

Condensed Interim Consolidated Financial Statements of

Mich Resources Ltd.

Three and Nine Months ended August 31, 2022 and 2021
(Expressed in Canadian dollars)
(Unaudited)

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim consolidated financial statements of Mich Resources Ltd. (the “Company” or “Mich”) 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)

	August 31, 2022	November 30, 2021
Assets		
Current		
Cash	\$ 1,003,025	\$ 1,709,288
Amounts receivable	19,990	16,715
	1,023,015	1,726,003
Deferred transaction costs (Note 8)	-	480,220
Total assets	\$ 1,023,015	\$ 2,206,223
Liabilities		
Current		
Amounts payable and accrued liabilities	\$ 154,938	\$ 121,878
Total liabilities	154,938	121,878
Shareholders' equity		
Share capital (Note 3)	2,788,193	2,774,387
Equity reserve (Note 3)	356,676	362,482
Deficit	(2,276,792)	(1,052,524)
Total shareholders' equity	868,077	2,084,345
Total liabilities and shareholders' equity	\$ 1,023,015	\$ 2,206,223

Nature of operations and going concern (Note 1)

Approved by the Board of Directors and authorized for issue on August 27, 2022:

"David Suda" Director

"Mark Brown" Director

Mich Resources Ltd.

Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited)

	Three months ended		Nine months ended	
	August 31, 2022	August 31, 2021	August 31, 2022	August 31, 2021
Expenses				
Consulting and management (Note 4)	\$ 91,661	\$ 27,500	\$ 296,349	\$ 72,500
Marketing and advertisement	-	-	9,400	-
Office and administration	7,349	3,657	20,345	10,423
Professional services	8,126	14,298	19,833	19,228
Regulatory and filing	7,175	5,243	26,902	18,154
Share-based compensation (Note 3(e) and 4)	-	-	-	10,534
Transaction costs (Note 8)	850,251	-	850,251	-
Travel	5,868	-	11,829	-
	(970,430)	(50,698)	(1,234,909)	(130,839)
Other items				
Foreign exchange loss	(32)	-	(1,109)	-
Interest income	6,240	1,842	11,750	1,897
	6,208	1,842	10,641	1,897
Net loss and comprehensive loss	\$ (964,222)	\$ (48,856)	\$ (1,224,268)	\$ (128,942)
Basic and diluted loss per share	\$ (0.02)	\$ (0.00)	\$ (0.03)	\$ (0.00)
Weighted average number of common shares outstanding	43,045,833	40,245,648	42,999,679	36,131,386

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)

	Share Capital		Equity reserve	Deficit	Total shareholders' equity
	Shares issued	Amount			
Balance, November 30, 2020	33,993,002	\$ 577,646	\$ 351,948	\$ (896,578)	\$ 33,016
Private placement	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
Net loss and comprehensive loss	-	-	-	(27,004)	(27,004)
Balance, November 30, 2021	42,976,602	2,774,387	362,482	(1,052,524)	2,084,345
Exercise of options	100,000	13,806	(5,806)	-	8,000
Net loss and comprehensive loss	-	-	-	(1,224,268)	(1,224,268)
Balance, August 31, 2022	43,076,602	\$ 2,788,193	\$ 356,676	\$ (2,276,792)	\$ 868,077

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)

	Nine months ended	
	August 31, 2022	August 31, 2021
Cash provided by (used in):		
Operating activities		
Net loss	\$ (1,224,268)	\$ (128,942)
Items not affecting cash:		
Share-based compensation	-	10,534
Prior year transaction costs	480,220	-
Changes in non-cash working capital items:		
Amounts receivable	(3,275)	(4,403)
Amounts payable and accrued liabilities	33,060	82,670
	(714,263)	(40,141)
Investing activities		
Deferred transaction costs	-	(81,011)
	-	(81,011)
Financing activities		
Proceeds from issuance of shares	-	2,218,900
Share issuance costs	-	(32,959)
Exercise of warrants	-	10,800
Exercise of options	8,000	-
	8,000	2,196,741
Change in cash	(706,263)	2,075,589
Cash, beginning of the period	1,709,288	46,200
Cash, end of the period	\$ 1,003,025	\$ 2,121,789
Non-cash investing and financing activities		
Deferred transaction costs included in trade and other payables	\$ 135,997	\$ 81,011

No cash was paid for interest or taxes during the nine months ended August 31, 2022 and 2021.

Mich Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Nine Months ended August 31, 2022 and 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 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 August 31, 2022, the Company had working capital of \$868,077 (November 30, 2021: 1,604,125). The Company recorded a loss of \$1,224,268 during the nine months ended August 31, 2022, and had an accumulated deficit of \$2,276,792 as at August 31, 2022.

The Company will not pursue the acquisition of the Pecoy copper exploration project and is actively searching for new acquisition opportunities (see Note 8).

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.

(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.

Mich Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Nine Months ended August 31, 2022 and 2021

(Expressed in Canadian dollars)

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2. BASIS OF PRESENTATION (Continued)

(c) *Basis of consolidation*

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, being 1328566 B.C. Ltd. (British Columbia). 1328566 B.C. Ltd. was incorporated under the BCBCA on October 15, 2021 for the purpose of the Pecoy Transaction (see Note 8).

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*

During the nine months ended August 31, 2022, 100,000 common shares were issued pursuant to the exercise of share options for proceeds of \$8,000.

During the year ended November 30, 2021:

During the year ended November 30, 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 year ended November 30, 2021, 108,000 common shares were issued pursuant to the exercise of warrants for proceeds of \$10,800.

(c) *Escrow shares*

As at August 31, 2022, there were no shares held in escrow (November 30, 2021: 600,000 shares).

Mich Resources Ltd.

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Three and Nine Months ended August 31, 2022 and 2021

(Expressed in Canadian dollars)

(Unaudited)

3. SHARE CAPITAL (Continued)

(d) Warrants

Following is a summary of changes in warrants outstanding:

	Warrants outstanding	Weighted average exercise price
Balance, November 30, 2020	264,000	\$ 0.10
Exercised	(108,000)	0.10
Expired	(156,000)	0.10
Balance, August 31, 2021, November 30, 2021, and August 31, 2022	-	\$ -

(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.

There were no share options granted during the nine months ended August 31, 2022.

During the nine months ended August 31, 2022, 100,000 share options were exercised for proceeds of \$8,000; and 50,000 share options expired unexercised.

During the year ended November 30, 2021:

During the year ended November 30, 2021, 50,000 share options were granted to a director and officer of the Company, vesting 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:

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

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3. SHARE CAPITAL (Continued)

(e) Options (Continued)

Following is a summary of changes in options outstanding:

	Options Outstanding	Weighted average exercise price
Balance, November 30, 2020	2,125,000	\$ 0.22
Granted	50,000	0.27
Balance, August 31, 2021 and November 30, 2021	2,175,000	0.22
Exercised	(100,000)	0.08
Expired	(50,000)	0.27
Balance, August 31, 2022	2,025,000	\$ 0.22

The following table summarizes information about the options outstanding and exercisable at August 31, 2022:

Outstanding and exercisable	Exercise price	Expiry date
500,000	\$ 0.08	November 21, 2029
1,475,000	\$ 0.27	October 27, 2030
50,000	\$ 0.27	March 31, 2031
2,025,000		

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.

During the nine months ended August 31, 2022, the Company:

- Incurred consulting fees of \$200,000 (2021: \$nil) to the Chief Executive Officer (the "CEO") of the Company.
- Incurred consulting fees of \$6,349 (2021: \$nil) to a company of which the Chief Operating Officer of the Company owns.
- Incurred share-based compensation of \$nil (2021: \$10,534) related to key management personnel of the Company.

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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, amounts receivable (excluding sales tax) 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 August 31, 2022, the Company had working capital of \$868,077 (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.

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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 receivable (excluding sales tax)	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 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, 2022.

7. 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.

Mich Resources Ltd.

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Three and Nine Months ended August 31, 2022 and 2021

(Expressed in Canadian dollars)

(Unaudited)

8. PECOY TRANSACTION

In June 2022, the Company entered into updated definitive agreements with Pembroke Copper Corp., Minera Andina de Exploraciones SAA and Carlos Mauricio Carlessi Vargas to acquire and consolidate 100% of the Pecoy Copper Project, a large-scale copper porphyry project located on-trend with numerous prolific copper deposits in Southern Peru (the “Pecoy Transaction”).

As at the date of this report, the Company will not pursue the Pecoy Transaction and is actively searching for new acquisition opportunities. The Company is working with potential buyers to recover a portion of its costs.

During the nine months ended August 31, 2022, \$850,251 of expenditures relating to the Pecoy Transaction were recorded as transaction cost on the statement of loss and comprehensive loss. \$480,220 of which related to transaction costs deferred during the year ended November 30, 2021.