Management's Discussion and Analysis
Quarter ended September 30, 2021

This Management Discussion and Analysis ("MD&A") dated November 22, 2021 relates to the operating results and financial condition of Morien Resources Corp. ("Morien" or the "Corporation") and should be read in conjunction with the Corporation's unaudited condensed interim consolidated financial statements for the periods ended September 30, 2021 and 2020, audited consolidated financial statements as at and for the years ended December 31, 2020 and 2019 and the notes thereto.

The following discussion and analysis include consolidated financial information relating to the Corporation's subsidiaries and is presented in Canadian dollars in accordance with International Financial Reporting Standards ("IFRS") as outlined in the CPA Canada Handbook.

Forward-Looking Statements and Third-Party Information

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion other than statements of historical fact, including those that address future milestone and royalty payments, the potential impact of the COVID-19 pandemic on the Corporation's business, the acquisition of additional mineral assets, expected working capital requirements, future purchases under the Corporation's Normal Course Issuer Bid, future dividend payments, exploration and evaluation activities, and events or developments the Corporation expects, are forward-looking statements. Although the Corporation believes the expectations expressed in such forward-looking statements are based on reasonable assumptions (including assumptions relating to economic, market and political conditions, the Corporation's working capital requirements and the accuracy of information supplied by the operators of the properties in which the Corporation has a royalty interest), such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, evaluation and development results, continued availability of capital and financing and general economic, market or business conditions.

The risk factors identified above are not intended to represent a complete list of the factors which could affect the Corporation. Additional factors are noted under Financial Instruments and Other Risks below.

Any financial outlook or future-oriented financial information in this MD&A, as defined by applicable securities legislation, has been approved by management as of the date of this MD&A. Such financial outlook or future oriented financial information is provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that such outlook or information should not be used for purposes other than for which it is disclosed in this MD&A.

Third-Party Information

Except where otherwise stated, the disclosure in this MD&A relating to properties and operations on the properties in which the Corporation holds royalty interests is based primarily on information disclosed by the owners or operators of these properties publicly or directly to the Corporation and information available in the public domain. As a royalty holder, the Corporation has limited, if any, access to properties included in its royalty portfolio. The Corporation is dependent on the operators of the properties to provide information to the Corporation or on publicly available information to prepare required disclosure pertaining to properties and operations on the properties on which the Corporation holds royalty interests and generally has limited or no ability to independently verify such information. Additionally, the Corporation has, and may from time to time receive, operating information from the owners and operators of these properties which it is not permitted to disclose to the public. Although the Corporation does not have any knowledge that such information may not be accurate, there can be no assurance that such information is complete or accurate.

Nature of Business

Morien is a Canada-based, mining development company focused on the identification and purchase of mineral projects. The Corporation holds two royalty interests in coal and aggregates on tidewater-accessed projects in Nova Scotia, Canada. The Donkin Coal Mine ("Donkin", "Donkin Mine" or the "Mine") commenced production in 2017. It ceased operations in March 2020 due to adverse geologic conditions and was placed on care and maintenance. The Black Point Aggregate Project ("BP Project" or "Black Point") has received positive environmental assessment decisions from both federal and provincial authorities and the Corporation is receiving advanced minimum royalty payments ("Advanced Payments") on a quarterly basis, although production has not yet begun. Morien has a Normal Course Issuer Bid ("NCIB"), renewed annually since 2015, through which it has purchased 13.6 million of the Corporation's outstanding common shares. The Corporation has been focused on identifying mineral projects to purchase, specifically additional royalty assets to complement its existing assets, but has suspended those efforts until the status and extent of the care and maintenance program at Donkin Mine is better understood.

Third Quarter 2021 Update

During the three months ended September 30, 2021:

- Morien management continued to dedicate significant resources to advocating for conditions that are favorable to restarting operations at the Donkin Mine and reducing, where possible, potential barriers to such a restart;
- Received an Advanced Payment of $29,514 from Vulcan Materials Company related to Black Point;
- Ended the quarter with approximately $2.3 million in working capital (Q2 - $2.4 million).

Impact of the COVID-19 Pandemic

The Corporation continues to support measures to address the COVID-19 pandemic and its employees continue to work remotely.

There remains uncertainty over the extent and duration that COVID-19 related impacts may have on the Corporation, as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. Any new or threatening outbreaks of a contagion could have a material adverse effect on the Corporation and its business. Further details on COVID-19 related risks to the Corporation are provided below in the "Financial Instruments and Other Risks" section of this MD&A.

The Corporation ended the third quarter of 2021 with approximately $2.3 million in working capital and remains debt-free. The Corporation's low corporate overhead expenses, in addition to its working capital and quarterly Advanced Payments from Vulcan Materials Company, afford the Corporation the ability to manage these challenging times.

Project Developments

Donkin Coal Mine – Nova Scotia, Canada

Description of Morien's Royalty

The Corporation owns a gross production royalty on coal sales from the Donkin Mine in Cape Breton, Nova Scotia, owned by Kameron Collieries ULC ("Kameron"), a subsidiary of The Cline Group LLC. Morien's royalty consists of 2.0% of the revenue from the first 500,000 tonnes of coal sales per calendar quarter, net of certain coal handling and transportation costs, and 4.0% of the revenue from coal sales from quarterly tonnage above 500,000 tonnes, net of certain coal handling and transportation costs ("Donkin Royalty"). The royalty is payable to Morien on a quarterly basis. The Donkin Royalty is binding on Kameron and its successors in interest in the Mine for the duration of the Mine's lease.

Recent History of the Donkin Mine

In March, 2020, Kameron announced that it was ceasing production operations at the Donkin Mine due to adverse geologic conditions. The Mine has not been sealed and is being maintained by a small staff of Kameron employees to ventilate and keep the Mine facility dewatered and properly ventilated during an idled phase of care and maintenance for an indeterminate period of time.

Before idling the Mine, Kameron was in the Development Phase of the operation where two coal sections (each containing two continuous miner units) were actively developing the Mine's main underground infrastructure and the first production panel to allow for the long-term and highly active Production Phase, which would incorporate retreat mining. For the retreat mining phase, Kameron was evaluating the viability of installing a longwall mining system which would have reduced its operating costs and significantly increased production volumes. The majority of the submarine coal deposits in Cape Breton's Sydney Coalfield were mined via the longwall method owing to the favorably flat-lying nature of the target coal seams. From 2012 to 2014, Foresight Energy, a prior subsidiary of The Cline Group, successfully operated three of the four most productive underground coal mines in the United States.

During the Development Phase, Kameron occasionally experienced localized roof instability issues at Donkin where material fell from the ceiling (roof) of certain sections of old parts of the Mine and certain sections of Kameron's tunnel operations. These fall occurrences, however, are common to underground coal mining operations. The U.S. underground coal mine industry experiences on average 440 roof falls per year[1]. In Donkin's case, all roof falls occurred in areas where the risk was already identified by Kameron employees, and precautionary measures had been taken. That is the primary reason why no one was ever injured from a roof fall at Donkin.

From 2016, when the Mine development and tunnel refurbishment work started, to the end of 2019[2], Kameron's mine injury rate was 43% less than the U.S. national underground coal mine injury rate, and none of Kameron's injuries were related to a roof fall. Donkin's safety record is also exemplary when compared to other Nova Scotia sectors; in 2019, Nova Scotia saw 5,663 Time Loss Claims across 19 sectors, with the Donkin operation only accounting or 0.1% of those claims[3].

When roof falls occur, best practices have the operator (Kameron) notify the local safety regulator, which in Nova Scotia's case is the Nova Scotia Department of Labour and Advanced Education ("NS LAE"). Kameron and NS LAE worked jointly to assess the cause and determine the appropriate remediation procedures.

However, Nova Scotia's underground coal-mining regulations were developed in 2001, and the Donkin Mine was the first underground coal mine to operate under those regulations. Owing to the relatively inexperienced nature of the NS LAE regulators, they had been working with the outside assistance of coal mining safety

[1] U.S. Mining Safety and Health Administration; average taken from the period 2016 to 2018 (2019 data not available at the time of writing this report).

[2] U.S. Mining Safety and Health Administration; average taken from the period 2016 to 2019.

[3] Workers Compensation Board of Nova Scotia

experts from the U.S. Mining Safety and Health Administration ("MSHA") to provide it with advanced expertise to properly assess any potential revisions to Kameron's ground control procedures (including roof bolting) at the Mine. On February 14, 2020 NS LAE stated in a local media publication that MSHA, who have toured the Mine in the past, reported that Kameron's previous roof control procedures at Donkin "exceeded industry best practices for safety."

In February 2020, Kameron experienced two localized roof falls in one of the operating coal sections over an area where a localized zone of roof geology differed from the typical rock strata of the Mine in that it was weaker. As with all prior roof falls at Donkin, no one was injured. Following the last roof fall, a Kameron spokesman, Paul McEachern, said on February 14, 2020 – "the miners are trained to identify signs of [rock] stress. This wasn't a sudden event. There were signs of this."

Subsequent to the two February roof falls, NS LAE issued stop work orders to Kameron, and following standard procedure, Kameron and NS LAE jointly commenced an assessment of the area of adverse geology with a plan to devise a remediation program for that specific zone and any other future similar occurrences.

However, as a result of COVID-19 related travel restrictions, MSHA consultants from the United States were not available to visit Nova Scotia to assess the geology in the area of the roof falls or to provide NS LAE with advice regarding Kameron's ground control procedures. On March 30, 2020, when Kameron made the decision to idle the Mine, the operation was still under a stop work order for the affected coal section.

As mentioned above, the Mine has not been sealed and is being maintained by a small staff of Kameron employees to ventilate and keep the facility dewatered and properly ventilated during an idled phase of care and maintenance for an indeterminate period of time.

The Corporation is unaware of Kameron's timeline to restart operations at Donkin, or if they, or any successor, will. The assessment and potential resolution of the adverse geology at Donkin will take substantial efforts by the NS LAE, MSHA experts, Kameron and other professionals in this field and will be contingent on Kameron's resolve to recommence operations based on its own circumstances. If Kameron decides to undertake this process, it could take a significant amount of time, as the utmost care, caution and expertise must be deployed. It would not be accurate to categorize the time to conduct these steps as short or to say that Donkin is temporarily suspended. There is no guarantee that operations will ever recommence at Donkin under Kameron's ownership or otherwise.

Donkin's Positive Attributes

- The Mine has received approximately CAD $250 million in capital investment from Kameron since 2015;
- Since the Mine commenced operations in 2017, its coal has been marketable overseas primarily as a high-volatile, semi-soft B type steelmaking coal (low ash, high vitrinite content, high fluidity, high crucible swell number), and overseas and locally as a low ash (3%), high energy (>14,000 BTU/lb) thermal coal;
- The Mine is a short, 30-kilometre truck haul to the Provincial Energy Ventures Ltd.'s ("PEV") port facility in Sydney, Cape Breton, responsible for handling all of the exported coal from Donkin;
- In mid-2020, PEV acquired, and received delivery of, a large barge-mounted ship loader to allow for expedited loading of coal onto ocean-going vessels, and finished dredging the sea floor around its export facility to a depth of approximately 16.5 metres to accommodate larger, Capesize vessels to significantly reduce the cost of transporting Donkin coal to overseas markets;

- In mid-2021, the Canadian Coast Guard announced that it will be moving forward with a $4.5 million upgrade to the navigational aid lights in the Port of Sydney, the last remaining component to being able to receive Capesize vessels in Sydney Harbour; and
- The Donkin mining lease contains a substantial coal resource (30+ year mine life) – production assumptions based on a Probable Mineable Reserve of 58 million tonnes. The Reserve estimate is based on an Indicated Resource of 174 million tonnes, which does not include an additional 172 million tonnes of Inferred Resources[5].

Morien's Royalties from Kameron

Morien recognized the following royalties from Kameron between Q3 2018 and Q1 2021:

Expressed in thousands of Canadian dollars

	Fiscal 2021			Fiscal 2020				Fiscal 2019				Fiscal 2018
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Royalty	—	—	61	43	—	—	206	270	252	119	169	298

Q4 2020 and Q1 2021 Coal Sales

Following Kameron's decision to place the Donkin Mine on care and maintenance, an unknown quantity of previously mined and stockpiled Donkin coal was left at the Mine site and at the nearby PEV Port. Kameron sold a portion of this coal during Q4 2020 and Q1 2021, for which Morien received royalties of $42,885 and $60,776, respectively.

Description of Mine and Royalty Payment Potential

The Donkin Mine is currently permitted for run-of-mine annual production of 3.6 million tonnes, which would produce approximately 3.0 million saleable tonnes after being washed in the onsite coal handling and preparation plant. At 3.0 million saleable tonnes and using a wide range of coal pricing (C$60 to $200 per tonne), royalty payments to Morien, should the Donkin Mine recommence production, could be in the order of C$5 to $16 million annually. Morien incurs general and administrative expenses in respect of the administration and preparation of regulatory filings as a public company and from the collection of royalty revenues. These values are only estimates based on assumptions that Morien management consider reasonable as of the date of this MD&A and would only be achieved if Donkin resumed operation and only if Donkin reached permitted production levels. There is a significant risk that operations may not recommence at Donkin under Kameron's ownership or otherwise. Future results and royalties received, if any, subject primarily to production rates and coal pricing, may vary from those estimated by Morien[4].

Market Update – Steelmaking Coal

Metallurgical coal is a critical ingredient in the manufacturing of steel, and thus its demand closely follows that of global manufacturing and steel production. To illustrate this point, approximately 0.8 tonnes of metallurgical coal is required to produce one tonne of steel[5].

While some kinds of steel can be made by other processes, including using scrap steel in electric arc furnaces, 73% of global steel production currently relies on metallurgical, or steelmaking, coal[6]. This is forecast to

[4] The above technical disclosures are consistent with the information in the technical report titled "Technical Report, Donkin Coal Project, Cape Breton, Nova Scotia, Canada" dated Nov 2012, found on Morien's SEDAR profile

[5] World Steel Association

[6] Wood Mackenzie, Metallurgical Coal Market Overview and Donkin Assessment, August 2021

drop to 65% by 2040 as electric arc furnaces increase market share due to increased scrap availability and an increasing focus on reducing carbon emissions[6].

In response to the COVID-19 pandemic, global steel production decreased by 0.2% in 2020 year-over-year ("yoy")[5]. This in turn resulted in a 13% decrease in the global demand for seaborne steelmaking coal which fell 12.5% from 310 to 271 million tonnes[7].

Thus far in 2021, global manufacturing and industrial production are continuing to show growth in all major regions, a positive sign for steelmaking raw materials like steelmaking coal. In October 2021, the global manufacturing Purchasing Managers' Indices ("PMI"), an important gauge of worldwide business activity, was 54.3, not far off its 11-year high in May 2021[8]. Thus far in the fourth quarter, output growth has slowed and been stymied by substantial disruption to raw material deliveries, resulting input shortages, rising cost inflation and a near-stalling of international trade flows[8]. However, according to the International Monetary Fund ("IMF"), the global economy is still expected to expand at 5.9% this year, the fastest pace since 1980, as advanced economies spend aggressively to counter the impact of COVID-19 and related lockdowns[9]. The IMF is forecasting 4.9% growth for 2022, versus -3.1% in 2020 and 2.8% in 2019.

As a result of this growth, world steel demand has been stronger than expected, with forecasts anticipating a growth in demand of 4.5% in 2021, reaching 1,855 million tonnes, after 0.1% growth in 2020[10]. In 2022, steel demand is expected to see a further increase of 2.2% to 1,896 million tonnes[10].

In response to increased steel demand, prices for steelmaking coal are up amid tight availability. Atlantic-origin, high-volatile semi-soft B coal, a similar grade of steelmaking coal to which resides at the Donkin Mine, has rebounded from a low of US$97 per tonne in Q3 2020 to US$320 per tonne at the time of writing this report, a 230% increase[11].

Long-term, global steel demand is forecast to grow at a compound annual growth rate ("CAGR") of 0.6% from 2020 to 2040, reaching nearly 2 billion tonnes by 2040[12]. Steel demand in China, which accounts for nearly half of global steel demand, is expected to peak in the 2020's as the economy shifts from being driven by investment and industrial production to consumption and services. In the Indian economy, its vast growth aspirations are central to the next 20 years steel demand outlook, where urbanization and electrification for a massive and growing population are expected to result in steel demand increasing by more than threefold to over 250 million tonnes by 2040[6]. Additionally, in the Southeast Asia region, steel demand growth is forecast to increase at a CAGR of 3.5% to 2040, where the region is focusing on infrastructure development for improving connectivity to propel investments and manufacturing competitiveness[6].

As a result of steady growth in markets like India, Southeast Asia and Brazil, the demand for seaborne steelmaking coal is forecast to reach 390 million tonnes in 2040 (2020 - 293 million tonnes)[6]. For the semi-soft coal variety, seaborne demand is forecast to increase at a CAGR of 1.6% in the 2020 to 2040 period[6]. According to Wood Mackenzie, new steelmaking coal projects will need to be developed as a significant gap between seaborne steelmaking supply and demand emerges over the next decade[6].

Morien management believe that limited global capital investment in new steelmaking coal mines, as well as economic pressure on higher cost production sources like the U.S., normal reserve depletion, global population growth, urbanization, and a growing middle class in the Asia-Pacific, in conjunction with there

[7] International Energy Agency, Coal 2020 - Analysis and Forecast to 2025, December 2020

[8] J.P. Morgan Global Manufacturing PMI, November 2, 2021

[9] International Monetary Fund, World Economic Outlook, October 2021

[10] World Steel Association, World Steel Short Range Outlook, October 14, 2021

[11] S&P Global Platts, Coal Trader International

[12] Metallurgical Coal Market Overview and Donkin Assessment, Wood MacKenzie, August 2021

being no commercially viable replacement to steelmaking coal in a world demanding plenty of high-quality steel, will provide support to long-term steel demand and the steelmaking coal required to produce it.

Market Update – Thermal Coal

While steelmaking coal is used to manufacture steel, thermal coal is used to generate electricity. Unlike steelmaking coal, thermal coal has competition in the form of natural gas, nuclear, oil, and renewable energies, particularly wind and solar.

In 2020, global electricity demand fell 1%, which led to a 4.6% decline in global coal-fired generation[13]. However, in 2021, coal-fired generation, and thus thermal coal demand, have rebounded strongly, spurred by increased economic activity and rising natural gas prices. This prompted substantial switching to the use of thermal coal to generate electricity in key markets, including the U.S., Europe, and Asia. According to October 2021 pricing data by Bloomberg Finance L.P, natural gas prices were up nearly twentyfold in Asia to USD$35/MMBtu and thirtyfold in Europe to $40/MMBtu, from record lows during the summer of 2020.

Despite all the capacity additions in renewable energy generation, the amount of power currently generated by renewables is still not enough to meet the annual increases in energy demand that arise from population growth and urbanization. Global electricity demand is set to increase 5% in 2021 and 4% in 2022, according to the energy analytics firm International Energy Agency ("IEA"). According to global energy analytics firm, S&P Global Platts, the global supply of renewable energy will grow by 35 gigawatts ("GW") from 2021 to 2022, but global power demand growth will go up by 100 GW over the same period. Projections from the IEA tell a similar story; the amount of electricity generated from renewables is set to increase by 8% in 2021 and more than 6% in 2022[14]. However, the IEA states that despite these rapid increases, renewable energy is expected to be able to serve only around half of the projected growth in global demand in 2021 and 2022. Fossil fuel-fired generation, primarily thermal coal, will need to increase to meet this energy demand. The IEA expects coal-fired electricity generation to exceed pre-pandemic levels in 2021, growing by 5%, and to grow a further 3% in 2022 to reach an all-time high[11].

According to the IEA, existing coal-fired power plants in emerging market and developing economies are relatively young (average age of 13 years) versus the developed world (average age of 35 years). The IEA estimates that more than US$1 trillion of capital has yet to be recovered in younger coal generation plants in the Asia-Pacific region, which accounts for two-thirds of global capacity[15].

In China, the world's largest coal market, thermal coal generated 66% of its electricity in the first four months of 2021, higher than the corresponding periods in 2019 and 2020, despite a record expansion in renewables generation[13]. This was driven by rapidly growing power demand and weak hydropower generation.

In India, the world's third-largest energy market, as a result of rising incomes and improving living standards, total energy use has doubled since 2000, with 44% of the country's energy currently coming from thermal coal[16]. Over the coming years, as India recovers from a COVID-induced downturn, millions of Indian households are set to buy new appliances, air conditioning units and vehicles. Even at relatively modest assumed urbanization rates, India is expected to add approximately 270 million people to its urban population from 2020 to 2040. To meet this growth in electricity demand, India will need to add a power system the size of the European Union to what it has now. While India has committed to add more capacity through non-fossil sources of generation, thermal coal-based generation capacity is expected to play an important role[17].

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[13] International Energy Agency, Coal-Fired Power, November 2021

[14] International Energy Agency, Electricity Market Report, July 2021

[15] International Energy Agency, World Energy Outlook 2021

[16] International Energy Agency, India Energy Outlook 2021, February 2021

[17] Reuters, India may build new coal plants due to low cost despite climate change, April 2021

To meet increased energy demand, several countries are in the process of constructing new coal generation plants. In 2020, the world added 50.3 GW of new coal plants to the global grid; 38.4 GW in China; and 11.9 GW in the rest of the world. In China, the government lowered restrictions on building new plants, allowing for greater construction approvals in more provinces[13]. China now has 247 GW of coal power under development, a 21% increase over end-2019 (205 GW), and nearly two times Canada's entire coal-fired capacity[18]. Final investment decisions for coal-fired power plants also gained speed in Cambodia, Indonesia and Pakistan in 2020, with these three countries together approving almost 5 GW of new coal capacity[13]. Eighteen countries currently using coal for electricity generation have agreed to phase out its use. However, these 18 countries collectively cover only 4.1% of global coal-fired generation[13].

Seaborne thermal coal markets have remained very strong throughout 2021. As of the date of this MD&A, the assessed price of thermal coal in the Atlantic region has risen over 290% to approximately US$144 per tonne from its low of $37 per tonne in April 2020[19].

Although seaborne thermal coal demand remains high the commodity still faces challenges over the long-term from competing fossil fuels, particularly natural gas, and a secular shift toward renewable energy. However, continued annual growth in global power demand, primarily in the Asia-Pacific region, is expected to continue supporting thermal coal's longevity as a competing fuel source[20].

Black Point Aggregate Project – Nova Scotia, Canada

The Black Point Aggregate Project is a granite deposit located along the southern shore of Chedabucto Bay in Guysborough County, Nova Scotia, with suitable characteristics for the development of a crushed stone marine export operation for supplying markets in the eastern U.S. and Caribbean region.

In 2014, Morien entered into agreements ("Agreements") with Vulcan Materials Company ("Vulcan"), the United States' largest aggregate producer, and the Municipality of the District of Guysborough, for the development of the BP Project. Under the terms of the Agreements, Vulcan assumed Morien's interest in Black Point and became manager and operator in exchange for milestone payments totaling $1,800,000 and a production royalty payable to Morien over the 50+ year life of the project. The first payment of $1,000,000 was received in 2014 on signing and transfer of interest to Vulcan.

In April 2016, the BP Project received positive environmental assessment decisions from both federal and provincial authorities. In May 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 and final milestone payment of $400,000 from Vulcan upon the completion of related and pending permitting agreements for Black Point.

In April 2018, Vulcan was granted a two-year extension by the Nova Scotia provincial government for the BP Project. In March 2020, Vulcan applied for a second two-year extension for the BP Project and was subsequently granted approval in April 2020 by the Nova Scotia provincial government. Vulcan has indicated the target market conditions for crushed stone from the Black Point location are still short of their original expectations.

In May 2020, Frank Lieth, Vulcan's Vice President of Black Point Aggregates Inc., a wholly owned subsidiary of Vulcan, reaffirmed Vulcan's commitment to Black Point - "While conditions are not yet ready for Black Point Aggregates to break ground, we maintain our strong interest in the Project. The target market conditions for crushed stone from the Black Point location are still short of our original expectations. Although the time is not quite right to move forward, we will continue to invest in the project and work to

[18] Global Energy Monitor, Tracking the Global Coal Plant Pipeline, April 2021
[19] S&P Global Platts, Coal Trader International
[20] BP Statistical Review of World Energy 2020, 69th Edition

meet the requirements outlined in the April 26, 2016, environmental approval. We are not going anywhere - we remain very much committed to the community, stakeholders, and agreements made."

According to the conditions of the extensions, Vulcan must within two years of the approval of the date of the extension (April 2022), commence work on the BP Project unless granted a further written extension by the Minister of Environment.

Since Q3 2017, Morien has received an advanced minimum royalty payment ("Advanced Payments") of $25,000 per quarter from Vulcan, subject to annual inflationary adjustments according to the Producer Price Index for crushed stone[21]. All Advanced Payments are recorded by Morien as unearned revenue and will be credited against future production royalties from Black Point.

Black Point's Positive Attributes

- Sizeable resource of approximately 400 million tonnes according to Vulcan's internal estimates;
- Mine life of 50+ years;
- Project is adjacent to deep water (>14 metres), which is sheltered and ice-free, enabling construction of a deep-water marine terminal for aggregate shipment to the United States *;
- Very high quality, "Class-A" construction aggregate well suited for the concrete and asphalt market; and
- Black Point has received environmental permits and has strong community support.

* In the U.S. market, the majority (80% or more) of aggregates are transported by truck from the quarry to the consumer. This form of transport is expensive and limits the typical aggregate operation to a market radius of about 80 kilometres from the quarry. Competition of aggregates is thus constrained by the distance materials can be transported efficiently, resulting in predominantly local or regional operations. The southeastern U.S. aggregate market is a prime target for bulk vessel transported aggregate due in part to the geologic absence of suitable aggregate resources in coastal areas.

Market Update – U.S. Aggregate Sector

The U.S. aggregate sector provides the basic crushed stone materials that are needed to maintain and expand the country's deteriorating infrastructure, ranked 13th globally[22]. Aggregate, or crushed stone, is used in three primary end-use markets; public construction (highways, bridges, buildings, airports, etc.); private nonresidential construction (manufacturing, retail, offices, industrial and institutional); and private residential construction (houses, apartments, and condominiums)[23].

From the onset of the COVID-19 related shutdowns, the aggregate sector in the U.S. was designated an "essential business". However, as a result of economic uncertainty caused by the pandemic, aggregate demand within most key markets declined in 2020. According to Dodge Data and Analytics ("DDA"), a provider of construction project data for the U.S. aggregate market, total construction starts in the U.S. decreased by 10% in 2020.

As of November 2021, the U.S economy was 7% below pre-pandemic levels, according to the Moody's Analytics/CNN Business Back to Normal Index. With the COVID-19 vaccine roll out progressing and the reopening of most states, the U.S. appears to be back on a path to recovery. For the first nine-months of 2021, total construction starts in the U.S. have increased 13%, versus 15% for the first six-months of 2021,

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[21] In Q3 2020, the Advanced Payment was adjusted for PPI to $28,319.

[22] White House briefing note - The American Jobs Plan, March 2021

[23] U.S. Geological Survey, Crushed Stone Statistics and Information

according to DDA[24]. The third quarter of 2021 has seen a modest decline in construction starts versus the first six-months of the year owing to concerns over rising prices, shortages of materials, and scarce labor availability[24]. The overall growth in construction activity in 2021 has been largely helped by robust fiscal stimulus that has resulted in a significant level of economic growth anticipated to extend into 2022. According to DDA's mid-year report, this year and next are expected to be the top two consecutive years for economic growth dating back to 1950-1951[25]. This positive economic activity is reflected in DDA's Dodge Momentum Index ("DMI"), which provides a one-year advanced look for trends in construction spending. As of September 2021, the DMI was nearing a 13-year high. Total aggregate consumption in 2021 is expected to increase 4.1% and a further 3.9% in 2022[26].

Of major significance to short- and long- term U.S. crushed stone demand are Federally legislated infrastructure stimulus packages. On November 15, 2021, U.S. President Joe Biden signed into law the US$1.2 trillion Infrastructure Investment and Jobs Act ("IIJA"), the largest U.S. infrastructure investment in decades. The IIJA consists of US$550 billion in new spending over five years, with the remaining investment comprised of previously authorized funding, including the US$303 billion highway bill passed in May 2021[27]. The $550 billion in new federal spending is largely dedicated to physical infrastructure projects, including $110 billion on new funds for road and bridges, and $66 billion for new rail. According to Jefferies Group LLC, the IIJA is an approximately 50% increase from the previous five-years of funding, with the largest step-up in funding occurring in 2022, followed by low-single digit annual growth over the remainder of the bill. The White House has stated the IIJA is the largest federal investment in public transit in U.S. history, providing the largest federal investment in passenger rail since the creation of Amtrak, and represents the single largest dedicated bridge investment since the construction of the interstate highway system[28].

On a company-specific basis, Vulcan Materials' aggregates shipments for the first nine-months of 2021 increased 5.0%, versus the same period in 2020, from 157.2 to 165.1 million tonnes[29]. During the same period, the freight-adjusted selling price for aggregates increased 2.8% from US$14.45 to $14.86 per tonne. Vulcan's gross profit for its aggregates segment increased 9.8% from $883 to $970 million due to growth in both volume and price. In August, Vulcan closed the acquisition of US Concrete for US$1.3 billion. According to Vulcan, the transaction will expand and diversify its already strong footprint into the Northeast, by introducing it to attractive new markets in New York and New Jersey[30].

Project Generation

From 2017 to 2019, as the Donkin Mine went into production and as the Corporation's royalty payments grew, Morien evaluated multiple royalty assets to purchase to complement its existing royalty portfolio. The Corporation focused its efforts on long-life, cash-flowing, or near-to cash-flowing, royalties in the industrial mineral and bulk commodity market segments in North America. The Corporation has suspended its project generation efforts until the status and extent of the care and maintenance program at the Donkin Mine is better understood. How the Corporation funds future acquisitions (either by cash, shares, debt or a combination) will depend on numerous factors, including the size of the transaction and the financial considerations of Morien at the time of acquisition.

[24] Dodge Data & Analytics, Total Construction Starts Rebound in September, October 19, 2021
[25] Dodge Data & Analytics, A Mid-Year Outlook for the Construction Industry, July 23, 2021
[26] Pit & Quarry, Looking to 2022 and Beyond, November 2021
[27] Reuters, What's in the U.S. Senate's bipartisan $1 trillion infrastructure bill?, August 3, 2021
[28] White House Update: Bipartisan Infrastructure and Investment Jobs Act, August 2, 2021
[29] Vulcan Materials Company, Third Quarter 2021 Results, November 4, 2021
[30] Vulcan Materials Company Q2 2021 Earnings Call Transcript, August 4, 2021

Selected Annual Financial Information

The following information has been extracted from the Corporation's audited consolidated financial statements.

Expressed in thousands of Canadian dollars except per share amounts

	For the Years Ended December 31		
	2020	2019	2018
Revenues	**249**	810	920
Corporate and administration expenses	**628**	700	625
Exploration and evaluation expenses	**—**	138	48
Loss from operations	**(561)**	(45)	(578)
Gain on sale of land	**—**	938	—
Net income (loss) for the year	**(561)**	893	(572)
Basic and diluted income (loss) per share	**(0.01)**	0.02	(0.01)
Additions to unearned revenue	**112**	111	100
Purchase of shares for cancellation	**431**	772	847
Increase (decrease) in cash	**(1,486)**	168	(786)
Working capital at year-end	**2,645**	3,467	3,308
Cash dividends declared	**132**	532	537
Cash dividends declared per share	**0.0025**	0.01	0.01

Discussion of Operations

Three months ended September 30, 2021 and 2020

The Advanced Payment received for Black Point in the third quarter of 2021 of $29,514 (2020 - $28,320) contributes to cumulative unearned revenue of $459,312 as at September 30, 2021 (December 31, 2020 - $373,159).

Corporate and administration expenses amounted to $111,317 for the three months ended September 30, 2021 (2020 - $146,175), a decrease of $34,858. The decrease in ongoing costs year-over-year is attributable to reduced investor relations activity and reduced office lease costs in the current year.

The table below provides a breakdown of the corporate and administration expenses for the three months ended September 30, 2021 and 2020.

	For the Three Months Ended September 30		
	2021	2020	Change
	$	$	$
Employee costs	**71,314**	85,166	(13,852)
Investor relations and communications	**5,215**	23,351	(18,136)
Office and sundry	**6,734**	8,275	(1,541)
Professional fees	**13,139**	14,148	(1,009)
Regulatory compliance	**14,915**	15,235	(320)
	111,317	146,175	(34,858)

Non-cash, share-based compensation was $nil for the three months ended September 30, 2021 (2020 - $nil).

Exploration and evaluation expenses were $43,848 for the three months ended September 30, 2021 (2020 - $nil), related to the Corporation's on-going Donkin-related advocacy efforts.

The table below provides a breakdown of the exploration and evaluation expenses for the three months ended September 30, 2021 and 2020.

	For the Three Months Ended September 30		
	2021	2020	Change
	$	$	$
Employee and contract costs	**—**	—	—
Other	**43,848**	—	(43,848)
	43,848	—	(43,848)

Net and comprehensive loss for the three months ended September 30, 2021 was $131,475 or ($0.00) per share compared to net and comprehensive loss of $162,173 or ($0.00) per share in 2020.

Other than mentioned above, there were no unusual events or items during the third quarter of 2021 that affected the Corporation's financial condition, cash flows or results of operations in a material nature.

Nine months ended September 30, 2021 and 2020

The Corporation recognized $60,776 in royalty revenue in the nine months ended September 30, 2021 (2020 - $206,350) from Kameron related to sales of stockpiled Donkin coal. The Advanced Payments received for Black Point in the nine months ended September 30, 2021 of $86,153 (2020 - $83,907) contributes to cumulative unearned revenue of $459,312 as at September 30, 2020 (December 31, 2020 - $373,159).

Corporate and administration expenses amounted to $411,862 for the nine months ended September 30, 2021 (2020 - $503,038), a decrease of $91,176.

The table below provides a breakdown of the corporate and administration costs for the nine months ended September 30, 2021 and 2020.

	For the Nine Months Ended September 30		
	2021	2020	Change
	$	$	$
Employee costs	**227,350**	248,663	(21,313)
Investor relations and communications	**39,289**	70,262	(30,973)
Office and sundry	**25,619**	31,161	(5,542)
Professional fees	**42,694**	62,312	(19,618)
Regulatory compliance	**76,910**	90,640	(13,730)
	411,862	503,038	(91,176)

Non-cash, share-based compensation was $nil for the nine months ended September 30, 2021 (2020 - $189,676).

Exploration and evaluation expenses were $74,974 for the nine months ended September 30, 2021 (2020 - $nil).

The table below provides a breakdown of the exploration and evaluation expenses for the nine months ended September 30, 2021 and 2020.

	For the Nine Months Ended September 30		
	2021	2020	Change
	$	$	$
Employee and contract costs	—	—	—
Other	**74,974**	—	74,974
	74,974	—	74,974

Net and comprehensive loss for the nine months ended September 30, 2021 was $419,638 or ($0.01) per share compared to net and comprehensive loss of $438,400 or ($0.01) per share in 2020.

Summary of Quarterly Results

Expressed in thousands of Canadian dollars except per share amounts

	Fiscal 2021			Fiscal 2020				Fiscal 2019
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	**—**	—	61	43	—	—	206	270
Corporate and administration expenses	**111**	146	154	125	146	153	204	159
Share-based compensation	**—**	—	—	—	—	190	—	—
Exploration and evaluation expenses	**44**	31	—	—	—	—	—	13
(Loss) income from operations	**(131)**	(187)	(101)	(122)	(162)	(377)	101	99
Gain on sale of land	**—**	—	—	—	—	—	—	—
Net (loss) income	**(187)**	(187)	(101)	(122)	(162)	(377)	101	99
Basic and diluted income (loss) per share	**—**	—	—	—	—	(0.01)	—	—
Additions to unearned revenue	**30**	28	28	28	28	28	28	28
Purchase of shares for cancellation	**1**	8	34	19	146	54	212	144
(Decrease) increase in cash	**(133)**	(75)	(126)	(154)	(1,194)	(5)	(133)	(108)
Working capital at period end	**2,269**	2,372	2,538	2,645	2,758	3,038	3,252	3,467
Cash dividends declared	**—**	—	—	—	—	—	132	133
Cash dividends declared per share	**—**	—	—	—	—	—	.0025	.0025

The Corporation's expenditures and net income (loss) varied from quarter to quarter depending largely on the size of the royalty payments, share based compensation, and corporate and administration support required with respect to its core assets.

Liquidity and Capital Resources

At September 30, 2021, the Corporation had working capital of $2.3 million, compared to $2.6 million at December 31, 2020.

As of the date of this MD&A, the Corporation had working capital of approximately $2.3 million, which is considered more than sufficient to meet the Corporation's operating requirements beyond 2021. The Corporation may also continue to use its cash resources to acquire outstanding common shares under its NCIB (see Outstanding Share Data). The Corporation also suspended its quarterly dividend in Q2 2020 to reduce cash outflows.

In Q3 2017, Vulcan began paying Morien an Advanced Payment of $25,000 per quarter until sales commence from the BP Project or until the project is terminated. The Advanced Payment shall be increased or decreased annually in accordance with changes to the Producer Price Index for crushed stone, commencing July 1, 2018. All Advanced Payments are recorded as unearned revenue and shall be credited by Vulcan against future production royalty payments due to Morien if and when Black Point enters production.

The Corporation continues to hold its royalty interests in the Donkin Mine and BP Project. Subject to all the risks and uncertainties outlined in greater detail elsewhere in this MD&A, potential future royalties from the Donkin Mine could range from $5 to $16 million per year at permitted full production of 3.0 million saleable tonnes per year coal over the 30+ year mine life and would only be achieved if and when Donkin resumed operation and only if Donkin reached permitted production levels. Royalties from Black Point could range from $250,000 to $750,000 per year over the 50+ year mine life. There is no guarantee that these royalty levels will be achieved.

As the result of a 2017 reorganization of a publicly traded company, shares of which were held by Morien, the Corporation received non-public entity shares that were ascribed a $nil fair value. Morien sold the publicly traded shares in 2018 for a gain of $152,169 and retained the non-public entity shares. In 2019, these shares were subsequently split into three, unlisted companies; Buchans Resources Limited, Canadian Manganese Company Inc., and Minco Exploration plc. Due to a lack of available market information and limited observable inputs, Morien management have ascribed a $nil fair value in the Level 3 fair value hierarchy as at September 30, 2021 and December 31, 2020. The Corporation holds the investments with a goal of short-term appreciation in the event of a public listing. However, due to current market conditions and the unlikely event of disposition of any or all of the shares in 2021, the investments are classified as non-current assets.

Other than as discussed in this MD&A (including below under “Outlook” and “Financial Instruments and Other Risks”), the Corporation is not aware of any trends, demands, commitments, events or uncertainties that may result in the Corporation’s liquidity or capital resources either materially increasing or decreasing at present or in the foreseeable future.

Outlook

The cessation of operations at the Donkin Mine directly impacted Morien’s future royalty revenues. However, Morien has a cash and short-term investments balance of $2.3 million and low corporate overhead expenses, in addition to an Advanced Payment from Vulcan for the BP Project, which collectively afford the Corporation the ability to manage these challenging times for the near-term. Notwithstanding the Corporation’s strong balance sheet, cost saving initiatives have been, and will continue to be, pursued, such as the cessation of project generation related work, decreased investor relations activity, the suspension of the Corporation’s quarterly dividend payment, and various other corporate cost reduction initiatives.

The Corporation’s ongoing focus and strategy is on advocating for conditions that are favorable to restarting operations at the Donkin Mine and reducing, where possible, potential barriers to such a restart. These efforts include, but are not limited to, correcting misconceptions in regard to differences between steelmaking and thermal coal, Donkin’s value as an exported, steelmaking coal that does not impede Canada’s clean energy transition, the Mine’s significant socio-economic contribution to Nova Scotia, strong community support, and the Mine’s excellent safety record.

When the status and extent of the care and maintenance program at the Donkin Mine is better understood, Morien’s Board of Directors will re-assess the reinstatement of the Corporation’s dividend program. If production at the Mine resumes, the Corporation intends to continue its evaluation of additional royalty assets to purchase to complement its existing assets.

The Corporation has a Normal Course Issuer Bid program in place and may elect to purchase outstanding common shares if and when management feels the purchase represents the best value to shareholders.

The Corporation continues to monitor the near-term effect that reduced global economic activity resulting from COVID-19 might have on steelmaking coal, thermal coal and crushed stone demand and pricing. However, the Corporation remains confident in the longer-term, positive outlook for these commodities.

Contractual Obligations

For the 2021 fiscal year, the Corporation’s only expenditure commitment related to overhead is a one-year office lease for $2,028.

Off-Balance Sheet Arrangements

As at December 31, 2020, the Corporation had no off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to an entity, derivative instrument obligations or any obligations that trigger financing, liquidity, market or credit risk to the Corporation.

Dividends

In December 2017, the Corporation approved the implementation of a dividend policy and made its inaugural dividend payment on December 27, 2017. Between Q1 2018 and Q1 2020, the Corporation paid quarterly dividends of $0.0025 per common share.

The Corporation's quarterly dividend was intended to be step-variable in relation to Donkin Mine production expansion and coal price, having regard to the stability of cash flow and the need to maintain flexibility to secure new royalty assets. However, with Kameron's cessation of operations at the Donkin Mine, the Corporation's Board of Directors accepted Management's recommendation in April 2020 to suspend the Corporation's quarterly dividend until further notice. Notwithstanding that Morien has a strong balance sheet, its Board and Management believed it was prudent to maximize financial flexibility and the dividend suspension was in the best interest of all of the Corporation's stakeholders. As stated above, when the status and extent of the care and maintenance program at the Donkin Mine is better understood, the Board will re-assess the payment of a dividend. The Corporation's dividend payments have historically qualified as an 'eligible dividend' for Canadian income tax purposes.

Outstanding Share Data

Normal Course Issuer Bid

On January 25, 2021, the Corporation filed a notice of intention to acquire up to 3,820,700 common shares pursuant to a Normal Course Issuer Bid ("NCIB"). Purchases pursuant to the NCIB are made in the open market through the facilities of the TSX Venture Exchange. A copy of the notice is available to shareholders, without charge, upon request to the Corporation at 1701 Hollis Street, Suite 800, Halifax, NS, B3J 3M8.

For the nine months ended September 30, 2021, the Corporation purchased and cancelled 199,000 shares (2020 – 1,671,000 shares) at an average weighted price of $0.21 per share (2020 – $0.25).

Share Capital

As of the date of this MD&A, the Corporation has 50,912,614 common shares issued and outstanding.

Stock Options

As of the date of this MD&A, the Corporation had 4,225,000 stock options outstanding with an average exercise price of $0.42, all of which were exercisable.

Critical Accounting Estimates

The preparation of the financial statements requires the Corporation's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience and current and expected economic conditions and are continually evaluated. Actual results may differ from these estimates. The more significant areas requiring the use of management estimates and assumptions are discussed below.

Share-based payments

The Corporation issues equity-settled share-based payments to certain employees and third parties outside the Corporation. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. Fair value is measured using the Black-Scholes pricing model and requires the exercise of judgment in relation to variables such as expected volatilities and dividend yields based on information available at the time the fair value is measured.

Taxation

The Corporation's accounting policy for taxation requires management's judgment in assessing whether deferred tax assets and any deferred tax liabilities are recognized on the statement of financial position. Deferred tax assets, including those arising from tax loss carry-forwards, capital losses and temporary differences are recognized only where it is considered probable that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future royalty revenues, production and sales volumes, mineral prices, reserves, operating costs, restoration and rehabilitation costs, capital expenditure, dividends and other capital management transactions.

Judgments are also required about the application of income tax legislation. These judgments and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of any deferred tax assets and deferred tax liabilities recognized on the balance sheet and the amount of other tax losses and temporary differences not yet recognized. In such circumstances, some or the entire carrying amount of any recognized deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the income statement.

Future Changes in Accounting Policies

The following new amendments to standards and interpretations under IFRS, are not yet effective for the nine months ended September 30, 2021, and have not been applied in preparing these consolidated statements:

IAS 1 – Presentation of Financial Statements

On January 23, 2020, the IASB issued an amendment to IAS 1 Presentation of Financial Statements providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments further clarify that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty.

The amendments are effective for annual periods beginning on or after January 1, 2023 and are to be applied retrospectively, with early adoption permitted. Morien will assess the financial impact of the amendments and expects to apply the amendments at the effective date.

Disclosure Controls and Internal Controls over Financial Reporting

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining the Corporation's disclosure controls and internal controls over financial reporting to provide reasonable assurance: (a) that material information about the Corporation and its subsidiaries would have been made known to them, and; (b) regarding the reliability of financial reporting and the preparation of financial statements for external purposes.

Venture issuers are not required to provide representations in their annual and interim filings relating to the establishment and maintenance of, nor are they required to establish, disclosure controls and procedures and internal controls over financial reporting, as defined in National Instrument 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of: (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and; (b) processes to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

Financial Instruments and Other Risks

Financial Instruments

The Corporation's financial instruments consist of cash, short-term investments and investments. The fair values of the Corporation's financial instruments are considered to approximate the carrying amounts. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes levels to classify the inputs to valuation techniques used to measure fair value.

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means.

Level 3: Inputs are unobservable (supported by little or no market activity).

During the nine months ended September 30, 2021 and 2020, there were no transfers between Level 1, Level 2, and Level 3 classified assets and liabilities. The fair value of the Corporation's financial assets, consisting of Level 1 cash and short-term investments as at September 30, 2021 was $2,314,144 (December 31, 2020 - $2,648,078).

Risks

In conducting its business, the principal risks and uncertainties faced by the Corporation relate primarily to the success of third-party operators, with which the Corporation holds royalty agreements, successfully developing and operating their projects, exploration and evaluation results, commodity prices underlying the Corporation's royalties, access to capital and general market conditions. Exploration and development of mining operations involve many risks, many of which are outside the Corporation's control.

COVID-19

The COVID-19 global health pandemic has adversely impacted the global economy, including consumer confidence, market stability, and commodity and financial markets, creating uncertainties on macroeconomic conditions. Many industries, including the mining industry, have been negatively impacted by these market conditions. If increased levels of market and economic volatility continue, it may result in a material adverse effect on investor confidence, general financial market liquidity, the development and production decisions of the operators of projects in which the Corporation has royalty interests, and the availability and/or value of additional royalty assets that the Corporation may wish to acquire, all of which may negatively impact the Corporation's business and revenues and the market price of its securities. At this time, the extent of the impact the COVID-19 outbreak and the degree to which restrictions are imposed by a government in regard to quarantine/isolation measures may have on the Corporation is unknown, as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the duration of the pandemic, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place.

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, 2021	December 31, 2020
	$	$
Cash and short-term investments	**2,314,144**	2,648,078
Trade receivables	**—**	49,318
	2,314,144	2,697,396

The Corporation manages credit risk by holding its cash and short-term investments with Schedule 1 Canadian banks. Management believes the risk of loss to be low with Schedule 1 Canadian banks. Trade receivables as at September 30, 2021 were $nil (December 31, 2020 - $49,318). No amounts were written off during the nine months ended September 30, 2021 (2020 – $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 at September 30, 2021, the Corporation had cash and short-term investments of $2,314,144 (December 31, 2020 – $2,648,078) to settle trade and other payables of $52,599 (December 31, 2020 – $79,472).

Foreign currency risk

Morien operates in Canada and its equity financings have been in Canadian dollars. APMUSA is based in the USA 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 $915,559 as at September 30, 2021 (December 31, 2020 – $953,662). Sensitivity to a plus or minus 10% change in the USD dollar exchange rate would affect comprehensive loss and deficit by approximately $91,560 (December 31, 2020 – $95,370).

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.

Equity price risk

The Corporation holds three equity instruments in the mining category that do not have a quoted market price in an active market. Management has assessed the value of the instruments at $nil fair value as at September 30, 2021 and December 31, 2020 (see Capital and Liquidity Resources section above). Any change in fair value is not predictable at this point.

Other Risk Factors

Dependence on Third Party Property Owners and Operators

The Corporation is not the operator of the Donkin Coal Mine or Black Point Project. There is no assurance that the current operators, or their successors, if any, will continue with the development of the projects in a manner that is beneficial, or most beneficial, to the Corporation.

The revenue derived from the Corporation's royalty portfolio will be based on the activities of third-party property owners and operators. These owners and operators are responsible for determining the manner in which the properties underlying the royalties are exploited, including decisions to commence, expand, continue or reduce production from a property, and decisions to advance exploration efforts and/or conduct development of non-producing properties. The Corporation will have little or no input on such matters. The interests of third-party owners and operators and those of the Corporation on the relevant properties may not always be aligned. As an example, it will, in almost all cases, be in the interest of the Corporation to advance development and production on properties as rapidly as possible in order to maximize near term cash flow, while third-party owners and operators may, in many cases, take a more cautious approach to development as they are at risk on the cost of development and operations. The inability of the Corporation to control the operations for the properties in which it has a royalty interest may result in a material and adverse effect on the Corporation's profitability, results of operation and financial condition.

Similarly, where the Corporation's interest in a mineral property is a royalty interest, there is a risk that the third-party operator may be unable or unwilling to fulfill its obligations under its agreements with the Corporation, or experience financial, operational or other difficulties including insolvency, which could limit the third party's ability to perform its obligations under the royalty interest. The Corporation will not be entitled to any compensation if the operations shut down or the third-party operators discontinue their operations on a temporary or permanent basis. At any time, any operator of a property in which the Corporation has a royalty or net profit interest may decide to suspend or discontinue operations. In regard to Donkin, the Corporation is unaware of Kameron's timeline to restart operations at Donkin, or if they (or any successor) will ever restart operations. There is no guarantee that operations will ever recommence at Donkin under Kameron's ownership or otherwise. In regard to Black Point, the Corporation is unaware of Vulcan's development timeline, or if they (or any successor) will ever advance Black Point toward development.

Limited Access to Data and Disclosure for Royalty Portfolio

The Corporation is neither the property owner nor operator for the properties underlying its royalty portfolio, and the Corporation has no input into how the operations are conducted. Also, the Corporation has varying access to data on the operations or to the actual properties themselves. This will affect its ability to assess the value of the royalty interest or enhance the royalty's performance. This could also result in delays in cash flow from that anticipated by the Corporation based on the stage of development of the applicable properties underlying its royalty portfolio. The Corporation's royalty payments may be calculated by the royalty payers in a manner different from the Corporation's projections. The limited access to data and disclosure regarding the operations of the properties in which the Corporation has an interest may restrict the Corporation's ability to assess the value or enhance its performance, which may result in a material and adverse effect on the Corporation's profitability, results of operation and financial condition.

Other Information

Additional information regarding the Corporation is available on SEDAR at www.sedar.com and on the Corporation's website at www.morienres.com.