

Condensed Interim Consolidated Financial Statements of

Mich Resources Ltd.

Three and Six Months ended May 31, 2023 and 2022
(Expressed in Canadian Dollars)
(Unaudited)

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim consolidated 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 consolidated financial statements

Mich Resources Ltd.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

	Note	May 31, 2023	November 30, 2022
		\$	\$
Current Assets			
Cash		383,919	816,312
Deposit	7	200,000	25,000
Prepaid expense		5,000	-
GST recoverable		4,881	5,258
		593,800	846,570
Long-term Assets			
Deferred transaction costs	7	113,337	-
		707,137	846,570
Current Liabilities			
Amounts payable and accrued liabilities		275,805	178,663
		275,805	178,663
Shareholders' Equity			
Share capital	3	2,788,193	2,788,193
Equity reserve	3	356,676	356,676
Deficit		(2,713,537)	(2,476,962)
		431,332	667,907
		707,137	846,570

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

Approved on behalf of the Board of Directors:

/s/ David Suda

Director

/s/ Mark Brown

Director

Mich Resources Ltd.

Condensed Interim Consolidated Statements of Net Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Note	Three months ended,		Six months ended,	
		May 31, 2023	May 31, 2022	May 31, 2023	May 31, 2022
		\$	\$	\$	\$
Expenses					
Consulting and management	4	85,000	118,339	190,000	204,688
Marketing and advertisement		-	6,900	7,500	9,400
Office and administration		10,673	6,758	17,617	12,996
Professional services		2,250	9,457	23,569	11,707
Regulatory and filing		6,499	6,736	11,225	19,727
Travel		-	5,961		5,961
		(104,422)	(154,151)	(249,911)	(264,479)
Other items					
Foreign exchange gain (loss)		-	(273)	8	(1,077)
Interest income		5,132	3,370	13,328	5,510
		5,132	3,097	13,336	4,433
Loss for the period		(99,290)	(151,054)	(236,575)	(260,046)
Basic and diluted loss per share		(0.00)	(0.00)	(0.01)	(0.01)
Weighted average number of common shares outstanding		43,076,602	42,976,602	43,076,602	42,976,602

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

Mich Resources Ltd.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Shares Issued	Amount	Equity Reserve	Deficit	Total shareholders' Equity
		\$	\$	\$	\$
Balance, November 30, 2021	42,976,602	2,774,387	362,482	(1,052,524)	2,084,345
Loss for the period	-	-	-	(260,046)	(260,046)
Balance, May 31, 2022	42,976,602	2,774,387	362,482	(1,312,570)	1,824,299
Balance, November 30, 2022	43,076,602	2,788,193	356,676	(2,476,962)	667,907
Loss for the period	-	-	-	(236,575)	(236,575)
Balance, May 31, 2023	43,076,602	2,788,193	356,676	(2,713,537)	431,332

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

Mich Resources Ltd.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	Six months ended	
	May 31, 2023	May 31, 2022
	\$	\$
Operating activities		
Loss for the period	(236,575)	(260,046)
Changes in non-cash working capital items:		
GST recoverable	377	9,039
Amounts payable and accrued liabilities	50,318	(46,887)
Prepaid expense	(5,000)	-
	(190,880)	(297,894)
Investing activities		
Deferred transaction costs	(66,513)	(231,861)
Deposit	(175,000)	-
	(241,513)	(231,861)
Change in cash	(432,393)	(529,755)
Cash, beginning	816,312	1,709,288
Cash, ending	383,919	1,179,533
Non-cash investing and financing activities		
Deferred transaction costs included in amounts payable and accrued liabilities	81,019	54,441

No cash was paid for interest or taxes during the six months ended May 31, 2023 and 2022.

Mich Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Six Months ended May 31, 2023 and 2022

(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 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 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, 2023, the Company had working capital of \$317,995 (November 30, 2022: working capital of \$667,907). The Company recorded a loss of \$236,575 during the period ended May 31, 2023, and had an accumulated deficit of \$2,713,537 as at May 31, 2023.

The Company will not pursue the acquisition of the Pecoy copper exploration project and is actively pursuing the Pavey Transaction (see Note 7).

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 consolidated 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.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on July 31, 2023.

Mich Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Six Months ended May 31, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited)

2. BASIS OF PRESENTATION (Continued)

(b) Basis of measurement

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

(c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned inactive subsidiary, being 1328566 B.C. Ltd. (British Columbia).

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries, including entities which the Company controls, are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

(d) 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. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and fully paid

There were no shares issued during the six months ended May 31, 2023.

During the year ended November 30, 2022, 100,000 common shares were issued pursuant to the exercise of options for proceeds of \$8,000.

(c) 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.

There were no share options granted during the six months ended May 31, 2023, and during the year ended November 30, 2022.

Mich Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Six Months ended May 31, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited)

3. SHARE CAPITAL (Continued)

(c) Options (Continued)

Following is a summary of options outstanding:

	Options Outstanding	Weighted average exercise price
		\$
Balance, November 30, 2021	2,175,000	0.23
Exercised	(100,000)	0.08
Expired	(50,000)	0.27
Balance, November 30, 2022	2,025,000	0.22
Expired	(200,000)	0.18
Balance, May 31, 2023	1,825,000	0.23

The following table summarizes information about the options outstanding and exercisable at May 31, 2023:

Outstanding and exercisable	Exercise price	Expiry date
	\$	
200,000	0.08	August 9, 2023
200,000	0.27	August 9, 2023
200,000	0.08	November 21, 2029
1,225,000	0.27	October 27, 2030
1,825,000		

4. 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.

Compensation to key management:

	Six months ended May 31,	
	2023	2022
	\$	\$
Consulting fees	130,000	144,688
	130,000	144,688

As at May 31, 2023, included in accounts payable and accrued liabilities are balances owing to key management of the Company in the amount of \$Nil (May 31, 2022 - \$15,657).

Mich Resources Ltd.

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5. 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, and amounts payable and accrued liabilities. Cash, 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, 2023, the Company had working capital of \$317,995 (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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5. 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
Amounts payable and accrued liabilities	Amortized cost

6. 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 attempt to issue new shares, acquire or dispose of assets, or adjust the amount of cash held. 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, 2023.

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(Unaudited)

7. PAVEY TRANSACTION

On January 31, 2023, the Company entered into an Option Agreement (the "Agreement") with Pavey Ark Minerals Inc. ("Pavey") whereby the Company was granted the option to acquire a 100% interest in the Chrome-Puddy Property and the Danby Triangle Property (the "Properties").

Pursuant to the terms of the Agreement, to earn a 100% interest in the Properties, the Company is required to make the following cash payments and share issuances:

- A cash payment of \$200,000 (paid) on execution of the Agreement;
- The issuance of 5,000,000 common shares of the Company on closing of the transaction;
- Cash payments of \$150,000 on each of the first, second, third and fourth anniversaries of the closing of the transaction; and
- The issuance of common shares of the Company valued at \$250,000 on each of the first, second, third and fourth anniversaries of the closing of the transaction.

The Company is also required to provide work program funding to advance the Properties as follows:

- A minimum of \$550,000 prior to the first anniversary of the Agreement;
- A minimum of an additional \$700,000 following the first anniversary of the Agreement and prior to the second anniversary of the Agreement; and
- A minimum of a further additional \$700,000 following the second anniversary of the Agreement and prior to the third anniversary of the Agreement.

Upon earning a 100% interest in the Properties, the Company will grant to Pavey a 1.5% net smelter royalty.

The completion of the transaction remains subject to certain conditions, including receipt of all necessary approvals, including the approval of the Canadian Securities Exchange, and the completion of a financing of not less than \$1,000,000 to close concurrently with the transaction.