Management's Discussion and Analysis
Year ended December 31, 2018

This Management Discussion and Analysis ("MD&A"), dated February 25, 2019 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 audited consolidated financial statements as at and for the years ended December 31, 2018 and 2017 and the notes thereto.

The following discussion and analysis includes 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.

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 acquisition of additional mineral assets, expected working capital requirements, future purchases under the Corporation's Normal Course Issuer Bid ("NCIB"), 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 and the Corporation's working capital requirements), 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.

Nature of Business

Morien is a Canada based, dividend-paying, 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" or the "Donkin Mine") commenced production in 2017 and is paying royalties to Morien. The Black Point Aggregate Project ("BP Project" or "Black Point") is permitted and the Corporation is receiving advanced minimum royalty payments ("Advanced Payments") on a quarterly basis, although production has not yet begun. Morien announced an inaugural quarterly dividend payment in Q4 2017. It is the Corporation's intention to transition its dividend from a set quarterly amount to a percentage of free cash flow commensurate with Donkin Mine production expansion. Morien has had Normal Course Issuer Bids, renewed annually since 2015, through which it has purchased approximately 17% of the Corporation's outstanding common shares. The Corporation is focused on identifying additional royalty assets to purchase to complement its existing assets. Subject to all the risks and uncertainties outlined in greater detail elsewhere in this MD&A, potential future royalties from Donkin could range from $5.0 to $9.0 million per year at full production over the anticipated 30+ year life of mine, and royalties from Black Point could range from $250,000 to $750,000 per year over the anticipated 50+ year life of mine.

Fourth Quarter 2018 Highlights

During the three months ended December 31, 2018, the Corporation:

- Received a quarterly royalty payment of $298,000 from Kameron Collieries ULC ("Kameron") for coal sales from the Donkin Mine, a 310% increase from Q4 2017;
- Received an Advanced Payment of $25,000 from Vulcan Materials Company related to Black Point;
- Actively pursued accretive royalty acquisition opportunities to complement its existing royalty portfolio, focused on long-life, cash-flowing royalties in the industrial mineral and bulk commodity market segments in North America;
- Purchased and cancelled 529,000 shares at an average weighted price of $0.50[1] per common share under the Corporation's NCIB, taking the total purchased/cancelled in 2018 to 1.5 million shares; and
- Paid a quarterly dividend of $0.0025 per common share (Morien anticipates increasing the quarterly dividend amount commensurate with Donkin Mine production expansion).

Project Summaries

Donkin Coal Mine – Nova Scotia, Canada

The Donkin Mine is a producing coal mine located in Cape Breton, Nova Scotia that is owned and operated by Kameron Collieries ULC, a private company and an affiliate of The Cline Group ("Cline"). Cline has developed and operated some of the most productive underground coal mines in the United States.

In Q1 2015, the Corporation sold its 25% working interest in Donkin to Kameron for aggregate cash consideration of $5.5 million and a gross production royalty. As of 2017, the $5.5 million cash consideration has been paid to Morien in full. The gross production royalty that Morien owns for the Donkin Mine consists of 2.0% on the revenue from the first 500,000 tonnes of coal sales per calendar quarter, net of certain coal handling and transportation costs, and 4.0% on the revenue from coal sales from quarterly tonnage above 500,000 tonnes, net of certain coal handling and transportation costs. The royalty is payable to Morien on a quarterly basis over the anticipated 30+ year mine life. Kameron commenced production at the Donkin Mine from the first continuous miner unit in Q1 2017, and Morien received its first royalty from Kameron on saleable coal from Donkin the following quarter. In Q3 2017, a 500 tonne per hour coal handling and preparation plant (washplant) became operational at Donkin, triggering the first export of washed, saleable coal in Q4 2017.

In Q2 2018, Kameron signed a multi-year coal offtake agreement with local power utility Nova Scotia Power Inc., to supply a portion of Donkin coal production to Nova Scotia Power's nearby Lingan Generating Station, a short 20 kilometre truck haul from the Donkin Mine. The majority of Donkin coal production, however, is and will be sold overseas either as a high-quality metallurgical coal and/or as a low ash, high-energy thermal coal.

Kameron has largely completed the construction of a newly dedicated coal haul road that will by-pass certain communities along the truck route between the Donkin Mine and the Sydney harbor facility that

[1] Including commission and legal costs.

it uses for coal export, approximately 30 kilometres from Donkin. The private haul road is expected to become operational in Q2 2019.

Kameron announced on January 3, 2019 that it had temporarily suspended production at Donkin due to a roof collapse. The incident occurred on December 28, 2018 during Kameron's scheduled holiday shutdown and no workers were injured. Following the roof fall, Kameron was directed by the Nova Scotia Department of Labour and Advanced Education ("LAE") to review a variety of engineering and operational measures designed to monitor, control and prevent future roof falls at Donkin. Kameron submitted a revised ground control and mine plan to LAE in late January, and was subsequently granted approval to recommence mining on a limited scale. Full production at Donkin is expected to resume after Kameron and government inspectors are satisfied that the appropriate measures are in place. Morien welcomes Kameron and the Nova Scotia government's commitment to safety and will provide further updates as they become available. As of the date of this MD&A, all of Kameron's 120 workers and contractors were back to work. Kameron has five continuous miner units on site, and prior to the December holiday shutdown, installed a continuous haulage Flexible Conveyor Train ("FCT") coal mining system to replace part of Donkin's shuttle car fleet. The FCT was approved by LAE in mid-December and once full production resumes is expected to significantly increase production volumes in 2019 and hence export sales.

Morien recognized the following royalty payments from Kameron between Q2 2017 and Q4 2018;

Expressed in thousands of Canadian dollars

	Fiscal 2018				Fiscal 2017		
	Q4 2018	**Q3 2018**	**Q2 2018**	**Q1 2018**	**Q4 2017**	**Q3 2017**	**Q2 2017**
Kameron Royalty	$ 298	$ 241	$ 216	$ 165	$ 96	$ 16	$ 4

In January 2019, it was reported that Provincial Energy Ventures Ltd. ("PEV"), a subsidiary of Xcoal Energy & Resources, LLC, the largest exporter of US metallurgical coal, is proceeding with the first phase of its $75 million expansion of its export facility in Sydney, Cape Breton. The PEV port is located approximately 30 kilometres from the Donkin Mine and is currently responsible for handling all of the exported coal from Donkin. Once complete, the PEV port will be capable of accommodating larger, Capesize vessels and is expected to have the capacity to export up to 3 million tonnes of Donkin coal annually.

Donkin is anticipated to reach an annualized sales volume of between 2.7 and 3 million tonnes in 2020. While it is assumed that full production at Donkin will resume in a timely manner, the timing of full production recommencement is unknown at present and may delay the rate of production increases. Should Kameron's production schedule change, Morien management will provide revised guidance when supporting information becomes available, which could be materially different from prior guidance.

Using a wide range of coal pricing (CAD $65 to $115 per tonne), annual royalty payments could be in the order of CAD $5.0 to $9.0 million at full production of approximately 3 million tonnes per year. These values are only estimates based on assumptions Morien management consider reasonable, as of Q1 2019, and would only be achieved if and when Donkin reaches permitted production levels[2]. Actual

[2] 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 November 2012, found on Morien's SEDAR profile.

results and royalties received, if any, subject primarily to production rates and coal pricing, may vary from those estimated by Morien. Morien incurs general and administrative expenses in respect of the administration and preparation of filing of regulatory filings as a public company, collection of revenues from the aforementioned royalties and seeking and acquiring new mineral projects.

Kameron has cited the following as key project strengths at Donkin:

- Coal quality – low ash, high energy thermal coal, and high-quality metallurgical coal (low ash, high vitrinite content, high fluidity, high crucible swell number);
- Low mining costs;
- Short truck haul to a local power station and deep-water port; and
- Substantial resource (30+ year mine life) – production assumptions based on Probable Reserves 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.

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 aggregate operation for supplying markets in the United States and Caribbean region.

In April 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 the BP Project and became manager and operator of Black Point in exchange for milestone payments totaling $1,800,000, and a production royalty payable on all material sold from Black Point 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. The full decisions and related documents can be viewed at the Canadian Environmental Assessment Agency website and the Nova Scotia Environment website. 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 2-year extension by the Nova Scotia provincial government for the BP Project. Vulcan indicated the target market conditions for crushed stone from the Black Point location are still short of their original expectations.

“While conditions are not yet ready for Black Point Aggregates to break ground, we maintain our strong interest in the Project,” said Frank Lieth, Vulcan’s Vice President of Black Point Aggregates Inc., a wholly owned subsidiary of Vulcan. “Although the time is not quite right to move forward, we will continue to invest in the project and work to 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 extension, Vulcan must within two years of the approval of the date of the extension (April 2020), commence work on the BP Project unless granted a further written extension by the Minister of Environment.

Morien is receiving an Advanced Payment from Vulcan of $25,000 per quarter which began in Q3 2017. All Minimum Royalty payments are recorded as unearned revenue and will be credited against future production royalties from Black Point. The Minimum Royalty is subject to annual inflationary adjustments.

Land Holdings – Georgia, USA

Pursuant to a February 1, 2001 agreement, International Paper Inc. ("IP") had an option to purchase 1,054 acres of land for $1 per acre in Hancock County, Georgia, USA, owned by Advanced Primary Minerals USA Corp. ("APMUSA"), a Delaware company and wholly owned subsidiary of Morien. In February 2016, Morien received confirmation from the successor to IP that the option expired without exercise, relinquishing ownership of the land to APMUSA. Morien is currently pursuing options for the sale of the land.

Project Generation

The Corporation continues to evaluate royalty assets to purchase to complement its existing royalty portfolio. The Corporation is focused on acquiring long-life, cash-flowing royalties in the industrial mineral and bulk commodity market segments in North America.

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

Fiscal Year Ended December 31		2018		2017		2016
Revenues	$	920	$	166	$	-
Loss from operations	$	(578)	$	(589)	$	(907)
Net income (loss) for the year	$	(572)	$	576	$	(507)
Basic income (loss) per share	$	(0.01)	$	0.01	$	(0.01)
Diluted income (loss) per share	$	(0.01)	$	0.01	$	(0.01)
Total assets	$	3,429	$	4,274	$	4,694
Cash dividends declared	$	537	$	272	$	-
Cash dividends declared per share	$	0.01	$	0.005	$	-

Note: The 2017 and 2016 figures are not restated for the adoption of accounting standards IFRS 9 and IFRS 15, applied retrospectively without restatement of those years. Therefore, the amounts may not be comparable.

Discussion of Operations

Years ended December 31, 2018 and 2017

The Corporation recognized $920,282 in royalty revenue in 2018 (2017-$166,092) from Kameron related to Donkin coal sales (2017 – $116,092). In 2017, $50,000 was included in royalty revenue from Vulcan as Minimum Royalty payments for Black Point. The amounts received as Minimum Royalty payments for Black Point in 2018 have been reclassed as unearned revenue on the balance sheet, cumulatively restated as $150,000 for the two years ended December 31, 2018.

Corporate and administration expenses amounted to $625,420 in 2018 (2017 - $736,703), a decrease of $111,283. The table below provides a breakdown of the corporate and administration costs for the years ended December 31, 2018 and 2017.

	For the years ended December 31		
	2018	2017	**Change**
Employee and service agreement fees	$ **318,914**	$ 377,754	$ (58,840)
Investor relations and communications	**72,481**	88,634	(16,153)
Office and sundry	**22,562**	32,806	(10,244)
Professional fees	**73,087**	76,667	(3,580)
Regulatory compliance	**122,893**	148,422	(25,529)
Travel and accommodations	**15,483**	12,420	3,063
	$ **625,420**	$ 736,703	$ (111,283)

Non-cash, share-based compensation was $906,140 for the year ended December 31, 2018 (no options were granted in 2017).

Exploration and evaluation expenses were $47,685 for the year ended December 31, 2018 (2017- $38,219). The table below provides a breakdown of the exploration and evaluation expenses for the years ended December 31, 2018 and 2017.

	For the years ended December 31		
	2018	2017	**Change**
Employee and contract costs	$ **23,367**	$ 4,403	$ 18,964
Other	**24,318**	35,270	(10,952)
Partner recoveries	**-**	(1,454)	1,454
	$ **47,685**	$ 38,219	$ 9,466

Net loss for the year ended December 31, 2018 was $572,372 or ($0.01) per share compared to net income of $576,940 or $0.01 per share in 2017.

In the prior year, the Corporation recognized other comprehensive loss of $991,137 related to the realized gain on collection of the Kameron milestone payment and other comprehensive income of $235,809 on the fair value adjustment of the outstanding Kameron receivable and $123,691 (net of deferred tax) on available-for-sale marketable securities. Total comprehensive loss for the year ended December 31, 2018 was $572,372 compared to a total comprehensive loss of $54,697 for the same period in 2017.

Summary of Quarterly Results

Expressed in thousands of Canadian dollars except per share amounts

	Fiscal 2018				Fiscal 2017			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenue	$ 223	$ 266	$ 241	$ 190	$ 121	$ 41	$ 4	$ -
Net income (loss)	$ 21	$ 126	$ (715)	$ (4)	$ 323	$ (98)	$ (91)	$ 443
Basic income (loss) per share	$ -	$ -	$ (0.01)	$ -	$ -	$ -	$ -	$ 0.01
Diluted income (loss) per share	$ -	$ -	$ (0.01)	$ -	$ -	$ -	$ -	$ 0.01
Total assets	$ 3,429	$ 3,559	$ 3,640	$ 4,039	$ 4,274	$ 4,678	$ 4,613	$ 4,662
Cash dividends declared	$ 133	$ 134	$ 134	$ 136	$ 272	$ -	$ -	$ -

Note: In Q4 2018, as a result of the adoption of accounting standard IFRS 15, there was a year-to-date adjustment that reduced revenue and reclassified the Advanced Payments from Vulcan of $75,000 to unearned revenue on the balance sheet. In addition, the 2017 figures are not restated for the adoption of accounting standards IFRS 9 and IFRS 15, applied retrospectively without restatement. Therefore, the amounts may not be comparable year over year.

The Corporation's expenditures and net loss vary from quarter to quarter depending largely on the size of royalty payments and corporate and administrative support required with respect to its core assets. The net loss in the second quarter of 2018 is driven primarily by non-cash share-based compensation of $906,140 whereas the net income in the last two quarters are driven by increased royalty income from Kameron. The net incomes in the first and fourth quarters of 2017 are primarily realized gains on receipt of the milestone payments from Kameron. The Corporation is not aware of any other specific trends which account for fluctuations in financial results from period to period.

Fourth Quarter

In the fourth quarter of 2018 the Corporation purchased and cancelled 529,000 shares (2017 – 1,054,500 shares) at a cost of $261,946 (2017 – $664,016) under the Corporation's NCIB.

The Corporation received royalty revenue of $297,907 (2017 – $95,495) from Donkin and unearned revenue in the form of an Advanced Payment of $25,000 from Vulcan Materials Company related to Black Point.

Other than mentioned above, there were no unusual events or items during the fourth quarter of 2018 that affected the Corporation's financial condition, cash flows or results of operations in a material nature.

Liquidity and Capital Resources

At December 31, 2018, the Corporation had working capital of approximately $3.3 million, compared to $4.2 million at December 31, 2017.

As of the date of this MD&A, the Corporation had working capital of approximately $3.2 million, which is expected to meet the Corporation's operating requirements into 2019. The Corporation may also continue to use its cash resources to acquire outstanding common shares under its NCIB (see Outstanding Share Data) and pay dividends.

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 $5.0 to $9.0 million per year at full production of 3 million tonnes per year of saleable coal over the 30+ year mine life, and royalties from Black Point could range from $250,000 to $750,000 per year over the 50+ year mine life.

In the third quarter of 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 PPI (Producer Price Index), commencing July 1, 2018. All Advanced Payments from Vulcan are recorded as unearned revenue and shall be credited against future production royalty payments due to Morien.

Other than as discussed herein, 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

Morien has a cash balance sufficient to cover operating costs for 2019 and two core assets in the form of royalty interests in Donkin and Black Point. The Corporation is focused on identifying additional mineral and royalty assets to purchase, which will complement its existing assets. 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 share price of Morien at the time of consideration.

The Corporation also has an active NCIB in place and may continue to purchase outstanding common shares under the NCIB if/when management feels the purchases represent the best value to shareholders. The Corporation adopted a dividend policy in Q4 2017 and intends to continue issuing set quarterly dividend payments in 2019. It is the Corporation's intention to increase the quarterly dividend amount commensurate with Donkin Mine production expansion, having regard to the stability of cash flow and the need to maintain flexibility to secure new royalty assets.

Contractual Obligations

In 2012, the Corporation signed a management services agreement with Erdene Resource Development Corp. for management personnel, office space and sundry costs. For the year ended December 31, 2018, the fee charged by Erdene amounted to $218,125 (2017 – $264,594) and is expected to be approximately $222,000 in 2019, which the Corporation expects to satisfy from its current cash resources.

Off-Balance Sheet Arrangements

As at December 31, 2018, 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.

In 2018, Morien paid quarterly dividends of $0.0025 per common share. As of the data of this MDA, the Corporation has made four quarterly dividend payments in 2018 of $0.0025 per common share; March 29, 2018, June 29, 2018, September 28, 2018, and December 21, 2018. It is the Corporation's intention to pay a quarterly dividend of $0.0025 per common share in Q1 2019. It is the Corporation's intention to increase the quarterly dividend amount commensurate with Donkin Mine production expansion, having regard to the stability of cash flow and the need to maintain flexibility to secure new royalty assets. However, the declaration, amount and timing of any future dividends will be subject to the Board of Directors' determination that the payment of a dividend is in the best interest of Morien and its shareholders, having regard to the Company's cash reserves, anticipated financial requirements, legal requirements for the declaration of dividends and other conditions existing at such time, including forward production guidance from Kameron. 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 30, 2019, the Corporation filed a notice of intention to acquire up to 4,083,000 common shares pursuant to a 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 99 Wyse Rd., Suite 1480, Dartmouth, NS, B3A 4S5.

For the twelve months ended December 31, 2018, the Corporation purchased for cancellation a total of 1,521,500 shares at an average price of approximately $0.56 per share. Subsequent to December 31, 2018, to the date of this MD&A, the Corporation purchased and cancelled 210,000 shares at an average cost of $0.49 per share. Total purchases since the NCIB was initiated in 2015 to January 31, 2019 include 10.0 million shares at an average weighted cost of $0.36 per share.

Share Capital:

As of January 31, 2019, the Corporation had 52,921,114 common shares issued and outstanding.

Stock Options:

On May 11, 2018 the Corporation issued 2,285,000 fully vested stock options with a five-year term and an exercise price of $0.60. The options granted had a fair value at the date of grant of $.58 per option. Share-based compensation of $906,140 was recognized in operating expenses and an increase to contributed surplus in Q2 2018. As of the date of this MD&A, the Corporation had 4,392,500 stock options outstanding with an average exercise price of $0.44, 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.

Fair value of financial instruments, including embedded derivatives

Each reporting period the Corporation revalued the remaining milestone payments owed to the Corporation by Kameron by applying a probability assessment. In February 2017, the Corporation received $2.0 million of the remaining $3.5 million due from Kameron and therefore management increased the probability of collection of this amount from 80% to 100% in the 2016 financial statements. The fair value adjustment was recorded, net of any tax effect, in accumulated other comprehensive income (loss) until the funds were received, at which point the adjustment flowed through the statement of income (loss). In December 2017, the Corporation collected the final milestone payment of $1.5 million from Kameron. Receipt of this payment resulted in a fair value adjustment of $235,809 in 2017. As a result of collecting the remaining milestone payments from Kameron, the Corporation realized a gain of $991,137 in 2017.

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.

Adoption of New Accounting Standards

The following new standards and amendments to standards and interpretations under IFRS were adopted for the period beginning January 1, 2018.

IFRS 15 – Revenue from Contracts with Customers

This standard provides a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgement thresholds have been introduced, which affects the amount and/or timing of revenue recognized. Adoption required a restatement of opening equity by reducing retained earnings by $50,000 due to the reclassification of the Vulcan Advanced Payments to unearned revenue.

IFRS 9 - Financial Instruments

The objective of IFRS 9 is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. Adoption of the new standard required a restatement of opening equity by reducing accumulated other comprehensive income and increasing retained earnings by an equal amount of $124,153.

IFRS 2 – Share-based Payments

The IASB issued amendments to IFRS 2, Share-based Payments, to clarify the classification and measurement of share-based payment transactions. These amendments deal with variations in the final settlement arrangements including; accounting for cash settled share-based payments, classification of share-based payments settled net of tax obligations, and accounting for modifications of share-based payment transactions from cash-settled to equity. Adoption did not have an impact to the financial statements.

Future changes in accounting policies

Amendments to IAS 12 – Income taxes

This amendment is effective for annual periods beginning on or after January 1, 2019 to clarify that all income tax consequences of dividends are recognized consistently with the transactions that generated the distributable profits - i.e. in profit or loss, Other Comprehensive Income, or equity.

The Corporation intends to adopt this amendment in its financial statements for the annual period beginning January 1, 2019. The extent of the impact of adoption of the amendment has yet to be determined.

IFRS 16 – Leases

IFRS 16 – Leases ("IFRS 16") will replace existing guidance in IFRS and related interpretations and requires lessees to bring most leases on the balance sheet. Lessor accounting remains similar to the current standard. The new standard is effective for years beginning on January 1, 2019. Management does not expect the adoption of IFRS 16 to have a material impact on the consolidated financial statements.

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 and marketable securities. 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).

The following table provides the disclosures of the fair value of financial assets and liabilities and the level in the hierarchy.

	December 31, 2018			December 31, 2017		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Financial assets:						
Cash	**$ 3,070,981**	**$ -**	**$ -**	$ 3,856,941	$ -	$ -
Marketable securities	**-**	**-**	**-**	278,487	-	-

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.

Credit risk

Credit risk is the risk of financial loss to the Corporation of 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:

	December 31, 2018	December 31, 2017
Cash	**$ 3,070,981**	$ 3,856,941
Trade receivables	**342,593**	109,819
	$ 3,413,574	$ 3,966,760

The Corporation manages credit risk by holding the majority of its cash with Schedule 1 Canadian banks, where management believes the risk of loss to be low. Trade receivables in 2018 include $342,593 of a royalty receivable from Kameron. The Corporation has an allowance for doubtful accounts at year-end of nil (2017 – $ nil), as management considers the credit risk on the Kameron receivable to be low. No amounts were written off during the year (2017 – $ 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 December 31, 2018, the Corporation had a cash balance of $3,070,981 (December 31, 2017 – $3,856,941) to settle trade and other payables of $121,246 (December 31, 2017 – $77,736).

The Corporation holds marketable securities with a fair market value as at December 31, 2018 of nil (December 31, 2017 – $278,487).

Foreign currency risk

Morien operates in Canada, and its equity financings have been 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 $140,814 at December 31, 2018 (December 31, 2017 - $164,655). Sensitivity to a plus or minus 10% change in the USD dollar exchange rate would affect comprehensive loss and deficit by approximately $14,100 (December 31, 2017 - $16,500).

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 doesn't enter into any hedging to offset risk.

Equity price risk

The Corporation is exposed to equity price risk through its marketable securities which it holds from time to time. The Corporation manages exposure to equity price risk within acceptable parameters as approved by the Board of Directors.

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 is and 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.

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, including the Corporation's annual information form, is available on SEDAR at www.sedar.com and on the Corporation's website at **www.morienres.com.**