

Condensed Interim Financial Statements of

Mich Resources Ltd.
(formerly Michelin Mining Corp.)

Three months ended February 29, 2020 and February 28, 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)

	February 29, 2020	November 30, 2019
Assets		
Current		
Cash	\$ 111,049	\$ 166,370
Amounts receivable	10,535	10,333
	121,584	176,703
Non-current		
Exploration and evaluation assets (Note 3)	-	151,146
	-	151,146
Total assets	\$ 121,584	\$ 327,849
Liabilities		
Current		
Amounts payable and accrued liabilities	\$ 12,109	\$ 19,940
Due to related party (Note 5)	-	4,562
Total liabilities	12,109	24,502
Equity		
Share capital (Note 4)	485,309	482,909
Equity reserve (Note 4)	72,571	72,571
Deficit	(448,405)	(252,133)
Total equity	109,475	303,347
Total liabilities and equity	\$ 121,584	\$ 327,849

Nature of operations and going concern (Note 1)

Subsequent events (Note 4)

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

"Mark Brown"

Director

"Thomas O'Neill"

Director

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

Mich Resources Ltd. (formerly Michelin Mining Corp.)

Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited)

	Three months ended February 29, 2020	Three months ended February 28, 2019
Expenses		
Consulting and management	\$ 22,500	\$ 15,580
Office and administration	3,545	110
Professional services	2,250	12,071
Regulatory and filing	16,905	480
	(45,200)	(28,241)
Other items		
Interest income	74	1,436
Loss on impairment of exploration and evaluation assets (Note 3)	(151,146)	-
	(151,072)	1,436
Net loss and comprehensive loss	\$ (196,272)	\$ (26,805)
Basic and diluted loss per share	\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding	33,308,246	30,197,926

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

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

	Share Capital			Equity reserve	Deficit	Total equity
	Shares issued	Amount	Shares subscribed			
Balance, November 30, 2018	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	-	(19,782)	-	-	-	(19,782)
Loss	-	-	-	-	(26,805)	(26,805)
Balance, February 28, 2019	33,191,002	499,459	-	-	(46,559)	452,900
Share issuance costs	-	(26,750)	-	-	-	(26,750)
Share-based compensation	-	-	-	72,571	-	72,571
Exercise of warrants	102,000	10,200	-	-	-	10,200
Loss	-	-	-	-	(205,574)	(205,574)
Balance, November 30, 2019	33,293,002	482,909	-	72,571	(252,133)	303,347
Exercise of warrants	24,000	2,400	-	-	-	2,400
Loss	-	-	-	-	(196,272)	(196,272)
Balance, February 29, 2020	33,317,002	\$ 485,309	\$ -	\$ 72,571	\$ (448,405)	\$ 109,475

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

Mich Resources Ltd. (formerly Michelin Mining Corp.)

Condensed Interim Statements of Cash Flows

(Expressed in Canadian dollars)

(Unaudited)

	Three months ended February 29, 2020	Three months ended February 28, 2019
Cash provided by (used in):		
Operating activities		
Loss for the period	\$ (196,272)	\$ (26,805)
Items not affecting cash:		
Write-off of exploration and evaluation assets	151,146	-
Changes in non-cash working capital items:		
Receivables	(202)	(2,388)
Prepaid expense	-	(18,200)
Accounts payable and accrued liabilities	(7,831)	(516)
Due to related party	(4,562)	(215)
	(57,721)	(48,124)
Investing activities		
Exploration and evaluation assets (Note 3)	-	(4,304)
Deposit (Note 3)	-	(120,000)
	-	(124,304)
Financing activities		
Proceeds on shares issued	-	34,550
Share issuance costs	-	(6,639)
Exercise of warrants	2,400	-
	2,400	27,911
Change in cash	(55,321)	(144,517)
Cash, beginning of the period	166,370	463,747
Cash, end of the period	\$ 111,049	\$ 319,230

No cash was paid for interest or taxes.

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

Mich Resources Ltd. (formerly Michelin Mining Corp.)

Notes to the Condensed Interim Financial Statements

February 29, 2020

(Expressed in Canadian dollars)

(Unaudited)

1. NATURE OF OPERATIONS

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 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 February 29, 2020, the Company had working capital of \$109,475 (November 30, 2019: \$152,201) and shareholders' equity of \$109,475 (November 30, 2018: \$327,849).

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.

Mich Resources Ltd. (formerly Michelin Mining Corp.)

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3. EXPLORATION AND EVALUATION ASSETS

Following is a summary table of exploration and evaluation assets at February 29, 2020:

Balance at November 30, 2018	\$	1
Exploration expenditures:		
Aircraft Charter		2,951
Camp, travel and meals		527
Community relations		
Drilling		125,000
Reporting, drafting, sampling and analysis		22,667
Balance at November 30, 2019		151,146
Write-down of properties		(151,146)
Balance at February 29, 2020	\$	-

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 ⁽¹⁾	Nil	Nil	Nil
The first anniversary of the Option Date	\$200,000	400,000	\$120,000 ⁽²⁾	List the Common Shares of the Company on the Exchange ⁽³⁾
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 listed on the Canadian Securities Exchange on June 19, 2019.

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(Expressed in Canadian dollars)

(Unaudited)

3. EXPLORATION AND EVALUATION ASSETS (Continued)

As at February 29, 2020, the Company had not fulfilled the cash payment and share issuance due on the first anniversary date of the Option Date and let the option to acquire 70% interest in the Property lapse. During the three months ended February 29, 2020 the Company impaired all capitalized exploration and evaluation costs related to the Property, resulting in a loss of \$151,146 in the condensed interim statement of 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 three months ended February 29, 2020, 24,000 common shares were issued pursuant to the exercise of warrants for proceeds of \$2,400.

Subsequent to February 29, 2020, 2,000 common shares were issued pursuant to the exercise of warrants for proceeds of \$200.

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 were cancelled.

On October 26, 2018, the Company closed a non-brokered private placement of 16,500,000 units at a price of \$0.01 per unit for gross proceeds of \$165,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant was exercisable into one common share of the Company at a price of \$0.05 per share until October 26, 2020. The warrants were ascribed a value of \$Nil under the residual value method. In November 2019, all of these warrants were cancelled.

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4. SHARE CAPITAL (Continued)

(b) Issued and fully paid (Continued)

On November 9, 2018, the Company closed a non-brokered private placement of 6,000,000 units at a price of \$0.025 per unit for gross proceeds of \$150,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant was exercisable into one common share of the Company at a price of \$0.05 per share until November 9, 2020. The warrants were ascribed a value of \$Nil under the residual value method. In November 2019, all of these warrants were cancelled.

The Company recorded \$7,309 of share issuance cost during the year ended November 30, 2018, related to all non-brokered private placements during the period from incorporation on August 16, 2018 to November 30, 2018.

(c) Escrow shares

As at February 29, 2020, 1,500,000 shares were in escrow.

(d) Warrants

Following is a summary of changes in warrants outstanding:

	Warrants outstanding	Weighted average exercise price
Balance, November 30, 2018	22,500,000	\$ 0.05
Issued	3,891,000	0.10
Balance, February 28, 2019	26,391,000	0.06
Exercised	(102,000)	0.10
Cancelled	(25,975,000)	0.05
Balance, November 30, 2019	314,000	\$ 0.10
Exercised	(24,000)	0.10
Balance, February 29, 2020	290,000	\$ 0.10

Subsequent to February 29, 2020, 2,000 warrants exercised for proceeds of \$200.

The following table summarizes information about the warrants outstanding and exercisable at February 29, 2020:

Outstanding and exercisable	Exercise price	Expiry date
290,000	\$ 0.10	February 8, 2021

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4. SHARE CAPITAL (Continued)

(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%

Following is a summary of changes in options outstanding:

	Number of options	Weighted average exercise price
Balance, November 30, 2018 and February 28, 2019	-	\$ -
Granted	1,250,000	0.08
Balance, November 30, 2019 and February 29, 2020	1,250,000	0.08

The following table summarizes information about the options outstanding and exercisable at February 29, 2020:

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

5. RELATED PARTY TRANSACTIONS

During the three months ended February 29, 2020, the Company incurred consulting fees of \$nil (2019: \$15,580) to a company of which a director of the Company is an officer. As at February 29, 2020, \$nil (November 30, 2019: \$4,562) is due to this company.

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(Unaudited)

5. RELATED PARTY TRANSACTIONS (Continued)

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 three months ended February 29, 2020, and February 28, 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.

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 February 29, 2020, the Company had a working capital of \$109,475 (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.

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Notes to the Condensed Interim Financial Statements

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(Unaudited)

6. FINANCIAL INSTRUMENTS (Continued)

Financial Instrument Risk Exposure (Continued)

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

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 three months ended February 29, 2020.