

**MICHELIN MINING CORP.**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**

**For the nine months ended August 31, 2019**

(Unaudited – Prepared by Management)

# **MICHELIN MINING CORP.**

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MICHELIN MINING CORP.  
Condensed Interim Statements of Financial Position  
(Presented in Canadian Dollars)

	Note	August 31, 2019	November 30, 2018
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 226,351	\$ 463,747
Receivables		9,049	960
Prepaid expense		-	3,735
		235,400	468,442
<b>Non-current</b>			
Exploration and evaluation assets	5	151,146	1
		151,146	1
<b>Total assets</b>		\$ 386,546	\$ 468,443
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		\$ 54,013	\$ 8,008
Due to related party	8	4,300	5,499
		58,313	13,507
<b>Shareholders' equity</b>			
Share capital	7(b)	473,509	324,690
Shares subscribed		-	150,000
Deficit		(145,276)	(19,754)
		328,233	454,936
<b>Total shareholders' equity and liabilities</b>		\$ 386,546	\$ 468,443

These financial statements are authorized for issue by the Board of Directors on September 26, 2019. They are signed on the Company's behalf by:

/s/ Mark T. Brown  
Director

/s/ Marc Blythe  
Director

MICHELIN MINING CORP.  
Condensed Interim Statements of Comprehensive Loss  
(Presented in Canadian Dollars)

	Note	Three months ended August 31, 2019	Nine months ended August 31, 2019	For the Period from Incorporation on August 16, 2018 to November 30, 2018
		(Unaudited)	(Unaudited)	(Audited)
<b>General and administrative</b>				
Accounting fees	\$	20,812	\$ 52,274	\$ 11,767
Legal fees		-	12,071	8,036
Investor relations and shareholder information		5,706	5,706	-
Filing fees		53,254	58,539	320
Travel		46	46	-
Office operations		93	356	-
Loss from operations		79,911	128,992	20,123
<b>Other income</b>				
Interest income		(942)	(3,470)	(369)
		(942)	(3,470)	(369)
<b>Net loss and comprehensive loss for the period</b>	\$	78,969	\$ 125,522	\$ 19,754
<b>Basic and diluted loss per share</b>	\$	0.00	\$ 0.01	\$ 0.00
<b>Weighted average number of common shares outstanding</b>		16,597,006	16,100,792	5,407,478

MICHELIN MINING CORP.  
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
(Presented in Canadian Dollars)

	Note	Share Capital			Deficit	Total Shareholders' Equity
		Number of shares	Amount	Shares subscribed		
<b>Balance, August 16, 2018</b>		-	\$ -	\$ -	\$ -	\$ -
Share issued upon incorporation		1	1	-	-	1
Private placements	7(b)(i)(ii)(iii)(iv)	14,650,000	331,999	-	-	331,999
Share subscription		-	-	150,000	-	150,000
Share issuance costs		-	(7,309)	-	-	(7,309)
Loss for the period		-	-	-	(19,754)	(19,754)
<b>Balance, November 30, 2018 (Audited)</b>		<b>14,650,001</b>	<b>324,691</b>	<b>150,000</b>	<b>(19,754)</b>	<b>454,937</b>
Private placements	7(b)(v)	1,845,500	184,550	(150,000)	-	34,550
Shares issued as finders fees	7(b)(v)	100,000	10,000	-	-	10,000
Share issuance costs		-	(46,532)	-	-	(46,532)
Exercise of warrants	7(b)(vi)	4,000	800	-	-	800
Loss for the period		-	-	-	(125,522)	(125,522)
<b>Balance, August 31, 2019 (Unaudited)</b>		<b>16,599,501</b>	<b>\$ 473,509</b>	<b>\$ -</b>	<b>\$(145,276)</b>	<b>\$ 328,233</b>

MICHELIN MINING CORP.  
CONDENSED INTERIM STATEMENTS OF CASH FLOWS  
(Presented in Canadian Dollars)

	Note	Nine months ended August 31, 2019	For the Period from Incorporation on August 16, 2018 to November 30, 2018
		(Unaudited)	(Audited)
<b>Cash provided by (used in):</b>			
<b>Operating activities</b>			
Loss for the period		\$ (125,522)	\$ (19,754)
Changes in non-cash working capital items:			
Receivables		(8,089)	(960)
Prepaid expense		3,735	(3,735)
Accounts payable and accrued liabilities		18,088	7,207
Due to related party		(1,199)	3,499
Net cash used in operating activities		(112,987)	(13,743)
<b>Investing activities</b>			
Exploration and evaluation assets	5	(139,342)	-
Net cash used in investing activities		(139,342)	-
<b>Financing activities</b>			
Proceeds from issuance of common shares	7	34,550	332,000
Proceeds from exercise of warrants	7	800	-
Share subscriptions received	7	-	150,000
Share issue costs		(20,417)	(4,510)
Net cash provided by financing activities		14,933	477,490
<b>Change in cash and cash equivalents</b>		(237,396)	463,747
<b>Cash and cash equivalents, beginning of the period</b>		463,747	-
<b>Cash and cash equivalents, end of the period</b>		\$ 226,351	\$ 463,747

## **1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS**

Michelin Mining Corp. (the “Company” or “Michelin”) is incorporated and domiciled in Canada under the Business Corporations Act (British Columbia), and its registered office is 6<sup>th</sup> Floor, 905 West Pender Street, Vancouver, BC, V6C 1L6. The Company’s common shares are listed on the Canadian Securities Exchange (“CSE”) under the trading symbol “MICH” effective June 19, 2019.

The Company is an exploration stage company and is engaged principally in the acquisition and exploration of mineral properties. The recovery of the Company’s investment in its exploration and evaluation assets is dependent upon the future discovery, development and sale of minerals, upon the ability to raise sufficient capital to finance these activities, and/or upon the sale of these properties.

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern is dependent on obtaining additional financing through the issuance of common shares or obtaining joint venture or property sale agreements for one or more properties.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the condensed interim statements of financial position. The condensed interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Adverse financial market conditions and volatility increase the uncertainty of the Company’s ability to continue as a going concern given the need to both manage expenditures and to raise additional funds. The Company is experiencing, and has experienced, negative operating cash flows. The Company will continue to search for new or alternate sources of financing but anticipates that the current market conditions may impact the ability to source such funds. Accordingly, these material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

As at August 31, 2019, the Company had working capital of \$177,087 (November 30, 2018: working capital of \$454,935) and shareholders’ equity of \$328,233 (November 30, 2018: \$454,936).

## **2. BASIS OF PREPARATION**

### **Statement of Compliance**

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with IFRS issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

## **2. BASIS OF PREPARATION** *(Continued)*

### **Basis of preparation**

These condensed interim financial statements have been prepared on a historical cost basis. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of these condensed interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed interim financial statements do not include all of the information required for full annual financial statements.

These condensed interim financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation.

### **New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for the August 31, 2019 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

- IFRS 16 Leases (effective January 1, 2019)

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

These unaudited condensed interim financial statements have been prepared in accordance with IFRS as issued by the IASB on a basis consistent with those followed in the Company's most recent annual financial statements for the period ended November 30, 2018.

These unaudited condensed interim financial statements do not include all note disclosures required by IFRS for audited financial statements, and therefore should be read in conjunction with the audited financial statements for the period from incorporation on August 16, 2018 to November 30, 2018. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the nine-month period ended August 31, 2019 are not necessarily indicative of the results that may be expected for the current fiscal year ending November 30, 2019.



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#### 4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair values of the Company's cash, receivables, accounts payable and accrued liabilities and due to related parties approximate their carrying values.

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk and liquidity risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with major banks in Canada; accordingly, the Company believes it is not exposed to significant credit risk.

b) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at August 31, 2019, the Company had a cash balance of \$226,351 to settle current liabilities of \$58,313.

#### 5. EXPLORATION AND EVALUATION ASSETS

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of its mineral claims and crediting all proceeds received against the cost of related claims. Following is a summary table of exploration and evaluation assets at August 31, 2019:

<b>Balance at November 30, 2018</b>	<b>\$</b>	<b>1</b>
Exploration expenditures:		
Aircraft Charter		2,951
Camp, travel and meals		527
Drilling		125,000
Reporting, drafting, sampling and analysis		22,667
		<b>151,145</b>
<b>Balance at August 31, 2019</b>	<b>\$</b>	<b>151,146</b>

MICHELIN MINING CORP.  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED AUGUST 31, 2019  
(Presented in Canadian Dollars)  
(Unaudited)

**5. EXPLORATION AND EVALUATION ASSETS** (Continued)

**Rude Creek Gold property**

The Rude Creek Gold property (the “Property”) consists of 4,157 hectares located in the Whitehorse Mining District in the Yukon Territory.

On November 16, 2018 (the “Effective Date”), the Company entered into an option agreement (the “Agreement”) with a private entity (“Optionor”), later amended on January 17, 2019, whereby the Company can earn a 70% interest in the Property by issuing an aggregate of 3,950,000 Common Shares, making cash payments totaling \$2,500,001, and carrying out exploration and development work of \$4,120,000, as outlined below.

Date	Cash Payment	Common Shares to be Issues	Expenditures to be Incurred	Other Requirements
November 16, 2018 (the “Effective Date”)	\$1.00	Nil	Nil	Nil
60 days from the Effective Date (the “Option Date”)	\$120,000 <sup>(1)</sup>	Nil	Nil	Nil
The first anniversary of the Option Date	\$200,000	200,000	\$120,000 <sup>(2)</sup>	List the Common Shares of the Company on the Exchange <sup>(3)</sup>
The second anniversary of the Option Date	\$300,000	500,000	\$500,000	Nil
The third anniversary of the Option Date	\$500,000	750,000	\$1,000,000	Nil
The fourth anniversary of the Option Date	\$1,500,000	2,500,000	\$2,500,000	Nil

**Notes:**

- (1) The Company made the payment in January 2019 and this amount was applied towards exploration and development expenditures in the first year of the option. See footnote 2.
- (2) Per the Agreement, the \$120,000 cash payment due 60 days from the Effective Date would also be included. As of August 31, 2019, the Company had satisfied this expenditure requirement.
- (3) The Company satisfied this requirement by having listed on the Canadian Securities Exchange on June 19, 2019.

The Property will be subject to a 3% NSR in favour of the Optionor. The Company has the right at any time to purchase from the Optionor 1% of the NSR by way of a one-time payment to the Optionor of \$2,000,000. Upon payment of the \$2,000,000 being made, the NSR payable will be reduced to 2% of the net smelter returns.

In addition to the NSR payable under the Option Agreement, certain claims on the Property are subject to a pre-existing 2% NSR. Payments made to the holder of the pre-existing 2% NSR will reduce the amounts owing under the Optionor’s 3% NSR.

## 6. CAPITAL MANAGEMENT

The Company's capital consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

## 7. SHARE CAPITAL

(a) Authorized:

At August 31, 2019, the authorized share capital was comprised of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

(b) Share issuances:

During the period from incorporation on August 16, 2018 to November 30, 2018:

- i. On August 16, 2018, the Company closed a non-brokered private placement of 800,000 common shares at a price of \$0.005 per share for gross proceeds of \$4,000.
- ii. On October 12, 2018, the Company closed a non-brokered private placement of 2,600,000 common shares at a price of \$0.005 per share for gross proceeds of \$13,000.
- iii. On October 26, 2018, the Company closed a non-brokered private placement of 8,250,000 units (the "Units") at a price of \$0.02 per Unit for gross proceeds of \$165,000. Each Unit consisted of one common share and one common share purchase warrant. Each warrant can be exercised into one common share of the Company at a price of \$0.10 per share for a period of 24 months from the date of closing. The warrants were ascribed a value of \$Nil under the residual value method.
- iv. On November 9, 2018, the Company closed a non-brokered private placement of 3,000,000 units (the "Units") at a price of \$0.05 per Unit for gross proceeds of \$150,000. Each Unit consisted of one common share and one common share purchase warrant. Each warrant can be exercised into one common share of the Company at a price of \$0.10 per share for a period of 24 months from the date of closing. The warrants were ascribed a value of \$Nil under the residual value method.

The Company recorded \$7,309 of share issuance cost for all non-brokered private placements above.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED AUGUST 31, 2019  
(Presented in Canadian Dollars)  
(Unaudited)

**7. SHARE CAPITAL** (Continued)

(b) Share issuances (Continued):

During the nine months ended August 31, 2019:

- v. On February 8, 2019, the Company closed a non-brokered private placement of 1,845,500 units (the "Units") at a price of \$0.10 per Unit for gross proceeds of \$184,550. Each Unit consisted of one common share and one common share purchase warrant. Each warrant can be exercised into one common share of the Company at a price of \$0.20 per share for a period of 24 months from the date of closing. The warrants were ascribed a value of \$Nil under the residual value method. In connection with the private placement, the Company paid \$2,626 as a cash finder's fee and issued 100,000 compensation units. Each compensation unit consists of one common share at a deemed value of \$0.10 and one warrant exercisable into one common share at a price of \$0.20 for a period of 2 years expiring on April 2, 2021. The Company incurred additional share issue costs of \$33,906 in connection with this financing.
- vi. During the nine months ended August 31, 2019, the Company issued an aggregate of 4,000 common shares for gross proceeds of \$800 pursuant to the exercise of warrants.

(c) Escrow shares:

1,000,000 shares were placed in escrow in accordance with the escrow agreement dated March 21, 2019. Subsequently, on June 19, 2019, 10% of the escrowed common shares was released upon the Company completing the initial public offering with the CSE and 15% will be released thereafter every 6 months.

(d) Warrants:

The continuity of warrants for the nine months ended August 31, 2019 is as follows:

Expiry date	Exercise price	November 30, 2018	Issued	Exercised	Expired	August 31, 2019
October 26, 2020	\$ 0.10	8,250,000	-	-	-	8,250,000
November 9, 2020	\$ 0.10	3,000,000	-	-	-	3,000,000
February 8, 2021	\$ 0.20	-	1,845,500	(4,000)	-	1,841,500
April 2, 2021	\$ 0.20	-	100,000	-	-	100,000
Outstanding		11,250,000	1,945,500	(4,000)	-	13,191,500
Weighted average exercise price	\$	0.10	\$	0.20	\$	0.11

As of August 31, 2019, the weighted average contractual life is 1.21 years.

The continuity of warrants for the period from incorporation on August 16, 2018 to November 30, 2018 is as follows:

Expiry date	Exercise price	August 16, 2018	Issued	Exercised	Expired	November 30, 2018
October 26, 2020	\$ 0.10	-	8,250,000	-	-	8,250,000
November 9, 2020	\$ 0.10	-	3,000,000	-	-	3,000,000
Outstanding		-	11,250,000	-	-	11,250,000
Weighted average exercise price	\$	-	\$	0.10	\$	0.10

As of November 30, 2018, the weighted average contractual life is 1.92 years.

MICHELIN MINING CORP.  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED AUGUST 31, 2019  
(Presented in Canadian Dollars)  
(Unaudited)

**8. RELATED PARTY TRANSACTIONS**

Amounts due to:	Service	Nine months ended August 31, 2019	Period from incorporation on August 16, 2018 to November 30, 2018	Balance due	
				As at August 31, 2019	As at November 30, 2018
Pacific Opportunity Capital Ltd., a company controlled by Mark T. Brown, a director	Accounting and financing services	\$ 50,274	\$ 8,068	\$ 4,300	\$ 5,499
<b>TOTAL:</b>		<b>\$ 50,274</b>	<b>\$ 8,068</b>	<b>\$ 4,300</b>	<b>\$ 5,499</b>

The above transactions are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties. Amounts due to related parties are unsecured, non-interest bearing and have no fixed term of repayment.