

2021 ANNUAL REPORT

**MRF 2021
RESOURCE
LIMITED PARTNERSHIP**



M | R | F

MIDDLEFIELD RESOURCE FUNDS

MIDDLEFIELD CORPORATE PROFILE

The Middlefield Group was established in 1979 and is a Specialty Investment Manager which creates investment products designed to balance risk and return to meet the demanding requirements of Financial Advisors and their clients. These financial products include Exchange-Traded Funds, Mutual Funds, Private and Public Resource Funds, Split Share Corporations, Venture Capital Assets, TSX Publicly Traded Funds and Real Estate Investment Funds and Partnerships.

Middlefield's investment team comprises portfolio managers, analysts and traders. While all of our investment products are designed and managed by Middlefield professionals, some involve strategic partnerships with other "best-in-class" firms that bring unique value to our product offerings. In 2014, we entered into an exclusive arrangement with SSR, LLC, based in Stamford, Connecticut. They provide specialized research into sectors of the economy such as Healthcare and Innovation Technology. SSR is an independent investment firm whose analysts have been highly ranked and are recognized as leaders in their respective fields. Their fundamental company level research is often non-consensus and provides guidance on overall portfolio construction and security selection.

Looking ahead, Middlefield remains committed to managing and developing new and unique investment products to assist Financial Advisors in helping clients achieve their investment objectives.

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A NOTE ON FORWARD LOOKING STATEMENTS

This document may contain forward looking statements, including statements regarding: the Fund, its strategies, goals and objectives; prospects; future performance or condition; possible future actions to be taken by the Fund; and the performance of investments, securities, issuers or industries in which the Fund may from time to time invest. Forward looking statements include statements that are predictive in nature, that depend upon or refer to future results, events, circumstances, expectations and performance, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or negative versions thereof and other similar wording. Forward looking statements are not historical facts, but reflect the Fund's current beliefs as of the date of this document regarding future results, events, circumstances, expectations or performance and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors. Forward looking statements are not guarantees of future performance, and actual results, events, circumstances, expectations or performance could differ materially from those expressed or implied in any forward looking statements contained in this document. Factors which could cause actual results, events, circumstances, expectations or performance to differ materially from those expressed or implied in forward looking statements include, but are not limited to: general economic, political, market and business factors and conditions; commodity price fluctuations; interest and foreign exchange rate fluctuations; global equity and capital markets; the financial condition of each issuer in which the Fund invests; the effects of competition in the industries or geographic areas in which the Fund may invest; statutory and regulatory developments; unexpected judicial or regulatory proceedings; and catastrophic events. Readers are cautioned that the foregoing list of factors is not exhaustive and to avoid placing undue reliance on forward looking statements due to the inherent uncertainty of such statements. The Fund does not undertake, and specifically disclaims, any obligation to update or revise any forward looking statements, whether as a result of new information, future developments, or otherwise.



MIDDLEFIELD RESOURCE FUNDS



Middlefield® is a leading provider of flow-through share funds in Canada. Middlefield Resource Limited Partnerships focus on resource companies with strong growth strategies led by experienced management teams.



(L to R) **NANCY THAM**, Managing Director, Sales and Marketing, **ROB LAUZON**, Chief Investment Officer and **DENNIS da SILVA**, Managing Director, Resource Group and Senior Portfolio Manager

To learn more about Flow-Through Funds, speak with your financial advisor or contact us at:

1-888-890-1868 | invest@middlefield.com | www.middlefield.com



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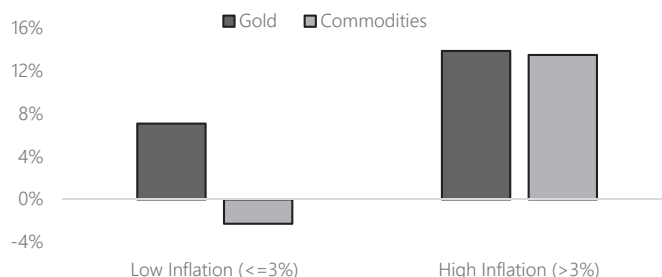
2021 RESOURCE REVIEW AND OUTLOOK

Commodities remain at the intersection of three key investment themes - rising inflation, geopolitical tensions and energy transition. These factors should continue to support resource-driven sectors of the economy in 2022.

Gold finished the year at US\$1,828/oz, approximately 4% lower than the start of the year. 2021 witnessed a tug-of-war between competing forces, allowing gold to settle into a narrow trading range through the second half of the year. Uncertainty related to new COVID-19 variants, combined with increasing risks of persistently high inflation and a rebound in gold consumer demand were tailwinds. Conversely, the prospect of tightening monetary policy, the lure of strong broad markets and cryptocurrencies acted as headwinds. We were encouraged by gold's resiliency against traditionally negative events such as the Fed's November tapering announcement. In a dramatic shift in industry dynamics, this was the first year the price has risen year over year while gold-backed ETFs incurred net outflows.

The surge in global inflation was among the biggest surprises in 2021. Central banks have responded with announcements to taper or end asset purchases earlier than expected, a process that is expected to continue in 2022. Gold has historically performed well amid high inflation. In years when inflation was higher than 3%, gold's price increased 14% on average. We remain constructive on the gold price in 2022. While a shift to tighter monetary policy is typically viewed as a headwind for gold, we believe investors may view precious metals more favorably in 2022 as protection against ongoing economic uncertainty, stock market volatility, high inflation and negative real rates.

Gold Historically Performs Well in Periods of High Inflation



Source: Bloomberg, ICE Benchmark Administration, World Gold Council, As At December 31, 2021. Based on y/y changes in US dollars
Indices: (Gold) LBMA Gold Price PM, (Commodities) Bloomberg Commodity Index,

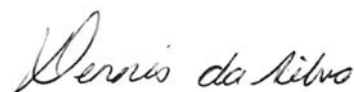
Gold company valuations are at their most attractive levels in two decades relative to historical multiples and the broad market. VanEck calculates the average price to cash flow multiple for the gold miners was 15x, on average, during the bull market for gold of 2006-2011 when the price of gold averaged US\$991/oz. With gold currently above US\$1,800/oz, the price to cash flow multiple is just 8x. It is estimated that dividends currently represent 20 to 30% of free cash flow at US\$1,800/oz, with the average producer yielding over 1.5%. Industry heavyweight Newmont is at 3.3%, which compares favourably to the S&P 500 yield of 1.3%. Furthermore, the Arca Global Gold Miners Index reflects senior gold companies trading at an approximate 50% discount to their S&P 500 peers while generating double the free cash flow yield, return on capital and profit margin.

Middlefield Resource Funds currently comprise three funds, Discovery 2021, MRF 2021, and MRF 2022. The objective of the funds is to generate attractive tax-advantaged returns from a diversified portfolio of resource companies. To generate these tax benefits, the funds invest in flow-through common shares.

The world is moving towards net-zero carbon energy. One of the most notable trends is the growing demand for electric vehicles (EVs). By 2035, it is expected that EVs will account for nearly 60% of global automotive sales. Certain metals, such as cobalt, lithium, copper and nickel, are critical inputs required for EV battery production. In addition, we believe that nuclear power will play a critical role in the energy transition as a stable baseload source, supporting uranium prices. Metals that are used in producing net-zero carbon energy are expected to yield strong returns on the basis of low inventory levels, severe supply bottlenecks and secular demand tailwinds.

One of the top stories of 2021 has been the almost uninterrupted rise in the price of WTI crude through the US\$85/barrel mark, the highest since 2014. Crude oil prices increased in 2021 as increasing COVID-19 vaccination rates, loosening pandemic restrictions and a recovering global economy resulted in oil demand rising faster than petroleum supply. OPEC and other countries that coordinate production with OPEC (referred to as OPEC+) announced in December 2020 that they would continue to limit production increases throughout 2021 to support higher crude oil prices. The commitment of Saudi Arabia as the leading member of OPEC+ to manage toward higher prices has remained steadfast.

We believe the duration of this oil and gas market cycle is expanding, driven by continuing global underinvestment in supply and a sustained recovery in demand to pre-pandemic levels. In light of Russia invading Ukraine, both oil and gas markets are likely to be further disrupted due to a possible reduction in Russian oil and gas exports into Europe. This should present an opportunity for North American producers with access to international markets where pricing is higher.



Dennis da Silva
Managing Director & Senior Portfolio Manager
Middlefield Capital Corporation

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE PERIOD ENDED DECEMBER 31, 2021

This annual management report of fund performance contains financial highlights and should be read in conjunction with the complete audited annual financial statements of the investment fund that follow this report

Unitholders may contact us by calling 1-888-890-1868, by writing to us at Middlefield Group at one of the addresses on the back cover or by visiting our website at www.middlefield.com to request a copy of the investment fund's annual financial statements, proxy voting policies and procedures or quarterly portfolio disclosure. The investment fund has obtained exemptive relief from the requirement to prepare and file a proxy voting disclosure record.

Management's Discussion of Fund Performance

Investment Objectives and Strategies

The investment objectives of MRF 2021 Resource Limited Partnership (the "Fund"), are to provide unitholders with capital appreciation and significant tax benefits to enhance after-tax returns. In order to achieve the Fund's investment objectives, all available proceeds are invested by the Fund in an actively managed, diversified portfolio comprised primarily of equity securities of Canadian companies involved primarily in the resource sector. The Fund initially invests in common shares or warrants issued on a flow-through basis by resource companies such that the resulting expenditures renounced to the Fund provide tax deductions to the Fund equal to 100% of the gross proceeds of the initial offering which closed February 18, 2021.

Risk

The Fund is speculative offering and is exposed to several risk factors that may affect its performance. The overall risk of the Fund is as described in its prospectus dated January 13, 2021. Since commencement of operations, the overall risk level of the Fund may have been impacted as follows:

Market Risk

Market risk describes the Fund's exposure to volatility in the market value of its underlying securities. Equity markets continue to exhibit volatility due to high levels of inflation, supply chain bottlenecks, labour shortages, as well as the uncertain recovery from the Coronavirus outbreak. The Fund seeks to mitigate risk through active management and portfolio diversification.

Results of Operations

Investment Performance

The Fund raised \$27.5 million in early 2021 for investing in flow-through common shares or warrants of Canadian resource companies. As at December 31, 2021, the invested portfolio assets were primarily comprised of companies operating in the gold sector with the balance invested in issuers in the metals and mining, uranium, and precious metals and minerals sectors.

The Fund commenced operations on February 18, 2021, and as a result there are no comparative figures for the prior year period. At December 31, 2021, the Fund's net asset value per Class A was \$17.74 per unit, representing a total after-tax return on money-at-risk of 18% for an Ontario investor taxed at the highest marginal tax rate. At December 31, 2021, the Fund's net asset value per Class F was \$18.49 per unit, representing a total after-tax return on money-at-risk of 23% for an Ontario investor taxed at the highest marginal tax rate.

Revenue and Expenses

Investment income for the partial period ended December 31, 2021 amounted to approximately \$28,000 and was comprised primarily of interest earned on cash balances. Operating expenses for the partial period totalled approximately \$533,000. The management expense ratio ("MER") was 9.66% for Class A and 5.84% for Class F for the period ended December 31, 2021. The MER is high as a result of the inclusion of issuance costs as part of the expenses used to calculate the ratio in the year of the initial public offering. Excluding issuance costs and interest expenses, the MER was 2.71% for Class A and 2.77% for Class F for the partial period ended December 31, 2021. The loss for the partial period amounted to approximately \$6.2 million. It is not the intention of the Fund to generate net investment income but instead, as described earlier, to generate capital appreciation and significant tax benefits over the life of the Fund.

On a per unit basis, the net assets per Class A attributable to unitholders of the Fund decreased by 23.1% from \$23.08 at inception to \$17.74 on December 31, 2021. On a per unit basis, the net assets per Class F attributable to unitholders of the Fund decreased by 23.1% from \$24.05 at inception to \$18.49 on December 31, 2021. The decrease is attributable primarily to unrealized losses on the investment portfolio.

Trends

With central bankers pivoting to tight from easy monetary policy and geopolitical tensions in Russia/Ukraine and Iran impacting already high oil and gas prices, market volatility is expected to remain high.

Related Party Transactions

Pursuant to a management agreement, Middlefield Limited (the "Manager") receives a management fee. For further details, please see the "Management Fees" section of this report. Middlefield Capital Corporation ("MCC" or the "Advisor"), the advisor to the Fund and a company under common control with the Manager receives an advisory fee. In addition, MCC received an agency fee from the Fund in respect of units it sold in 2021. For further details, please see the notes to the financial statements.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE PERIOD ENDED DECEMBER 31, 2021

Management Fees

Management fees and fees in respect of portfolio advisory services together are calculated at 2.0% per annum of the net asset value of the Fund and are paid to the Manager and the Advisor. The Manager receives fees for the general administration of the Fund, including maintaining the accounting records, executing securities trades, monitoring compliance with regulatory requirements, and negotiating contractual agreements, among other things. The Advisor receives fees for providing investment management advice, including advice in respect of securities selection for the portfolio of securities, in accordance with the investment objectives and strategies of the Fund.

Credit Facility

The Fund has a non-revolving term credit facility that enables the Fund to borrow up to an amount not exceeding 10% of the gross proceeds raised. As at December 31, 2021, the Fund had a loan payable of \$1.95 million representing 7.1% of gross proceeds raised and 9.9% of net assets. The minimum and maximum amounts borrowed during the period were \$1.5 million and \$1.95 million, respectively. The loan proceeds were

used to finance expenses incurred by the Fund, in order to maximize the allocation of initial offering gross proceeds towards the purchase of flow-through shares. The credit facility provides the lender with security interest over the assets of the Fund.

Financial Highlights

Net Assets Attributable to Unitholders are calculated in accordance with International Financial Reporting Standards ("IFRS").

"Net Asset Value" is calculated in accordance with section 14.2 of National Instrument 81-106 "Investment Fund Continuous Disclosure" ("NI 81-106") and is used for transactional pricing purposes.

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the indicated periods. Ratios and Supplemental Data are derived from the Fund's Net Asset Value.

The Fund's Net Assets Attributable to Unitholders Per Class A Unit⁽¹⁾

	2021⁽⁴⁾
Net Assets Attributable to Unitholders, Beginning of Period	\$ 23.08*
INCREASE (DECREASE) FROM OPERATIONS:	
Total Revenue	0.03
Total Expenses ⁽³⁾	(0.52)
Unrealized Losses for the Period	(5.08)
TOTAL DECREASE FROM OPERATIONS⁽²⁾	(5.34)
Net Assets Attributable to Unitholders, End of Period	\$ 17.74

The Fund's Net Assets Attributable to Unitholders Per Class F Unit⁽¹⁾

	2021⁽⁴⁾
Net Assets Attributable to Unitholders, Beginning of Period	\$ 24.05*
INCREASE (DECREASE) FROM OPERATIONS:	
Total Revenue	0.03
Total Expenses ⁽³⁾	(0.52)
Unrealized Losses for the Period	(5.29)
TOTAL DECREASE FROM OPERATIONS⁽²⁾	(5.56)
Net Assets Attributable to Unitholders, End of Period	\$ 18.49

(1) This information is derived from the Fund's audited annual financial statements.

(2) Net Assets Attributable to Unitholders are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period. This schedule is not a reconciliation of Net Asset Value since it does not reflect unitholder transactions as shown on the Statement of Changes in Net Assets Attributable to Unitholders and accordingly columns may not add.

(3) There were no distributions paid by the Fund.

(4) For the period February 18, 2021 (date of commencement of operations) to December 31, 2021.

* Initial issue price, net of agents' fees and initial issue costs.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE PERIOD ENDED DECEMBER 31, 2021

Ratios and Supplemental Data – Class A

	2021 ⁽⁴⁾
Total Net Asset Value (000s)	\$ 14,087
Number of Units Outstanding	794,219
Management Expense Ratio (“MER”) ⁽¹⁾	9.66%
MER (excluding interest expense and issuance costs) ⁽¹⁾	2.71%
Trading Expense Ratio ⁽²⁾	-
Portfolio Turnover Rate ⁽³⁾	-
Net Asset Value per Unit	\$ 17.74

Ratios and Supplemental Data – Class F

	2021 ⁽⁴⁾
Total Net Asset Value (000s)	\$ 5,620
Number of Units Outstanding	303,897
Management Expense Ratio (“MER”) ⁽¹⁾	5.84%
MER (excluding interest expense and issuance costs) ⁽¹⁾	2.77%
Trading Expense Ratio ⁽²⁾	-
Portfolio Turnover Rate ⁽³⁾	-
Net Asset Value per Unit	\$ 18.49

- (1) The MER is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of average Net Asset Value during the period. The MER (excluding interest expense and issuance costs) has been presented separately as it expresses only the ongoing management and administrative expenses of the Fund as a percentage of average Net Asset Value. Issuance costs are one-time costs incurred at inception, and the inclusion of interest expense does not consider the additional earnings that have been generated from the investment of the leverage.
- (2) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of average Net Asset Value during the period.
- (3) The Fund’s portfolio turnover rate indicates how actively the Fund’s portfolio investments are managed. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher the Fund’s portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.
- (4) As at December 31, 2021 or for the period February 18, 2021 (date of commencement of operations) to December 31, 2021, as applicable.

Past Performance

The Fund has not presented its historical performance because it commenced operations on February 18, 2021 and accordingly has been in existence for less than one year.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE PERIOD ENDED DECEMBER 31, 2021

Summary of Investment Portfolio

AS AT DECEMBER 31, 2021

Top Twenty-Five Holdings*

DESCRIPTION	% OF NET ASSET VALUE
1 Denison Mines Corp.	11.0
2 Thesis Gold Inc.	10.0
3 Goldshore Resources Inc.	8.8
4 Treasury Metals Inc.	5.3
5 Osisko Development Corp.	4.6
6 Troilus Gold Corp.	4.5
7 Skyharbour Resources Ltd.	3.2
8 Osisko Metals Inc.	3.0
9 Fireweed Zinc Ltd.	2.6
10 Starr Peak Mining Ltd.	2.5
11 Libero Copper & Gold Corp.	2.5
12 NorthIsle Copper & Gold Inc	2.4
13 Sitka Gold Corp	2.2
14 Northwest Copper Corp.	2.1
15 Exploits Discovery Corp.	2.0
16 Giga Metals Corp.	1.9
17 Appia Rare Earths & Uranium Corp Com	1.8
18 Clean Air Metals Inc.	1.7
19 Metallis Resources Inc.	1.5
20 Granite Creek Copper Ltd.	1.4
21 Tartisan Nickel Corp.	1.4
22 Canada Nickel Company Inc.	1.4
23 Strikepoint Gold Inc.	1.4
24 Surge Copper Corp.	1.3
25 Red Pine Exploration Inc.	1.3

"Top Twenty-Five Holdings" excludes any temporary cash investments.

ASSET CLASS	% OF NET ASSET VALUE
Gold	60.8
Metals and Mining	26.8
Uranium	17.6
Precious Metals and Minerals	2.4
Cash and Short-Term Investment	2.8
Other Net Liabilities	(10.4)
	100.0

TOTAL NET ASSET VALUE	\$ 19,707,769
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The Summary of Investment Portfolio may change over time due to ongoing portfolio transactions. Please visit www.middlefield.com for the most recent quarter-end Summary of Investment Portfolio.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of MRF 2021 Resource Limited Partnership (the "Fund") have been prepared by Middlefield Limited (the "Manager"), the manager of Fund and approved by the Board of Directors. The Manager is responsible for the information and representations contained in these financial statements and other financial information contained in this report. The Manager maintains appropriate procedures to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates

and judgments. The significant accounting policies applicable to the Fund are described in the notes to the financial statements. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and has reviewed and approved these financial statements.

Deloitte LLP is the external auditor of the Fund. They have audited the financial statements of the Fund in accordance with Canadian generally accepted auditing standards to enable them to express to unitholders their opinion on the financial statements.



Jeremy Brasseur
Director



Craig Rogers
Director

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of MRF 2021 Resource Limited Partnership (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statement of financial position as at December 31, 2021, and the statements of comprehensive income, changes in net assets attributable to unitholders and cash flows for the period from February 18, 2021 to December 31, 2021, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021, and its financial performance and its cash flows for the period from February 18, 2021 to December 31, 2021 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
March 24, 2022

**FINANCIAL
STATEMENTS**



FINANCIAL STATEMENTS

Statement of Financial Position

AS AT DECEMBER 31
(In Canadian Dollars)

2021

ASSETS

Current Assets

Investments at Fair Value through Profit or Loss	\$	21,203,786
Cash		554,162
Prepaid Interest		1,072
Total Assets		21,759,020

LIABILITIES

Current Liabilities

Loan Payable (Note 6)		1,950,000
Accounts Payable and Accrued Liabilities (Note 9)		101,251
Total Liabilities (Excluding Net Assets Attributable to Unitholders)		2,051,251

Net Assets Attributable to Unitholders \$ **19,707,769**

Net Assets Attributable to Unitholders – Class A \$ **14,087,403**

Net Assets Attributable to Unitholders – Class F \$ **5,620,366**

Units Issued and Outstanding – Class A (Note 3F) **794,219**

Units Issued and Outstanding – Class F (Note 3F) **303,897**

Net Assets Attributable to Unitholders per Unit – Class A \$ **17.74**

Net Assets Attributable to Unitholders per Unit – Class F \$ **18.49**

The accompanying notes to financial statements are an integral part of this financial statement.

Approved by the Board of Directors of Middlefield Limited, as Manager:



Director: Jeremy Brasseur



Director: Craig Rogers

FINANCIAL STATEMENTS

Statement of Comprehensive Income

FOR THE PERIOD FEBRUARY 18, 2021 (DATE OF COMMENCEMENT OF OPERATIONS)
TO DECEMBER 31, 2021

TAX SHELTER IDENTIFICATION NUMBER (NOTE 8): TS091637

(In Canadian Dollars)

REVENUE

Interest Income	\$ 28,406
Other Changes in Fair Value of Financial Assets and Financial Liabilities at Fair Value through Profit or Loss	
Net Unrealized Loss on Investments	(5,641,859)
Total Loss	(5,613,453)

OPERATING EXPENSES (Note 9)

Advisory Fee	24,729
Audit Fees	12,742
Custodial Fees	2,400
Fund Administration Costs	60,193
Legal Fees	1,969
Management Fee	406,548
Unitholder Reporting Costs	24,478
Total Operating Expenses	533,059
Operating Loss	(6,146,512)
Finance Costs (Note 6)	35,987
Loss	\$ (6,182,499)

Decrease in Net Assets Attributable to Unitholders	\$ (6,182,499)
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Decrease in Net Assets Attributable to Unitholders – Class A	\$ (4,424,744)
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Decrease in Net Assets Attributable to Unitholders – Class F	\$ (1,757,755)
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Decrease in Net Assets Attributable to Unitholders per Unit – Class A (Note 3F)	\$ (5.57)
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Decrease in Net Assets Attributable to Unitholders per Unit – Class F (Note 3F)	\$ (5.78)
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The accompanying notes to financial statements are an integral part of this financial statement.

FINANCIAL STATEMENTS

Statement of Changes in Net Assets Attributable to Unitholders

FOR THE PERIOD FEBRUARY 18, 2021 (DATE OF COMMENCEMENT OF OPERATIONS)
TO DECEMBER 31, 2021

(In Canadian Dollars)	Class A	Class F	Total
Net Assets Attributable to Unitholders at Beginning of Period	\$ -	\$ -	\$ -
Decrease in Net Assets Attributable to Unitholders	(4,424,744)	(1,757,755)	(6,182,499)
Proceeds from Issue of Units	19,855,475	7,597,425	27,452,900
Payment of Agents' Fees	(1,141,690)	(170,942)	(1,312,632)
Payment of Issue Costs	(201,638)	(48,362)	(250,000)
Net Assets Attributable to Unitholders at End of Period	\$ 14,087,403	\$ 5,620,366	\$ 19,707,769

Statement of Cash Flows

FOR THE PERIOD FEBRUARY 18, 2021 (DATE OF COMMENCEMENT OF OPERATIONS)
TO DECEMBER 31, 2021

(In Canadian Dollars)

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES

Decrease in Net Assets Attributable to Unitholders	\$ (6,182,499)
Adjustments:	
Purchases of Investments	(26,845,645)
Net Unrealized Loss on Investments	5,641,859
	(27,386,285)
Net Change in Non-Cash Working Capital	126,126
Net Cash used in Operating Activities	(27,260,159)

CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES

Proceeds from Issue of Units	27,452,900
Proceeds from Loans	4,924,053
Payment of Agents' Fees	(1,312,632)
Repayment of Loans	(3,000,000)
Payment of Issue Costs	(250,000)
Net Cash from Financing Activities	27,814,321

Net Increase in Cash	554,162
Cash at Beginning of Period	-

Cash at End of Period	\$ 554,162
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The accompanying notes to financial statements are an integral part of these financial statements.

FINANCIAL STATEMENTS

Schedule of Investment Portfolio

AS AT DECEMBER 31, 2021
(In Canadian Dollars)

Description	No. of Securities	Average Cost	Fair Value
Aurelius Minerals Inc.	741,000	\$ 500,175	\$ 177,840
Evergold Corp.	1,022,727	225,000	117,614
Evergold Corp. - Warrants, 23 February 2024	511,363	-	13,689
Exploits Discovery Corp.	715,000	350,350	400,400
Exploits Discovery Corp. - Warrants, 15 March 2023	715,000	-	152,595
Founders Metals Inc.	640,000	352,000	179,200
Gatling Exploration Inc.	1,000,000	450,000	230,000
Gold Mountain Mining Corp.	150,000	346,500	181,500
Gold Mountain Mining Corp. - Warrants, 31 December 2023	75,000	-	7,043
Goldshore Resources Inc.	2,666,667	2,000,000	1,733,333
K9 Gold Corp.	1,000,000	350,000	205,000
K9 Gold Corp. - Warrants, 22 February 2024	1,000,000	-	33,590
Kingfisher Metal Corp.	392,000	199,920	117,600
Kingfisher Metals Corp. - Warrants, 3 June 2023	196,000	-	9,255
LaSalle Exploration Corp.	1,400,000	252,000	154,000
Metallica Metals Corp	715,000	250,250	107,250
Metallica Metals Corp. - Warrants, 26 February 2023	357,500	-	10,596
Metallis Resources Inc.	1,000,000	500,000	295,000
Metallis Resources Inc. - Warrants, 30 April 2023	500,000	-	28,665
Metallum Resources Inc.	2,750,000	302,500	206,250
Nighthawk Gold Corp.	217,000	249,550	175,770
Nighthawk Gold Corp. - Warrants, 8 April 2023	86,800	-	6,480
Opawica Explorations Inc.	500,000	250,000	150,000
Opawica Explorations Inc. - Warrants, 4 June 2023	250,000	-	19,598
Osisko Development Corp.	221,000	2,000,050	897,260
P2 Gold Inc.	200,000	120,000	136,000
P2 Gold Inc. - Warrants, 3 June 2023	200,000	-	48,280
Red Pine Exploration Inc.	480,000	216,000	249,600
Signature Resources Ltd.	1,525,000	251,625	106,750
Signature Resources Ltd. - Warrants, 9 July 2023	762,500	-	5,620
Sitka Gold Corp	2,600,000	351,000	429,000
Sitka Gold Corp. - Warrants, 3 March 2024	1,300,000	-	130,962
SKRR Exploration Inc.	833,333	250,000	79,167
Starr Peak Mining Ltd.	280,000	1,008,000	498,400
Starr Peak Mining Ltd. - Warrants, 2 December 2022	140,000	-	3,044
Strikepoint Gold Inc.	2,000,000	500,000	270,000
Strikepoint Gold Inc. - Warrants, 30 December 2022	1,000,000	-	10,400
Thesis Gold Inc.	1,035,700	1,812,475	1,967,829
Treasury Metals Inc.	1,360,000	1,496,000	1,047,199
Troilus Gold Corp.	1,200,000	1,512,000	888,000
Troilus Gold Corp. - Warrants, 28 June 2023	600,000	-	84,000
TRU Precious Metals Corp.	925,000	249,750	180,375
TRU Precious Metals Corp. - Warrants, 17 June 2024	925,000	-	58,349
West Mining Corp.	480,000	249,600	55,200
West Mining Corp. - Warrants, 26 February 2022	480,000	-	-
Whitehorse Gold Corp.	156,250	250,000	78,125
Whitehorse Gold Corp. - Warrants, 14 May 2026	156,250	-	35,748
GOLD: 55.1%		16,844,745	11,971,576

FINANCIAL STATEMENTS

Schedule of Investment Portfolio (continued)

AS AT DECEMBER 31, 2021
(In Canadian Dollars)

Description	No. of Securities	Average Cost	Fair Value
Canada Nickel Company Inc.	73,000	\$ 299,300	\$ 270,830
Fathom Nickel Inc.	454,500	349,965	113,625
Fireweed Zinc Ltd.	825,000	742,500	511,500
Giga Metals Corp.	980,000	422,031	382,200
Giga Metals Corp. - Warrants, 23 April 2024	980,000	77,769	61,613
Granite Creek Copper Ltd.	1,590,000	349,800	278,250
Libero Copper & Gold Corp.	910,000	500,500	491,400
Libero Copper & Gold Corp. - Warrants, 22 February 2023	455,000	-	57,817
Nickel Creek Platinum Corp.	1,818,182	200,000	127,273
Nickel Creek Platinum Corp. - Warrants, 23 April 2026	1,818,182	-	68,382
Northisle Copper & Gold Inc	1,129,032	350,000	474,193
Northwest Copper Corp.	500,000	500,000	405,000
Osisko Metals Inc.	1,500,000	750,000	585,000
Search Minerals Inc.	1,115,000	200,700	245,300
Sterling Metals Corp.	615,000	350,550	187,575
Sterling Metals Corp. - Warrants, 31 March 2023	615,000	-	27,909
Surge Copper Corp.	715,000	378,950	260,975
Surge Copper Corp. - Warrants, 8 June 2023	357,500	-	19,845
Tartisan Nickel Corp.	880,000	501,600	277,200
Tartisan Nickel Corp. - Warrants, 7 June 2023	440,000	-	5,548
Vision Lithium Inc.	1,140,000	250,800	233,700
Vision Lithium Inc. - Warrants, 20 April 2023	570,000	-	48,251
ZincX Resources Corp.	1,250,000	250,000	150,000
ZincX Resources Corp. - Warrants, 9 April 2023	625,000	-	1,313
METALS AND MINING: 24.3%		6,474,465	5,284,699
Appia Rare Earths & Uranium Corp Com, Warrants, 19 May 2023	625,000	-	151,169
Appia Rare Earths & Uranium Corp Com	625,000	437,500	362,500
Denison Mines Corp.	1,247,300	1,683,855	2,170,301
Skyharbour Resources Ltd.	1,320,000	501,600	640,200
Skyharbour Resources Ltd. - Warrants, 12 April 2024	660,000	-	141,491
URANIUM: 15.9%		2,622,955	3,465,661
Clean Air Metals Inc.	1,544,000	648,480	339,680
Palladium One Mining Inc.	750,000	255,000	138,750
Palladium One Mining Inc. - Warrants, 24 February 2023	375,000	-	3,420
PRECIOUS METALS AND MINERALS: 2.2%		903,480	481,850
TOTAL INVESTMENTS: 97.5%		26,845,645	21,203,786
CASH: 2.5%		554,162	554,162
Total Investment Portfolio, Including Cash		\$ 27,399,807	\$ 21,757,948

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. MRF 2021 Resource Limited Partnership

MRF 2021 Resource Limited Partnership (the “Fund”) was formed as a limited partnership pursuant to a certificate under the laws of the Province of Alberta dated December 16, 2020 and commenced operations on February 18, 2021. The principal purpose of the Fund is to invest in an actively managed, diversified portfolio comprised primarily of equity securities of Canadian companies involved primarily in the resource sector. Pursuant to a prospectus dated January 13, 2021 (the “Prospectus”), Limited Partners subscribed for 794,219 Class A units and 303,897 Class F units of limited partnership interest. The general partner of the Fund is Middlefield Resource Corporation (the “General Partner”). The Manager of the Fund is Middlefield Limited (the “Manager”) and Middlefield Capital Corporation, a company under common control with the Manager, is an advisor to the Fund (“MCC” or the “Advisor”). The address of the Fund’s registered office is 812 Memorial Drive N.W., Calgary, Alberta. These financial statements, expressed in Canadian Dollars, were authorized for issuance by the board of directors of the Manager on March 24, 2022.

2. Basis of Presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) including International Accounting Standards 34 Annual Financial Reporting, as published by the International Accounting Standards Board (“IASB”) and as required by Canadian securities legislation and the Canadian Accounting Standards Board.

3. Summary of Significant Accounting Policies

A. Basis of Accounting

IFRS 9 *Financial Instruments* (“IFRS9”)

The Fund classifies and measures financial instruments in accordance with IFRS 9 which requires assets to be carried at amortized cost or fair value, with changes in fair value recognized in profit and loss or other comprehensive income, based on the entity’s business model for managing financial assets and the contractual cash flow characteristics of the financial assets. The Fund’s financial assets and liabilities are classified at fair value through profit or loss (“FVTPL”) and amortized cost.

Classification, Measurement, Impairment and Hedge Accounting

The Fund classifies its investments in debt and equity securities based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. These financial assets are managed and their performance is evaluated on a fair value basis. The Fund also manages these financial assets with the objective of realizing cash flows through sales. Further, an option to irrevocably designate any equity securities at fair value through other comprehensive income (“FVOCI”) was chosen upon adoption. Consequently, these financial assets are mandatorily measured at FVTPL.

Financial assets or financial liabilities held for trading are those acquired principally for the purpose of selling or repurchasing in the near future or on initial recognition they are a part of a portfolio of identified financial instruments that the Fund manages together and has a recent actual pattern of short term profit taking. All derivatives and short positions are included in this category and mandatorily measured at FVTPL. The financial assets and liabilities measured at amortized cost include cash collateral posted on derivative positions, accrued income, due to and from brokers and other short term receivables and payables.

IFRS 9 uses the expected credit loss model (“ECL”), as the new impairment model for financial assets carried at amortized cost. The Fund’s financial assets measured at amortized cost consist of trade receivables with no financing component and which have maturities of less than 12 months, as such, it has chosen to apply the simplified ECL approach, whereby any loss allowance is recognized based on the lifetime of ECLs. Due to the high quality and short-term nature of the trade receivables, there are no expected credit losses associated with them and they are not considered impaired at the reporting dates.

The Fund does not apply general hedge accounting to any of its derivatives positions.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

3. Summary of Significant Accounting Policies (continued)

B. Financial Instruments

The Fund's financial instruments may include: short-term investments, equities, derivatives (collectively referred to as "investments"), cash, accounts receivable – portfolio securities sold, income and interest receivable, accounts receivable, prepaid interest, prepaid expenses, loan payable, accounts payable – portfolio securities purchased and accounts payable and accrued liabilities. The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date. The Fund's investments and derivative assets and liabilities are measured at fair value. The Fund's Net Assets Attributable to Unitholders are measured at fair value. The Fund's obligation for net assets attributable to unitholders is presented at its net asset value ("NAV"). All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate. The Fund's accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its NAV for transactions with unitholders.

The Fund only offsets financial assets and financial liabilities if the Fund has a legally enforceable right to offset recognized amounts and either intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

C. Fair Value Measurement

The Fund's own credit risk and the credit risk of the counterparty are taken into account in determining the fair value of financial assets and financial liabilities, including derivative investments. Investments and futures contracts are valued at fair value using the policies described below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of financial assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity specific inputs.

D. Limited Partnership Units and Net Assets Attributable to Unitholders

The Fund has three classes of units, the Class A and Class F transferable limited partnership units held by the Limited Partner (the "Limited Partner units") and the unit held by the General Partner representing 0.01% interest in the Fund (the "General Partner unit"). The Fund has a limited life as liquidation is certain to occur and there is a contractual obligation for the Fund to deliver to unitholders a pro-rata share of its net assets on termination of the Fund (see Note 11). The Limited Partner units are not subordinate to the General Partner unit. Therefore, in accordance with the classification requirements of IFRS, the Limited Partner units are classified as liabilities and are measured at their net asset value.

E. Investment Transactions and Income Recognition

Investment transactions are accounted for as of the trade date and any realized gains or losses from such transactions are calculated on an average cost basis. The change in the difference between fair value and average cost of the investments is recorded as unrealized gain (loss) on investments. Income from investments is recognized on the ex-dividend or ex-distribution date. Interest income on bank deposits is recognized on an accrual basis. For income tax purposes, the adjusted cost base of flow-through shares is deemed to be \$nil and, therefore, upon disposition of such shares, the amount of capital gain for tax purposes generally will equal the proceeds of disposition and will be allocated to the Limited Partners based upon their proportionate share of the Fund.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

3. Summary of Significant Accounting Policies (continued)

F. Increase (Decrease) in Net Assets Attributable to Unitholders per Unit

Increase (Decrease) in Net Assets Attributable to Unitholders per unit in the Statement of Comprehensive Income represents the increase (decrease) in net assets divided by the respective units outstanding during the period.

G. Allocation of Net Income and Loss

The net income of the Fund for each fiscal period is allocated 0.01% to the General Partner and the balance, along with 100% of the net loss of the Fund, among the Limited Partners in proportion to the number of CEE units held by each of them at the end of each period. The Fund is not itself a taxable entity. Accordingly, no provision for income taxes is required.

H. Foreign Currency Translation

Foreign currency amounts are translated into Canadian dollars as follows: fair value of investments and other assets and liabilities, at the closing rate of exchange on each business day; income and expenses and purchases, sales and settlements of investments, at the rate of exchange prevailing on the respective dates of such transactions.

I. Critical Accounting Estimates and Judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

Determination of Functional Currency

'Functional currency' is the currency of the primary economic environment in which the Fund operates. If indicators of the primary economic environment are mixed, then management uses its judgment to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events, and conditions. The majority of the Fund's investments and transactions are denominated in Canadian dollars. Investor subscriptions and redemptions are also received and paid in Canadian dollars. Accordingly, management has determined that the functional currency of the Fund is Canadian dollars.

Fair Value Measurement of Derivatives and Securities Not Quoted in an Active Market

The Fund may hold financial instruments that are not quoted in active markets, including derivatives. Fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. Where no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The models used to determine fair values are validated and periodically reviewed by experienced personnel of the Manager, independent of the party that created them. The models used for private equity securities are based mainly on earnings multiples adjusted for a lack of marketability as appropriate.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Refer to Note 4 for further information about the fair value measurement of the Fund's financial instruments.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

4. Fair Value Disclosure

The Fund classifies fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The table below summarizes the fair value of the Fund's financial instruments as at December 31, 2021 using the following fair value hierarchy:

Level 1	Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.
Level 2	Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
Level 3	Inputs that are unobservable and where there is little, if any, market activity. Inputs into the determination of fair value require significant management judgment or estimation.

As at December 31, 2021

Description	Level 1	Level 2	Level 3	Total
Equities	\$ 19,076,019	\$ 703,898	\$ 179,200	\$ 19,959,117
Warrants	-	1,244,669	-	1,244,669
Total	\$ 19,076,019	\$ 1,948,567	\$ 179,200	\$ 21,203,786

All fair value measurements are recurring. The carrying values of cash, interest and other receivables, prepaid interest, loan payable, accounts payable and accrued liabilities and the Fund's obligation for net assets attributable to unitholders approximate their fair values due to their short-term nature.

Fair values of the Fund's investments are classified as Level 1 when the related security is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

The Fund's policy is to recognize transfers in and out of the fair value hierarchy levels as at the end of the reporting period for transfers between Levels 1 and 2 and as at the date of the transfer for transfers in and out of Level 3. No transfers between levels have occurred during the period ended December 31, 2021.

5. Financial Risk Management

In the normal course of business, the Fund is exposed to a variety of financial risks: price risk, interest rate risk, liquidity risk, credit risk and concentration risk. The Fund's primary risk management objective is to protect earnings and cash flow and, ultimately, unitholder value. Risk management strategies, as discussed below, are designed and implemented to ensure the Fund's risks and related exposures are consistent with its objectives and risk tolerance.

Most of the Fund's risks are derived from its investments. The value of the investments within the Fund's portfolio can fluctuate on a daily basis as a result of changes in interest rates, economic conditions, commodity prices, the market and company news related to specific securities within the Fund. The investments are made in accordance with the Fund's risk management policies. The policies establish investment objectives, strategies, criteria and restrictions. The objectives of these policies are to identify and mitigate investment risk through a disciplined investment process and the appropriate structuring of each transaction.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

5. Financial Risk Management (continued)

A. Price Risk

Price risk is the risk that changes in the prices of the Fund's investments will affect the Fund's income or the value of its financial instruments. The Fund's price risk is driven primarily by volatility in commodity and equity prices. Rising commodity and equity prices may increase the price of an investment while declining commodity and equity prices may have the opposite effect. In particular, the Fund had large investments in three securities which represent 29.8% of the Fund's net assets as at December 31, 2021: Denison Mine Corp. (11.0%), Thesis Gold Inc. (10.0%), and Goldshore Resources Inc. (8.8%). The Fund mitigates price risk by making investing decisions based upon various factors, including comprehensive fundamental analysis prepared by industry experts to forecast future commodity and equity price movements. The Fund's market positions are monitored on a daily basis by the portfolio manager and regular financial reviews of publicly available information related to the Fund's investments are performed to ensure that any risks are within established levels of risk tolerance. The Fund is exposed to price risk through the following financial instrument:

	2021
Investments at FVTPL	\$ 21,203,786

Based on the above exposure at December 31, 2021, a 10% increase or decrease in the prices of the Fund's investments would result in a \$2,120,379 increase or decrease in net assets of the Fund, with all other factors held constant.

B. Interest Rate Risk

Interest rate risk describes the Fund's exposure to changes in the general level of interest rates. Interest rate risk arises when the Fund invests in interest-bearing financial assets such as cash and utilizes financial liabilities such as loan payable. In respect of cash balances and loan payable, the Fund's interest income and expense are positively correlated to interest rates in that rising interest rates increase both interest income and expense while the reverse is true in a declining interest rate environment. The Fund has not hedged its exposure to interest rate movements. The Fund seeks to mitigate this risk through active management, which involves monitoring debt levels and analysis of economic indicators to forecast Canadian and global interest rates. The Fund is exposed to interest rate risk through the following financial instruments:

	2021
Cash	\$ 554,162
Loan Payable	(1,950,000)
Net Exposure	\$ (1,395,838)

Based on the above exposures at December 31, 2021, a 1% per annum increase or decrease in interest rates would result in a \$13,958 decrease or increase in net assets of the Fund, with all other factors held constant.

C. Liquidity Risk

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligations when due. The Fund had a non-revolving term credit facility in the maximum principal amount of \$2.7 million which was secured by a general security agreement. The Fund's other obligations are due within one year. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily sold. The Fund retains sufficient cash to maintain liquidity and comply with liquidity requirements as outlined by securities legislation and its investment policies.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

5. Financial Risk Management (continued)

C. Liquidity Risk (continued)

The Fund may invest in securities that are not traded on a public stock exchange or that may be illiquid. As a result, the Fund may not be able to dispose of these investments in a timely manner. The Fund mitigates this risk through active management, which involves detailed analysis of such entities to ensure they are financially sound and would be attractive to potential investors if a sale is necessary. The Fund's investment policies and securities legislation limit the amount invested in illiquid securities and these limits are monitored. As at December 31, 2021, the Fund did not hold any illiquid securities.

The table below presents the Fund's financial liabilities based on the remaining period to the contractual maturity date. The amounts in the table reflect the contractual undiscounted cash flows.

As at December 31, 2021

Financial Liabilities	Less than 1 Month	1 to 3 Months	3 Months to 1 year	Total
Loan Payable	\$ 1,950,000	\$ -	\$ -	\$ 1,950,000
Accounts Payable and Accrued Liabilities	101,251	-	-	101,251
Net Assets Attributable to Unitholders	19,707,769	-	-	19,707,769
Total	\$ 21,759,020	\$ -	\$ -	\$ 21,759,020

The Manager does not expect that the contractual maturity disclosed above will be representative of the actual cash outflows, as holders of these instruments, specifically Loan Payable, typically retain them for a longer period.

D. Credit Risk

Credit risk represents the financial loss that the Fund would experience if a counterparty to a financial instrument failed to meet its obligations to the Fund. The Fund is exposed to credit risk on its debt instruments, derivative assets, cash and cash equivalents and other short term trade receivables. The Fund measures credit risk and lifetime ECLs related to the trade receivables using historical analysis and forward looking information in determining the ECL. The carrying amounts of financial assets represent the maximum credit exposure. All transactions executed by the Fund in listed securities are settled upon delivery using approved brokers. The risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase only once the broker has received the securities. The trade will fail if either party fails to meet its obligations. There is no significant credit risk related to the Fund's receivables.

The Fund has established various internal controls to help mitigate credit risk, including prior approval of all investments by the Advisor whose mandate includes conducting financial and other assessments of these investments on a regular basis. The Fund has also implemented policies which ensure that investments can only be made with counterparties that have a minimum acceptable credit rating.

E. Concentration Risk

The Fund is exposed to the possible risk inherent in the concentration of the investment portfolio in a small number of industries or investment sectors. The Manager moderates this risk through careful selection of securities in several investment sectors. At December 31, 2021, the percentages of the Fund's total net assets invested in each investment sector were as follows:

Sector	As a % of Net Assets 2021
Gold	60.8
Metals and Mining	26.8
Uranium	17.6
Precious Metals and Minerals	2.4
Total	107.6

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

6. Loan Payable

The non-revolving term credit facility in the maximum principal amount of \$2.7 million is secured by a general security agreement. As at December 31, 2021, loans outstanding included bankers' acceptances with a face value of \$1.95 million. The minimum and maximum loans outstanding during the period ended December 31, 2021 were \$1.5 million and \$1.95 million, respectively. The Fund is subject to bank covenants on the loan payable and is in compliance with those covenants in 2021. Finance costs primarily relate to loan interest expenses.

7. Transaction Costs

Brokerage commissions and other transaction costs paid in connection with securities transactions during the period ended December 31, 2021 amounted to \$nil. Brokerage commissions and other transaction costs were expensed and recorded in the Statement of Comprehensive Income.

8. Tax Shelter Identification and Partnership Account Numbers

The identification number issued for this tax shelter shall be included in any income tax return filed by the investor. Issuance of the identification number is for administration purposes only and does not in any way confirm the entitlement of an investor to claim any tax benefits associated with the tax shelter. The tax shelter number for the Fund is TS091637. The partnership account number for the Fund is 788991743RZ0001.

9. Related Party Transactions

The General Partner and the Advisor are each entitled to receive fees. The management fee and advisory fee are, in aggregate, equal to 2.0% per annum of the NAV of the Fund, calculated and payable monthly in arrears. These fees are recorded as Management Fee and Advisory Fee in the Statement of Comprehensive Income. At December 31, 2021, the management and advisory fees payable by the Fund were \$30,090 and \$1,584, respectively and are included in Accounts Payable and Accrued Liabilities. For the period ended December 31, 2021, management fees before the absorption of expenses amounted to \$0.4 million. The General Partner also has a 0.01% beneficial interest in the Fund. The General Partner is reimbursed for reasonable costs related to maintaining the Fund and preparation and distribution of financial statements and other documents to the Limited Partners. The Advisor is entitled to a performance fee payable on the earlier of: (a) the business day prior to the date on which the assets of the Fund are exchanged on a tax-deferred basis for redeemable shares of one of the classes of Middlefield Mutual Funds Limited (the "Mutual Fund"), a mutual fund corporation; and (b) the business day immediately prior to the date of dissolution or termination (see Note 11) of the Fund ("Performance Fee Date"), equal to 20% of the amount that is equal to the product of: (i) the number of units outstanding on the Performance Fee Date; and (ii) the amount by which the NAV per unit on the Performance Fee Date and any distributions per unit paid during the period commencing on the date of the initial closing and ending on the Performance Fee Date exceeds, in the case of Class A Units, \$26.50, and in the case of the Class F Units, \$27.48. During the period ended December 31, 2021, agency fees paid to MCC amounted to \$15,944.

10. Capital Management

The Fund's capital is its net assets attributable to unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders, maximize unitholder value and maintain financial strength.

The Fund manages and adjusts its capital in response to general economic conditions, the risk characteristics of the underlying assets and working capital requirements. Generally speaking, the Fund will reduce leverage when investments are likely to decrease in value. In order to maintain or adjust its capital structure, the Fund may repay debt under its loan facility or undertake other activities deemed appropriate under the specific circumstances.

11. Termination of Fund

The Fund is currently expected to dissolve on or about March 31, 2023 at which time the net assets will be allocated 99.99% to the Limited Partners and 0.01% to the General Partner; however, it is the current intention of the General Partner to propose prior to the dissolution that the Fund enter into an agreement with the Mutual Fund, whereby assets of the Fund would be exchanged for shares of one of the classes of the Mutual Fund, as determined by the General Partner based on the advice of the Advisor, on or about February 28, 2023. Upon dissolution, Limited Partners would then receive their pro rata share of the shares of one of the classes of the Mutual Fund. The completion of any such arrangement would be subject to the receipt of all necessary regulatory approvals.

12. Comparative Financial Statements

The Fund commenced operations on February 18, 2021. Accordingly, there are no comparative financial statements for the period ended December 31, 2020.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

13. The outbreak of the novel coronavirus (COVID-19) has led to governments around the world enacting emergency measures that resulted in business disruptions, volatility in markets and a global economic slowdown. The Manager uses judgment in assessing the impact from such events on assumptions and estimates applied in reporting the assets and liabilities in the Fund's financial statements at December 31, 2021. The duration and full extent of impact of the COVID-19 pandemic are unknown at the reporting date and it is therefore not possible to reliably estimate the entire impact on the financial results and position of the Fund in future periods.

MIDDLEFIELD FUNDS FAMILY |

EXCHANGE - TRADED FUNDS (ETFs)	TSX Stock Symbol
• Middlefield Healthcare Dividend ETF (formerly Healthcare & Life Sciences ETF)	MHCD
• Middlefield Health & Wellness ETF	HWF
• Middlefield Innovation Dividend ETF (formerly Global Innovation Dividend Fund)	MINN
• Middlefield Sustainable Global Dividend ETF (formerly Global Dividend growers Income Fund)	MDIV
• Middlefield Sustainable Infrastructure Dividend ETF (formerly Sustainable Infrastructure Dividend Fund)	MINF
• Middlefield Real Estate Dividend ETF (formerly Middlefield REIT INDEXPLUS ETF)	MREL
• Middlefield U.S. Equity Dividend ETF (formerly Middlefield American Core Dividend ETF)	MUSA
TSX-LISTED FUNDS	
• E Split Corp.	ENS ENS.PR.A
• International Clean Power Dividend Fund	CLP.UN
• MBN Corporation	MBN
• Middlefield Global Real Asset Fund	RA.UN
• MINT Income Fund	MID.UN
• Real Estate Split Corp. (formerly Real Estate & E-Commerce Split Corp.)	RS RS.PR.A
• Sustainable Agriculture & Wellness Dividend Fund	AGR.UN
• Sustainable Innovation & Health Dividend Fund	SIH.UN
• Sustainable Real Estate Dividend Fund (commenced March 30, 2022)	MSRE.UN
• Workplace Technology Dividend Fund (commenced November 17, 2021)	WORK.UN
MIDDLEFIELD MUTUAL FUNDS TRUST FUNDS	
Series A Units	Fund Code FE/LL/DSC
• Global Healthcare Dividend Fund	MID 325/327/330
• INDEXPLUS Income Fund	MID 435/437/440
• Middlefield Global Infrastructure Fund	MID 510/519/520
Series F Units	
• Global Healthcare Dividend Fund	MID 326
• INDEXPLUS Income Fund	MID 436
• Middlefield Global Infrastructure Fund	MID 501
MIDDLEFIELD MUTUAL FUNDS CORPORATE CLASS FUNDS	
Series A Shares	Fund Code FE/LL/DSC
• Middlefield Canadian Dividend Growers Class	MID 148/449/450
• Middlefield Global Agriculture Class	MID 161/163/166
• Middlefield Global Dividend Growers Class	MID 181/183/186
• Middlefield Global Real Estate Class	MID 600/649/650
• Middlefield Global Sustainable Energy Class	MID 125/127/130
• Middlefield High Interest Income Class	MID 400/424/425
• Middlefield Income Plus Class	MID 800/849/850
• Middlefield U.S. Dividend Growers Class	MID 710/719/720
Series F Shares	
• Middlefield Canadian Dividend Growers Class	MID 149
• Middlefield Global Agriculture Class	MID 162
• Middlefield Global Dividend Growers Class	MID 182
• Middlefield Global Real Estate Class	MID 601
• Middlefield Global Sustainable Energy Class	MID 126
• Middlefield Income Plus Class	MID 801
• Middlefield U.S. Dividend Growers Class	MID 701
RESOURCE FUNDS	
• Discovery 2021 Short Duration LP (commenced September 22, 2021)	
• MRF 2021 Resource Limited Partnership	
• MRF 2022 Resource Limited Partnership (commenced February 17, 2022)	
INTERNATIONAL FUNDS	
• Middlefield Canadian Income PCC	London UK Stock Exchange (LSE) Symbol:MCT

Dean Orrico

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Jeremy T. Brasseur

Executive Chairman

Robert F. Lauzon, CFA

Chief Investment Officer

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Four Seasons Hotels Inc.**Bernard I. Ghert (Chairman)**Former Chairman
Mount Sinai Hospital**Edward V. Jackson**Former Managing Director
RBC Capital Markets**Advisors**Middlefield Capital Corporation
SSR, LLC**Middlefield Group****Polly Tse, CPA, CGA, CPA (IL)**

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Craig Rogers, CPA, CGA, CFA

Chief Operating Officer

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Workplace Innovation and Productivity**Dennis da Silva**

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DLA Piper (Canada) LLP
Fasken Martineau DuMoulin LLP
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Canadian Imperial Bank of Commerce
Royal Bank of Canada
The Bank of Nova Scotia
The Toronto-Dominion Bank**Custodian**

RBC Investor Treasury Services

Transfer AgentsRBC Investor Service Trust
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MFL Management Limited
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