

Condensed Interim Financial Statements of

Mich Resources Ltd.

Three and Nine Months ended August 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)

	August 31, 2021	November 30, 2020
Assets		
Current		
Cash	\$ 2,121,789	\$ 46,200
Amounts receivable	10,252	5,849
	2,132,041	52,049
Deferred transaction costs (Note 9)	81,011	-
Total assets	\$ 2,213,052	\$ 52,049
Liabilities		
Current		
Amounts payable and accrued liabilities	\$ 101,703	\$ 19,033
Total liabilities	101,703	19,033
Shareholders' equity		
Share capital (Note 4)	2,774,387	577,646
Equity reserve (Note 4)	362,482	351,948
Deficit	(1,025,520)	(896,578)
Total shareholders' equity	2,111,349	33,016
Total liabilities and shareholders' equity	\$ 2,213,052	\$ 52,049

Nature of operations and going concern (Note 1)

Approved by the Board of Directors and authorized for issue on October 29, 2021:

"Mark Brown"

Director

"Thomas O'Neill"

Director

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

Mich Resources Ltd.

Condensed Interim Statements of Net Loss and Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited)

	Three months ended		Nine months ended	
	August 31, 2021	August 31, 2020	August 31, 2021	August 31, 2020
Expenses				
Consulting and management	\$ 27,500	\$ 22,500	\$ 72,500	\$ 67,500
Office and administration	3,657	3,405	10,423	10,424
Professional services	14,298	2,250	19,228	40,001
Regulatory and filing	5,243	2,636	18,154	26,503
Share-based compensation	-	-	10,534	-
	(50,698)	(30,791)	(130,839)	(144,428)
Other items				
Interest income	1,842	-	1,897	76
Loss on impairment of exploration and evaluation assets (Note 3)	-	-	-	(151,146)
	1,842	-	1,897	(151,070)
Net loss and comprehensive loss	\$ (48,856)	\$ (30,791)	\$ (128,942)	\$ (295,498)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding	40,245,648	33,320,958	36,131,386	33,316,046

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

(Expressed in Canadian dollars)

(Unaudited)

	Share Capital				Total shareholders' equity
	Shares issued	Amount	Equity reserve	Deficit	
Balance, November 30, 2019	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)
Balance, August 31, 2020	33,329,002	486,509	72,571	(547,631)	11,449
Exercise of options	650,000	89,737	(37,737)	-	52,000
Exercise of warrants	14,000	1,400	-	-	1,400
Share-based compensation	-	-	317,114	-	317,114
Net loss and comprehensive loss	-	-	-	(348,947)	(348,947)
Balance, November 30, 2020	33,993,002	577,646	351,948	(896,578)	33,016
Private placement (Note 4(b))	8,875,600	2,218,900	-	-	2,218,900
Share issuance costs	-	(32,959)	-	-	(32,959)
Exercise of warrants	108,000	10,800	-	-	10,800
Share-based compensation	-	-	10,534	-	10,534
Net loss and comprehensive loss	-	-	-	(128,942)	(128,942)
Balance, August 31, 2021	42,976,602	\$ 2,774,387	\$ 362,482	\$ (1,025,520)	\$ 2,111,349

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)

	Nine months ended	
	August 31, 2021	August 31, 2020
Cash provided by (used in):		
Operating activities		
Loss for the period	\$ (128,942)	\$ (295,498)
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	(4,403)	5,945
Amounts payable and accrued liabilities	82,670	16,856
Due to related party	-	(4,562)
	(40,141)	(126,113)
Investing activities		
Deferred transaction costs (Note 9)	(81,011)	-
	(81,011)	-
Financing activities		
Proceeds on shares issued (Note 4(b))	2,218,900	-
Share issuance costs	(32,959)	-
Exercise of warrants	10,800	3,600
	2,196,741	3,600
Change in cash	2,075,589	(122,513)
Cash, beginning of the period	46,200	166,370
Cash, end of the period	\$ 2,121,789	\$ 43,857
Non-cash investing and financing activities		
Deferred transaction costs included in trade and other payables (Note 9)	\$ 81,011	\$ -

No cash was paid for interest or taxes during the nine months ended August 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

August 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 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, 2021, the Company had working capital of \$2,030,338 (November 30, 2020: working capital of \$33,016). The Company recorded a loss of \$128,942 during the nine months ended August 31, 2021, and had an accumulated deficit of \$1,025,520 as at August 31, 2021.

In July 2021, the Company announced that it had signed a term sheet dated July 27, 2021, for the acquisition of the advanced-stage Pecoy copper exploration project located in Peru (the "Pecoy Project"), via a reverse takeover (the "Transaction") (Note 9).

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.

Mich Resources Ltd.

Notes to the Condensed Interim Financial Statements

August 31, 2021

(Expressed in Canadian dollars)

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2. BASIS OF PRESENTATION (Continued)

(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.

3. EXPLORATION AND EVALUATION ASSETS

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

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

During the nine months ended August 31, 2021, pursuant to a non-brokered 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. Share issuance costs of \$32,959 were incurred in relation to this non-brokered private placement.

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

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(Expressed in Canadian dollars)

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4. SHARE CAPITAL (Continued)

(b) Issued and fully paid (Continued)

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.

(c) Escrow shares

As at August 31, 2021, 600,000 shares were in 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, August 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 nine months ended August 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.

Mich Resources Ltd.

Notes to the Condensed Interim Financial Statements

August 31, 2021

(Expressed in Canadian dollars)

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4. SHARE CAPITAL (Continued)

(e) Options (Continued)

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

	2021
Risk-free interest rate	1.39%
Expected life (years)	10 years
Annualized volatility	75.00%
Dividend rate	0.00%

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:

	Options Outstanding	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, August 31, 2021	2,175,000	\$ 0.22

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

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August 31, 2021

(Expressed in Canadian dollars)

(Unaudited)

4. SHARE CAPITAL (Continued)

(e) Options (Continued)

Outstanding and exercisable	Exercise price	Expiry date
100,000	\$ 0.08	June 30, 2022*
50,000	\$ 0.27	June 30, 2022*
500,000	\$ 0.08	November 21, 2029
1,475,000	\$ 0.27	October 27, 2030
50,000	\$ 0.27	March 31, 2031
2,175,000		

* During the nine months ended August 31, 2021, the Company approved an amendment to the expiry date of 100,000 options with an exercise price of \$0.08 from November 21, 2029, to June 30, 2022, and 50,000 options with an exercise price of \$0.27 from October 27, 2030, to June 30, 2022.

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

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.

Mich Resources Ltd.

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(Expressed in Canadian dollars)

(Unaudited)

6. FINANCIAL INSTRUMENTS (Continued)

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, 2021, the Company had working capital of \$2,030,338 (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).

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

Account	Classification
Cash	Amortized cost
Accounts Payable and accrued liabilities	Amortized cost

Mich Resources Ltd.

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August 31, 2021

(Expressed in Canadian dollars)

(Unaudited)

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, 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.

9. REVERSE TAKEOVER TRANSACTION

In July 2021, the Company announced the Transaction (Note 1). The signatories to the term sheet include Pembroke Copper Corp. ("Pembroke"), Minera Andina de Exploraciones SAA ("Minandex") and UMS projects LP ("UMS"). The term sheet contemplates that the Pecoy Project will be acquired from Pembroke and Minandex for cash and shares of the Company that will be immediately distributed by Pembroke to its shareholders. UMS acted as finder and facilitated the negotiations of the Transaction which will constitute a reverse takeover ("RTO") of the Company when completed.

The Pecoy Project is an advanced copper exploration project located 150 kilometres northwest of Arequipa, within the Cretaceous copper porphyry belt of Peru, host to the Zafranal copper porphyry (Teck Resources Ltd. and Mitsubishi Materials Corp.) located approximately 100 kilometres to the southeast of the Pecoy Project.

The Pecoy Project to be acquired by the Company comprises all rights and title of the Pecoy Project currently held indirectly by Pembroke and Minandex. Additionally, Minandex is the owner of certain lands adjoining the Pecoy Project which will be optioned to the Company concurrently with the closing of the Transaction.

As an RTO, the Transaction is a fundamental change pursuant to the policies of the CSE. As consideration for Pembroke and Minandex's interests in the Pecoy Project, the Company will pay the amount of US\$2,000,000 and issue 121,000,000 common shares of the Company to the shareholders of Pembroke and Minandex and 6,400,000 common shares of the Company to UMS. It is anticipated that the shareholders of Pembroke and Minandex will hold approximately 70% of the Company following closing of the Transaction and UMS will hold 3.7% of the resulting issuer.

Mich Resources Ltd.

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August 31, 2021

(Expressed in Canadian dollars)

(Unaudited)

9. REVERSE TAKEOVER TRANSACTION (Continued)

Upon completion of the Transaction, the resulting issuer will continue to carry on the business of exploration and development of the Pecoy Project under the Company's existing name or such other name as may be approved by the Board of Directors of the resulting issuer and the TSX Venture Exchange ("TSX-V").

Completion of the Transaction is subject to a number of conditions, including but not limited to the execution of definitive agreements, mutual due diligence, the approval of all regulatory bodies having jurisdiction in connection with the Transaction (including the approval of the TSX-V), and approval of both the Company's shareholders and the shareholders of Pembroke. The Company intends to apply for an exemption from any sponsorship requirements of the TSX-V. There can be no assurance that the Transaction will be completed as proposed or at all.

In connection with the announcement of the term sheet and the Transaction, trading of the common shares of the Company on the CSE has been halted, and will remain halted until closing of the Transaction, which is currently targeted for the fourth quarter of 2021.

As at August 31, 2021, \$81,011 of expenditures relating to the Transaction have been recorded as deferred transaction costs on the statement of financial position (November 30, 2020: \$nil).