

Condensed Interim Financial Statements of

**Mich Resources Ltd.**  
**(formerly Michelin Mining Corp.)**

Three and nine months ended August 31, 2020 and 2019  
(Expressed in Canadian dollars)  
(Unaudited)

**NOTICE OF NO AUDITOR REVIEW**

The accompanying unaudited condensed interim financial statements of Mich Resources Ltd. (formerly Michelin Mining Corp.) (the "Company") have been prepared by and are the responsibility of the Company's management.

In accordance with National Instrument 51-102, the Company discloses that its independent auditor has not performed a review of these condensed interim financial statements.

# Mich Resources Ltd. (formerly Michelin Mining Corp.)

## Condensed Interim Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

	August 31, 2020	November 30, 2019
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 43,857	\$ 166,370
Amounts receivable	4,388	10,333
	<b>48,245</b>	<b>176,703</b>
<b>Non-current</b>		
Exploration and evaluation assets (Note 3)	-	151,146
	-	151,146
<b>Total assets</b>	<b>\$ 48,245</b>	<b>\$ 327,849</b>
<b>Liabilities</b>		
<b>Current</b>		
Amounts payable and accrued liabilities	\$ 36,796	\$ 19,940
Due to related party (Note 5)	-	4,562
<b>Total liabilities</b>	<b>36,796</b>	<b>24,502</b>
<b>Equity</b>		
Share capital (Note 4)	486,509	482,909
Equity reserve (Note 4)	72,571	72,571
Deficit	(547,631)	(252,133)
<b>Total equity</b>	<b>11,449</b>	<b>303,347</b>
<b>Total liabilities and equity</b>	<b>\$ 48,245</b>	<b>\$ 327,849</b>

Nature of operations and going concern (Note 1)

Subsequent events (Note 4)

Approved by the Board of Directors and authorized for issue on October 27, 2020:

"Mark Brown"

Director

"Thomas O'Neill"

Director

**Mich Resources Ltd. (formerly Michelin Mining Corp.)**  
**Condensed Interim Statements of Net Loss and Comprehensive Loss**  
(Expressed in Canadian dollars)  
(Unaudited)

	Three months ended August 31,		Nine months ended August 31,	
	2020	2019	2020	2019
<b>Expenses</b>				
Consulting and management	\$ 22,500	\$ 20,812	\$ 67,500	\$ 52,274
Office and administration	3,405	139	10,424	402
Professional services	2,250	-	40,001	12,071
Regulatory and filing	2,636	58,960	26,503	64,245
	<b>(30,791)</b>	<b>(79,911)</b>	<b>(144,428)</b>	<b>(128,992)</b>
<b>Other items</b>				
Interest income	-	942	76	3,470
Loss on impairment of exploration and evaluation assets (Note 3)	-	-	(151,146)	-
	-	942	(151,070)	3,470
<b>Net loss and comprehensive loss</b>	<b>\$ (30,791)</b>	<b>\$ (78,969)</b>	<b>\$ (295,498)</b>	<b>\$ (125,522)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding</b>	<b>33,320,958</b>	<b>33,194,012</b>	<b>33,316,046</b>	<b>32,201,584</b>

*The accompanying notes are an integral part of these unaudited condensed interim financial statements*

**Mich Resources Ltd. (formerly Michelin Mining Corp.)**  
**Condensed Interim Statements of Changes in Shareholders' Equity**  
(Expressed in Canadian dollars)  
(Unaudited)

	<b>Share Capital</b>					Total equity
	Shares issued	Amount	Shares subscribed	Equity reserve	Deficit	
<b>Balance, November 30, 2018</b>	29,300,002	\$ 324,691	\$ 150,000	\$ -	\$ (19,754)	\$ 454,937
Private placements	3,691,000	184,550	(150,000)	-	-	34,550
Shares issued as finders fees	200,000	10,000	-	-	-	10,000
Share issuance costs	-	(46,532)	-	-	-	(46,532)
Exercise of warrants	8,000	800	-	-	-	800
Net loss and comprehensive loss	-	-	-	-	(125,522)	(125,522)
<b>Balance, August 31, 2019</b>	33,199,002	473,509	-	-	(145,276)	328,233
Share-based compensation	-	-	-	72,571	-	72,571
Exercise of warrants	94,000	9,400	-	-	-	9,400
Net loss and comprehensive loss	-	-	-	-	(106,857)	(106,857)
<b>Balance, November 30, 2019</b>	33,293,002	482,909	-	72,571	(252,133)	303,347
Exercise of warrants	36,000	3,600	-	-	-	3,600
Net loss and comprehensive loss	-	-	-	-	(295,498)	(295,498)
<b>Balance, August 31, 2020</b>	<b>33,329,002</b>	<b>\$ 486,509</b>	<b>\$ -</b>	<b>\$ 72,571</b>	<b>\$ (547,631)</b>	<b>\$ 11,449</b>

*The accompanying notes are an integral part of these unaudited condensed interim financial statements*

# Mich Resources Ltd. (formerly Michelin Mining Corp.)

## Condensed Interim Statements of Cash Flows

(Expressed in Canadian dollars)

(Unaudited)

	Nine months ended August 31,	
	2020	2019
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Loss for the period	\$ (295,498)	\$ (125,522)
Items not affecting cash:		
Impairment of exploration and evaluation assets	151,146	-
Changes in non-cash working capital items:		
Amounts receivable	5,945	(8,089)
Prepaid expense	-	3,735
Amounts payable and accrued liabilities	16,856	18,088
Due to related party	(4,562)	(1,199)
	<b>(126,113)</b>	<b>(112,987)</b>
<b>Investing activities</b>		
Exploration and evaluation assets (Note 3)	-	(139,342)
	-	(139,342)
<b>Financing activities</b>		
Proceeds on shares issued	-	34,550
Share issuance costs	-	(20,417)
Exercise of warrants	3,600	800
	<b>3,600</b>	<b>14,933</b>
<b>Change in cash</b>	<b>(122,513)</b>	<b>(237,396)</b>
<b>Cash, beginning of the period</b>	<b>166,370</b>	<b>463,747</b>
<b>Cash, end of the period</b>	<b>\$ 43,857</b>	<b>\$ 226,351</b>

No cash was paid for interest or taxes during the nine months ended August 31, 2020 and 2019.

*The accompanying notes are an integral part of these unaudited condensed interim financial statements*

# Mich Resources Ltd. (formerly Michelin Mining Corp.)

## Notes to the Condensed Interim Financial Statements

August 31, 2020

(Expressed in Canadian dollars)

(Unaudited)

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### 1. NATURE OF OPERATIONS

The Company is incorporated and domiciled in Canada under the Business Corporations Act (British Columbia), and its registered office is 25<sup>th</sup> Floor, 700 West Georgia Street, Vancouver, BC, V7Y 1C3. 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 principally engaged in the acquisition and exploration of mineral properties.

These 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 equity financing 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 statements of financial position. The 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 could 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. Accordingly, these material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

As at August 31, 2020, the Company had working capital of \$11,449 (November 30, 2019: \$152,201). The Company recorded a loss of \$295,498 during the nine months ended August 31, 2020, and had an accumulated deficit of \$547,631 as at August 31, 2020.

In December 2019, the Company split its issued and outstanding share capital on the basis of two new common shares for each one outstanding common share. All common share and per common share amounts in these financial statements have been retroactively restated to reflect the stock split.

### 2. BASIS OF PRESENTATION

#### (a) *Statement of compliance*

The Company prepares its annual financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretation Committee. These unaudited condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting and follow the same accounting policies and methods of application as the Company's most recent annual financial statements. Accordingly, they should be read in conjunction with the Company's most recent annual financial statements.

#### (b) *New accounting standards and interpretations*

There are no new or upcoming accounting standards that are expected to have a material impact on the Company's financial statements.

# Mich Resources Ltd. (formerly Michelin Mining Corp.)

## Notes to the Condensed Interim Financial Statements

August 31, 2020

(Expressed in Canadian dollars)

(Unaudited)

### 3. EXPLORATION AND EVALUATION ASSETS

Following is a summary of exploration and evaluation assets at August 31, 2020:

<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>Balance at November 30, 2019</b>		<b>151,146</b>
Impairment of property		(151,146)
<b>Balance at August 31, 2020</b>	<b>\$</b>	<b>-</b>

#### 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 could earn a 70% interest in the Property by issuing an aggregate of 7,900,000 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	400,000	\$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	1,000,000	\$500,000	Nil
The third anniversary of the Option Date	\$500,000	1,500,000	\$1,000,000	Nil
The fourth anniversary of the Option Date	\$1,500,000	5,000,000	\$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 November 30, 2019, the Company had satisfied this expenditure requirement.
- (3) The Company satisfied this requirement by having been listed on the Canadian Securities Exchange on June 19, 2019.



# Mich Resources Ltd. (formerly Michelin Mining Corp.)

## Notes to the Condensed Interim Financial Statements

August 31, 2020

(Expressed in Canadian dollars)

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### 3. EXPLORATION AND EVALUATION ASSETS (Continued)

During the nine months ended August 31, 2020, the Company had not fulfilled the cash payment and share issuance due on the first anniversary of the Option Date and let the option to acquire 70% interest in the Property lapse. During the nine months ended August 31, 2020, the Company impaired all capitalized exploration and evaluation costs related to the Property, resulting in a loss of \$151,146 in the statement of net loss and comprehensive loss.

### 4. SHARE CAPITAL

#### (a) Authorized

Unlimited number of common shares without par value.

#### (b) Issued and fully paid

In December 2019, the Company split its issued and outstanding share capital on the basis of two new common shares for each one outstanding common share. All common share and per common share amounts in these financial statements have been retroactively restated to reflect the stock split.

During the nine months ended August 31, 2020, 36,000 common shares were issued pursuant to the exercise of warrants for proceeds of \$3,600.

Subsequent to August 31, 2020, 2,000 common shares were issued pursuant to the exercise of warrants for proceeds of \$200 and 650,000 common shares were issued pursuant to the exercise of options for proceeds of \$52,000.

#### During the year ended November 30, 2019:

During the year ended November 30, 2019, 102,000 common shares were issued pursuant to the exercise of warrants for proceeds of \$10,200.

On February 8, 2019, the Company closed a non-brokered private placement of 3,691,000 units at a price of \$0.05 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 \$0.10 per share until February 8, 2021. 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 200,000 compensation units. Each compensation unit consists of one common share at a deemed value of \$0.05 and one warrant exercisable into one common share at a price of \$0.10 expiring on April 2, 2021. The Company incurred additional share issue costs of \$33,906 during the year ended November 30, 2019, related to this unit financing. In November 2019, 3,475,000 of these warrants and 22,500,000 warrants issued from private placements during the year ended November 30, 2018 were cancelled.

#### (c) Escrow shares

As at August 31, 2020, 1,200,000 shares were in escrow.

# Mich Resources Ltd. (formerly Michelin Mining Corp.)

## Notes to the Condensed Interim Financial Statements

August 31, 2020

(Expressed in Canadian dollars)

(Unaudited)

### 4. SHARE CAPITAL (Continued)

#### (d) Warrants

Following is a summary of changes in warrants outstanding:

	Warrants outstanding	Weighted average exercise price
Balance, November 30, 2018	22,500,000	\$ 0.05
Issued	3,891,000	0.10
Exercised	(8,000)	0.10
Balance, August 31, 2019	26,383,000	0.06
Exercised	(94,000)	0.10
Cancelled	(25,975,000)	0.05
Balance, November 30, 2019	314,000	0.10
Exercised	(36,000)	0.10
Balance, August 31, 2020	278,000	\$ 0.10

The following table summarizes information about the warrants outstanding and exercisable at August 31, 2020:

Outstanding and exercisable	Exercise price	Expiry date
278,000	\$ 0.10	February 8, 2021

Subsequent to August 31, 2020, 2,000 warrants were exercised for proceeds of \$200.

#### (e) Options

The Company has established a rolling Share Option Plan (the "Plan"). Under the Plan, the number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding shares and, to any one optionee, may not exceed 5% of the issued shares on a yearly basis. The maximum term of each option shall not be greater than ten years. The exercise price of each option shall not be less than the market price of the Company's shares at the date of grant. Options granted to consultants performing investor relations activities shall vest over a minimum of 12 months with no more than 1/4 of such Options vesting in any three-month period. All other options vest at the discretion of the Board of Directors.

#### During the year ended November 30, 2019:

During the year ended November 30, 2019, 1,250,000 share options were granted to directors, officers, and consultants of the Company, vested immediately, exercisable at \$0.08 per common share until November 21, 2029. Using the Black-Scholes valuation model, the grant date fair value was \$72,571, or \$0.0581 per option.

The following weighted average assumptions were used for the valuation of the share options:

	2019
Risk-free interest rate	1.49%
Expected life (years)	10 years
Annualized volatility	75.00%
Dividend rate	0.00%

# Mich Resources Ltd. (formerly Michelin Mining Corp.)

## Notes to the Condensed Interim Financial Statements

August 31, 2020

(Expressed in Canadian dollars)

(Unaudited)

### 4. SHARE CAPITAL (Continued)

#### (e) Options (Continued)

Following is a summary of changes in options outstanding:

	Number of options	Weighted average exercise price
Balance, November 30, 2018 and August 31, 2019	-	\$ -
Granted	1,250,000	0.08
Balance, November 30, 2019 and August 31, 2020	1,250,000	\$ 0.08

The following table summarizes information about the options outstanding and exercisable at August 31, 2020:

Outstanding and exercisable	Exercise price	Expiry date
1,250,000	\$ 0.08	November 21, 2029

Subsequent to August 31, 2020, 650,000 options were exercised for proceeds of \$52,000.

### 5. RELATED PARTY TRANSACTIONS

During the nine months ended August 31, 2020, the Company incurred consulting fees of \$nil (2019: \$50,274) to a company of which a director of the Company is an officer. As at August 31, 2020, \$nil (November 30, 2019: \$4,562) is due to this company.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

There was no compensation to key management personnel during the nine months ended August 31, 2020 and 2019.

### 6. FINANCIAL INSTRUMENTS

#### *Financial Risk Management and Fair Value Measurement*

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, amounts receivable, and amounts payable. Cash, amounts receivable and amounts payable are held at carrying value which approximates fair value due to the short-term nature of these instruments.

#### *Financial Instrument Risk Exposure*

The Company is exposed in varying degrees to a variety of financial instrument related risks.

# Mich Resources Ltd. (formerly Michelin Mining Corp.)

## Notes to the Condensed Interim Financial Statements

August 31, 2020

(Expressed in Canadian dollars)

(Unaudited)

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### 6. FINANCIAL INSTRUMENTS (Continued)

#### *Financial Instrument Risk Exposure (Continued)*

##### Credit Risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company is exposed to credit risk on cash and amounts receivable. The Company reduces its credit risk on cash by maintaining its bank account with a large international financial institution. The maximum exposure to credit risk is equal to the carrying value of its cash.

##### 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. At August 31, 2020, the Company had working capital of \$11,449. Management has concluded that the Company will require additional funding to continue operations for the next twelve months (Note 1).

##### Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign currency and price risk.

##### *a) Interest Rate Risk*

The Company is nominally exposed to interest rate risk. The Company's cash earns interest at variable rates. The Company's future earned interest is exposed to short-term rate fluctuations. Interest rate exposure is considered to be insignificant.

##### *b) Foreign Currency Risk*

The Company is not exposed to currency risk as all transactions are denominated in Canadian dollars.

##### *c) Price Risk*

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

#### **Fair value**

IFRS establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# Mich Resources Ltd. (formerly Michelin Mining Corp.)

## Notes to the Condensed Interim Financial Statements

August 31, 2020

(Expressed in Canadian dollars)

(Unaudited)

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### 6. FINANCIAL INSTRUMENTS (Continued)

#### *Fair value (Continued)*

The Company's financial instruments are classified and subsequently measured as follows:

<b>Account</b>	<b>Classification</b>
Cash	Amortized cost
Accounts Payable and accrued liabilities	Amortized cost

### 7. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions, business opportunity and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares or return capital to its shareholders. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis. There was no change in the Company's management of capital policies during the nine months ended August 31, 2020.

### 8. COVID-19 UNCERTAINTY

To the date of this report, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. As at the date of this report, the Company has not been significantly impacted by the spread of COVID-19.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.