balance at June 30, 2016		**53,857,114**	**$ 25,020,104**	**$ 17,726,255**	**$ 305,374**	**$ (38,144,392)**	**$ 4,907,341**

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

MORIEN RESOURCES CORP.

Condensed Interim Consolidated Statements of Cash Flows

(Canadian dollars)

	For the six months ended June 30, 2016	2015
Cash flows from operating activities:		
Net loss	**$ (85,204)**	$ (695,322)
Item not involving cash:		
Share-based compensation	**51,175**	82,214
Net finance income	**(12,390)**	(18,839)
Change in non-cash working capital	**(62,821)**	(91,747)
Cash flows from operating activities	**$ (109,240)**	$ (723,694)
Cash flows from financing activities:		
Purchase of shares for cancellation	**(407,150)**	(703,833)
Cash flows from financing activities	**$ (407,150)**	$ (703,833)
Cash flows from investing activities:		
Received from Kameron Collieries ULC	**-**	2,000,000
Interest received	**12,390**	18,839
Cash flows from investing activities	**$ 12,390**	$ 2,018,839
Increase (decrease) in cash	**$ (504,000)**	$ 591,312
Cash, beginning of period	**2,616,577**	2,802,939
Cash, end of period	**$ 2,112,577**	$ 3,394,251

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

1. Nature of operations

Morien Resources Corporation ("Morien" or the "Corporation"), a corporation domiciled in Canada, was formed when Advanced Primary Minerals Corporation ("APM") amalgamated with Erdene Resources Inc. ("ERI") on November 9, 2012 pursuant to a statutory plan of arrangement under the provisions of the *Canada Business Corporations Act*. The address of the Corporation's registered office is 99 Wyse Road, Suite 1480, Dartmouth, Nova Scotia, B3A 4S5. The condensed interim consolidated financial statements of the Corporation as at June 30, 2016 and 2015 comprise the Corporation and its subsidiary Advanced Primary Minerals USA Corp ("APMUSA"). The principal business of the Corporation is the identification, purchase, exploration and development of mineral properties.

2. 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"). 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 2015 audited annual consolidated financial statements which have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 25, 2016.

4. New standards, amendments and interpretations effective for the first time from January 1, 2016

The policies applied in these condensed interim consolidated financial statements are consistent with the policies disclosed in Notes 3 and 4 of the consolidated financial statements for the year ended December 31, 2015, except has outlined below.

(a) Clarification of Acceptable Methods of Depreciation and Amortization (amendments to IAS 16)

The amendments made to IAS 16 explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefit embodied in the asset. These adopted amendments did not have a material impact to the financial statements.

(b) Disclosure Initiative: Amendments to IAS 1

On December 18, 2014 the IASB issued amendments to IAS 1 Presentation of Financial Statements as part of its major initiative to improve presentation and disclosure in financial reports (the "Disclosure Initiative"). These adopted amendments did not have a material impact to the financial statements.

5. Receivable

Each reporting period, the Corporation revalues the remaining \$3.5 million cash consideration owed to the Corporation by Kameron (\$2.0 million due no later than February 2017 and \$1.5 million due no later than February 2018). The fair value adjustment is recorded, net of any tax effect, in accumulated other comprehensive income until the funds are received, at which point the adjustment will flow through the statement of loss. The revaluation resulted in other comprehensive income of \$5,457 in the six months ended June 30, 2016 (2015 - \$64,809). In management's view, the collection of these future amounts is highly dependent on the mine proceeding towards commercial production.

5. Receivable (continued)

As the future amounts to be received by the Corporation are highly dependent on the development and operation of the project, they may be higher or lower than initially estimated. Changes in these estimates will be recorded in future periods as these uncertainties are resolved and the actual cash payments are received. These amounts may differ materially from the amounts initially estimated.

6. Gain on sale of exploration and evaluation asset

On May 5, 2016, the Corporation received a $400,000 milestone payment from Vulcan following receipt of the positive provincial and federal environmental approvals. Morien is due to receive an additional $400,000 milestone payment from Vulcan upon the completion of related and pending permitting agreements for Black Point.

7. Share Capital

- Under the terms of a normal course issuer bid ("NCIB") dated January 26, 2016, Morien may acquire up to 1,198,000 shares in a 30 day period, up to a maximum of 4,455,000 shares in the period up to January 31, 2017, representing approximately 10% of the public float of Morien prior to commencement of the NCIB. Such purchases will be made through the facilities of the TSX Venture Exchange. Morien purchased and cancelled 1,543,500 shares in the six months ended June 30, 2016 (2015 – 2,959,134) at a total cost of $407,150 (2015 – $611,031).
- In the prior year, effective June 15, 2015, the Corporation purchased 274,624 shares from small and odd-lot shareholders via a share restructuring whereby shareholders owing less than 1,000 shares were bought out. Full details of the purchase are outlined in the Corporation's May 7, 2015 press release. The cost to repurchase the 274,624 shares was $92,802, including transaction costs.
- On April 17, 2015, the Corporation acted on a sunset clause related to an arrangement dated October 15, 2002 between 2016507 Ontario Ltd., 2016964 Ontario Limited and Highwood Resources Ltd., a predecessor company to Morien Resources Corp. By acting on the sunset clause, 6,010 common shares being held under a depository agreement were cancelled.

8. Contingent liability

In connection with the sale of the Corporation's 25% interest in the Donkin Coal Project, the Corporation gave an indemnification to Kameron Collieries ULC with respect to certain possible litigation matters related to the Donkin Coal Project and other related matters. No such claims or litigation have been initiated and the financial amount of potential claims cannot be reasonably estimated, although it is possible that such claims could be material. The Corporation has concluded that it is not probable that liability will result from these matters or from the indemnity and therefore no amount has been accrued in the financial statements.

9. Comparative figures

Certain comparative information for 2015 has been reclassified to conform to the presentation adopted in the 2016 financial statements.