

Condensed Interim Financial Statements of

Mich Resources Ltd.

Three and Six Months ended May 31, 2021 and 2020
(Expressed in Canadian dollars)
(Unaudited)

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim financial statements of Mich Resources Ltd. (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.

Condensed Interim Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

	May 31, 2021	November 30, 2020
Assets		
Current		
Cash	\$ 7,677	\$ 46,200
Amounts receivable	3,073	5,849
Total assets	\$ 10,750	\$ 52,049
Liabilities		
Current		
Amounts payable and accrued liabilities	\$ 36,486	\$ 19,033
Total liabilities	36,486	19,033
Shareholders' equity (deficiency)		
Share capital (Note 4)	588,446	577,646
Equity reserve (Note 4)	362,482	351,948
Deficit	(976,664)	(896,578)
Total shareholders' equity (deficiency)	(25,736)	33,016
Total liabilities and shareholders' equity (deficiency)	\$ 10,750	\$ 52,049

Nature of operations and going concern (Note 1)

Subsequent event (Note 4(a) and 4(c))

Approved by the Board of Directors and authorized for issue on July 20, 2021:

"Mark Brown"

Director

"Thomas O'Neill"

Director

Mich Resources Ltd.

Condensed Interim Statements of Net Loss and Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited)

	Three months ended		Six months ended	
	May 31, 2021	May 31, 2020	May 31, 2021	May 31, 2020
Expenses				
Consulting and management	\$ 22,500	\$ 22,500	\$ 45,000	\$ 45,000
Office and administration	3,379	3,474	6,766	7,019
Professional services	2,680	35,501	4,930	37,751
Regulatory and filing	8,334	6,962	12,911	23,867
Share-based compensation	10,534	-	10,534	-
	(47,427)	(68,437)	(80,141)	(113,637)
Other items				
Interest income	8	2	55	76
Loss on impairment of exploration and evaluation assets (Note 3)	-	-	-	(151,146)
	8	2	55	(151,070)
Net loss and comprehensive loss	\$ (47,419)	\$ (68,435)	\$ (80,086)	\$ (264,707)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding	34,101,002	33,318,804	34,074,107	33,313,573

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

Mich Resources Ltd.

Condensed Interim Statements of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian dollars)

(Unaudited)

	Share Capital				Total shareholders' equity (deficiency)
	Shares issued	Amount	Equity reserve	Deficit	
Balance, November 30, 2019	33,293,002	\$ 482,909	\$ 72,571	\$ (252,133)	\$ 303,347
Exercise of warrants	26,000	2,600	-	-	2,600
Net loss and comprehensive loss	-	-	-	(264,707)	(264,707)
Balance, May 31, 2020	33,319,002	485,509	72,571	(516,840)	41,240
Exercise of options	650,000	89,737	(37,737)	-	52,000
Exercise of warrants	24,000	2,400	-	-	2,400
Share-based compensation	-	-	317,114	-	317,114
Net loss and comprehensive loss	-	-	-	(379,738)	(379,738)
Balance, November 30, 2020	33,993,002	577,646	351,948	(896,578)	33,016
Exercise of warrants	108,000	10,800	-	-	10,800
Share-based compensation	-	-	10,534	-	10,534
Net loss and comprehensive loss	-	-	-	(80,086)	(80,086)
Balance, May 31, 2021	34,101,002	\$ 588,446	\$ 362,482	\$ (976,664)	\$ (25,736)

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

Mich Resources Ltd.

Condensed Interim Statements of Cash Flows

(Expressed in Canadian dollars)

(Unaudited)

	Six months ended	
	May 31, 2021	May 31, 2020
Cash provided by (used in):		
Operating activities		
Loss for the period	\$ (80,086)	\$ (264,707)
Items not affecting cash:		
Share-based payments	10,534	-
Impairment of exploration and evaluation assets	-	151,146
Changes in non-cash working capital items:		
Amounts receivable	2,776	7,785
Amounts payable and accrued liabilities	17,453	29,953
Due to related party	-	(4,562)
	(49,323)	(80,385)
Financing activities		
Exercise of warrants	10,800	2,600
	10,800	2,600
Change in cash	(38,523)	(77,785)
Cash, beginning of the period	46,200	166,370
Cash, end of the period	\$ 7,677	\$ 88,585

No cash was paid for interest or taxes during the six months ended May 31, 2021 and 2020.

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

Mich Resources Ltd.

Notes to the Condensed Interim Financial Statements

May 31, 2021

(Expressed in Canadian dollars)

(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company is incorporated and domiciled in Canada under the Business Corporations Act (British Columbia), and its registered office is 25th 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 unaudited 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 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 unaudited 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 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 May 31, 2021, the Company had working capital deficiency of \$25,736 (November 30, 2020: working capital of \$33,016). The Company recorded a loss of \$80,086 during the six months ended May 31, 2021, and had an accumulated deficit of \$976,664 as at May 31, 2021.

In June 2021, the Company completed a private placement of 8,875,600 common shares at a price of \$0.25 per common share for gross proceeds of \$2,218,900.

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) *Significant new accounting policies*

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC. There are no new standards which the Company reasonably expects are applicable to the Company and will significantly impact the Company.

Mich Resources Ltd.

Notes to the Condensed Interim Financial Statements

May 31, 2021

(Expressed in Canadian dollars)

(Unaudited)

3. EXPLORATION AND EVALUATION ASSETS

Following is a summary of exploration and evaluation assets at May 31, 2021:

Balance at November 30, 2019	\$	151,146
Impairment of property		(151,146)
Balance at May 31, 2020, November 30, 2020 and May 31, 2021	\$	-

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 Company entered into an option agreement with a private entity, 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.

The Company had not fulfilled the cash payment and share issuance due on January 15, 2020 and let the option to acquire 70% interest in the Property lapse. During the six months ended May 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

During the six months ended May 31, 2021, 108,000 common shares were issued pursuant to the exercise of warrants for proceeds of \$10,800.

Subsequent to May 31, 2021, pursuant to a private placement, the Company issued 8,875,600 common shares at a price of \$0.25 per common share for gross proceeds of \$2,218,900.

During the year ended November 30, 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.

During the year ended November 30, 2020, 50,000 common shares were issued pursuant to the exercise of warrants for proceeds of \$5,000.

During the year ended November 30, 2020, 650,000 common shares were issued pursuant to the exercise of options for proceeds of \$52,000.

Mich Resources Ltd.

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May 31, 2021

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4. SHARE CAPITAL (Continued)

(c) Escrow shares

As at May 31, 2021, 900,000 shares were in escrow. Subsequent to May 31, 2021, 300,000 of these shares were released from escrow.

(d) Warrants

Following is a summary of changes in warrants outstanding:

	Warrants outstanding	Weighted average exercise price
Balance, November 30, 2019	314,000	\$ 0.10
Exercised	(26,000)	0.10
Balance, May 31, 2020	288,000	0.10
Exercised	(24,000)	0.10
Balance, November 30, 2020	264,000	0.10
Exercised	(108,000)	0.10
Expired	(156,000)	0.10
Balance, May 31, 2021	-	\$ -

(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 six months ended May 31, 2021, 50,000 share options were granted to a director and officer of the Company, vested immediately, and exercisable at \$0.27 per common share until March 31, 2031. Using the Black-Scholes valuation model, the grant date fair value was \$10,534, or \$0.21 per option.

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

Risk-free interest rate	1.39%
Expected life (years)	10 years
Annualized volatility	75.00%
Dividend rate	0.00%

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4. SHARE CAPITAL (Continued)

(e) Options (Continued)

During the year ended November 30, 2020:

During the year ended November 30, 2020, 1,525,000 share options were granted to directors, officers, and consultants of the Company, vested immediately, and exercisable at \$0.27 per common share until October 27, 2030. Using the Black-Scholes valuation model, the grant date fair value was \$317,114, or \$0.21 per option.

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

	2020
Risk-free interest rate	0.50%
Expected life (years)	10 years
Annualized volatility	75.00%
Dividend rate	0.00%

Following is a summary of changes in options outstanding:

	Number of options	Weighted average exercise price
Balance, November 30, 2019 and May 31, 2020	1,250,000	\$ 0.08
Granted	1,525,000	0.27
Exercise	(650,000)	0.08
Balance, November 30, 2020	2,125,000	0.22
Granted	50,000	0.27
Balance, May 31, 2021	2,175,000	\$ 0.22

The following table summarizes information about the options outstanding and exercisable at May 31, 2021:

Outstanding and exercisable	Exercise price	Expiry date
600,000	\$ 0.08	November 21, 2029
1,525,000	\$ 0.27	October 27, 2030
50,000	\$ 0.27	March 31, 2031
2,175,000		

5. RELATED PARTY TRANSACTIONS

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.

During the six months ended May 31, 2021, key management personnel compensation included share-based compensation of \$10,534 (2020: \$nil) (Note 4(e)).

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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 and accrued liabilities. Cash, amounts receivable and amounts payable and accrued liabilities 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.

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 May 31, 2021, the Company had working capital deficiency of \$25,736. 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.

Mich Resources Ltd.

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(Expressed in Canadian dollars)

(Unaudited)

6. FINANCIAL INSTRUMENTS (Continued)

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).

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

Account	Classification
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 six months ended May 31, 2021.

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. 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.