

2022 SEMI-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.



2022 SEMI-ANNUAL COMMENTARY

Russia's invasion of Ukraine marked a pivot point for global trade relationships. Supply chains are being realigned in real time to ensure availability, security, and sustainability of natural resource supplies. By isolating Russia from the global economic system through unprecedented sanctions, countries are being forced to sacrifice lower costs of supply for higher security. Energy-related commodities have been key beneficiaries of this new paradigm with oil and natural gas prices increasing 46.5% and 48.3%, respectively, in the first half of 2022 (H1). Food-related commodities such as corn, soybeans and wheat have also risen by mid-teen percentages. Soaring commodity prices have increased the risk of global food shortages and an energy crisis, particularly in Europe. These factors have also raised the possibility of the global economy slipping into recession in the near-to-medium term.

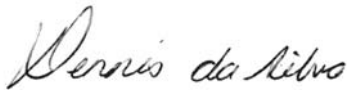
Despite recessionary concerns, we believe that the oil complex has entered a structural bull market. Although demand may cool amidst a slowdown in economic activity, it remains relatively inelastic and represents less than 7.5% of expenditures on average. On the production side, it has become clear that higher oil prices are not causing the same supply response as in years past. Oil producers have become much more conservative with capital allocation decisions, electing to direct a much larger portion of free cash flow to shareholder returns via dividends and share buybacks rather than growth capex. As such, we are witnessing one of the strongest fundamental setups for oil prices in years. Absent a deep recession, tight supply/demand conditions should drive higher for longer oil prices.

We expect natural gas prices will remain elevated over the medium term as well. Due to pipeline capacity restraints, Russia is unable to redirect European supply to other regions, including China. This effectively removes a meaningful portion of global natural gas supply from the market. In addition, the Russia/Ukraine conflict has placed a greater emphasis on energy security as part of the energy transition equation. The European Union recently voted to keep some specific uses of natural gas and nuclear energy in its taxonomy of sustainable sources of energy. As a result, European countries will likely rely more heavily on North American LNG imports.

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.

Gold is being influenced by competing macro themes. Geopolitical tensions, inflation and economic uncertainty are creating investor interest in gold as a safe haven asset. It has served its purpose in this regard with the price of gold flat in H1 compared to broad markets having declined over 20%. However, rising interest rates have made other currencies and fixed-income investments more attractive. The DXY US Dollar Index increased nearly 10% and US 10-Year Treasury yields rose from 1.5% to 3% in H1. Overall, we believe the offsetting forces of high inflation and US dollar strength will remain relatively balanced throughout the remainder of the year, implying a stable price environment for gold investors. This bodes well for gold producers which are expected to generate strong free cash flow this year while trading at attractive valuations.

After experiencing sharp price increases during the first quarter, base metals sold-off in Q2, marking the worst quarter for prices since 2008. Despite the recent declines, base metals and bulk commodities are still trading above the top end of their respective cost curves and producers remain profitable. Base metals are more susceptible to an economic slowdown than precious metals, therefore, the near-term outlook for these commodities remains uncertain. One potential catalyst that could lift prices is a resurgence in demand from China. After several months of strict lockdowns, the Chinese economy is poised to reopen and its government has promised a series of measures to stimulate its economy, including a boost to construction. Over the long-term, our thesis remains that the clean energy transition will be significantly mineral intensive for commodities such as uranium, copper, nickel and lithium



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

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE PERIOD ENDED JUNE 30, 2022

This interim management report of fund performance contains financial highlights but does not contain the annual financial statements of the investment fund. This report should be read in conjunction with the complete interim financial report of the investment fund that follows this report. The interim financial report has not been reviewed by the investment fund's external auditors.

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.

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 June 30, 2022, the invested portfolio assets were primarily comprised of companies operating in the gold sector with the balance invested in issuers in the energy, metals and mining, uranium and precious metals and minerals sectors.

The Fund commenced operations on February 18, 2021. At June 30, 2022, the Fund's net asset value per Class A was \$12.46 per unit, representing a total after-tax return on money-at-risk of -17% for an Ontario investor taxed at the highest marginal tax rate. At June 30, 2022, the Fund's net asset value per Class F was \$12.99 per unit, representing a total after-tax return on money-at-risk of -13% for an Ontario investor taxed at the highest marginal tax rate.

Revenue and Expenses

Investment income for the period ended June 30, 2022 amounted to approximately \$63,000 and was comprised primarily of income from investments. Operating expenses for the period totalled approximately \$278,000.

The management expense ratio ("MER") was 2.71% for Class A and 2.71% for Class F for the period ended June 30, 2022. Excluding issuance costs and interest expenses, the MER was 2.65% for Class A and 2.65% for Class F for the period ended June 30, 2022. The loss for the period amounted to approximately \$5.9 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 29.8% from \$17.74 on December 31, 2021 to \$12.46 on June 30, 2022. On a per unit basis, the net assets per Class F attributable to unitholders of the Fund decreased by 29.7% from \$18.49 on December 31, 2021 to \$12.99 on June 30, 2022. The decrease is attributable primarily to net realized losses on the investment portfolio. A net loss on investments of \$5.6 million has been recorded as at June 30, 2022.

Trends

Russia's invasion of Ukraine marked a pivot point for global trade relationships. Supply chains are being realigned in real time to ensure availability, security, and sustainability of natural resource supplies. By isolating Russia from the global economic system through unprecedented sanctions, countries are being forced to sacrifice lower costs of supply for higher security. Energy-related commodities have been key beneficiaries of this new paradigm with oil and natural gas prices increasing 46.5% and 48.3%, respectively, in the first half of 2022 (H1). Gold is being influenced by competing macro themes. Geopolitical tensions, inflation and economic uncertainty are creating investor interest in gold as a safe haven asset. It has served its purpose in this regard with the price of gold flat in H1 compared to broad markets having declined over 20%.

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.

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

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE PERIOD ENDED JUNE 30, 2022

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 June 30, 2022, the Fund had a loan payable of \$nil. The minimum and maximum amounts borrowed during the period were \$nil 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.

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE PERIOD ENDED JUNE 30, 2022

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

| | June 30, 2022 ⁽⁵⁾ | December 31, 2021 ⁽⁴⁾ |
|---|---------------------------------|-------------------------------------|
| Net Assets Attributable to Unitholders, Beginning of Period | \$ 17.74 | \$ 23.08* |
| INCREASE (DECREASE) FROM OPERATIONS: | | |
| Total Revenue | 0.06 | 0.03 |
| Total Expenses ⁽³⁾ | (0.23) | (0.52) |
| Realized Losses for the period | (3.57) | - |
| Unrealized Losses for the period | (1.51) | (5.08) |
| Transaction Costs on Purchase and Sale of Investments | (0.03) | - |
| TOTAL DECREASE FROM OPERATIONS⁽²⁾ | (5.28) | (5.34) |
| Net Assets Attributable to Unitholders, End of Period | \$ 12.46 | \$ 17.74 |

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

| | June 30, 2022 ⁽⁵⁾ | December 31, 2021 ⁽⁴⁾ |
|---|---------------------------------|-------------------------------------|
| Net Assets Attributable to Unitholders, Beginning of Period | \$ 18.49 | \$ 24.05* |
| INCREASE (DECREASE) FROM OPERATIONS: | | |
| Total Revenue | 0.06 | 0.03 |
| Total Expenses ⁽³⁾ | (0.24) | (0.52) |
| Realized Losses for the period | (3.73) | - |
| Unrealized Losses for the period | (1.56) | (5.29) |
| Transaction Costs on Purchase and Sale of Investments | (0.03) | - |
| TOTAL DECREASE FROM OPERATIONS⁽²⁾ | (5.50) | (5.56) |
| Net Assets Attributable to Unitholders, End of Period | \$ 12.99 | \$ 18.49 |

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

⁽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 Statements 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.

⁽⁵⁾ As at June 30, 2022 or for the six-month period ended June 30, 2022, as applicable.

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

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE PERIOD ENDED JUNE 30, 2022

Ratios and Supplemental Data – Class A

| | June 30, 2022 ⁽⁵⁾ | December 31, 2021 ⁽⁴⁾ |
|--|------------------------------|----------------------------------|
| Total Net Asset Value (000s) | \$ 9,898 | \$ 14,087 |
| Number of Units Outstanding | 794,219 | 794,219 |
| Management Expense Ratio (“MER”) ⁽¹⁾ | 2.71% | 9.66% |
| MER (excluding interest expense and issuance costs) ⁽¹⁾ | 2.65% | 2.71% |
| Trading Expense Ratio ⁽²⁾ | 0.36% | - |
| Portfolio Turnover Rate ⁽³⁾ | 31.90% | - |
| Net Asset Value per Unit | \$ 12.46 | \$ 17.74 |

Ratios and Supplemental Data – Class F

| | June 30, 2022 ⁽⁵⁾ | December 31, 2021 ⁽⁴⁾ |
|--|------------------------------|----------------------------------|
| Total Net Asset Value (000s) | \$ 3,949 | \$ 5,620 |
| Number of Units Outstanding | 303,897 | 303,897 |
| Management Expense Ratio (“MER”) ⁽¹⁾ | 2.71% | 5.84% |
| MER (excluding interest expense and issuance costs) ⁽¹⁾ | 2.65% | 2.77% |
| Trading Expense Ratio ⁽²⁾ | 0.36% | - |
| Portfolio Turnover Rate ⁽³⁾ | 31.90% | - |
| Net Asset Value per Unit | \$ 12.99 | \$ 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.
- (5) As at June 30, 2022 or for the six-month period ended June 30, 2022, as applicable.

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

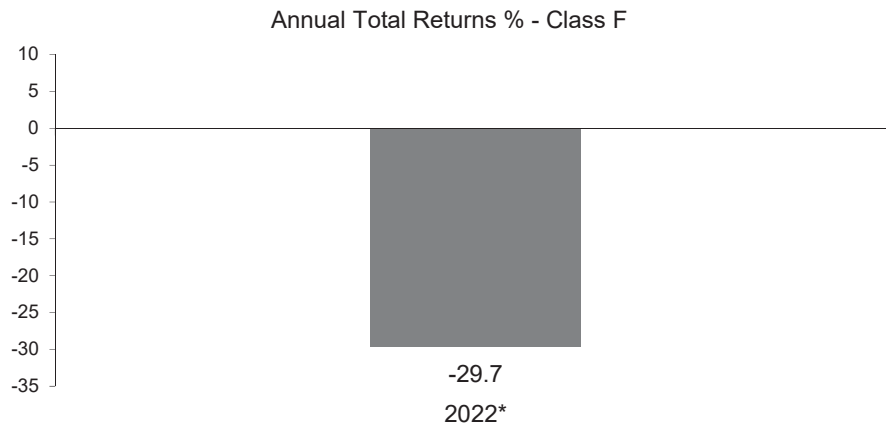
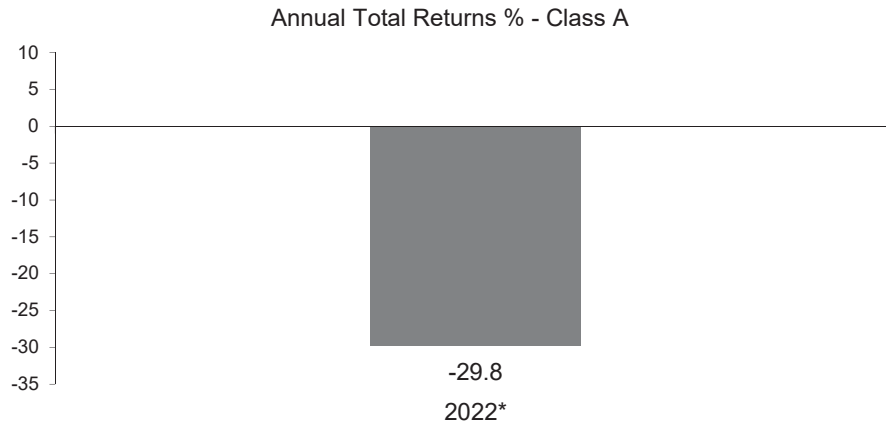
FOR THE PERIOD ENDED JUNE 30, 2022

Past Performance

The performance information shown, which is based on Net Asset Value, assumes that all distributions paid by the Fund in the periods shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

Year-By-Year Returns

The bar chart shows how the Fund's performance has varied from year to year for each of the years shown. The return for 2021 is not presented since it relates to a partial period. The charts indicate, in percentage terms, how much an investment made the first day of each financial period would have grown or decreased by the last day of the financial period.



* For the six-month period ended June 30, 2022.

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE PERIOD ENDED JUNE 30, 2022

Summary of Investment Portfolio

AS AT JUNE 30, 2022

Top Twenty-Five Holdings*

| DESCRIPTION | % OF NET ASSET VALUE |
|--------------------------------------|----------------------|
| 1 Thesis Gold Inc. | 7.2 |
| 2 Denison Mines Corp. | 6.4 |
| 3 Canadian Natural Resources Ltd. | 5.0 |
| 4 Topaz Energy Corp. | 5.0 |
| 5 Cenovus Energy Inc. | 4.8 |
| 6 Whitecap Resources Inc. | 4.4 |
| 7 Teck Resources Ltd. | 4.3 |
| 8 Goldshore Resources Inc. | 3.9 |
| 9 Crescent Point Energy Corp. | 3.6 |
| 10 Tourmaline Oil Corp. | 3.6 |
| 11 Troilus Gold Corp. | 3.5 |
| 12 Osisko Metals Inc. | 3.3 |
| 13 Skyharbour Resources Ltd. | 3.1 |
| 14 Treasury Metals Inc. | 2.8 |
| 15 Fireweed Metals Corp. | 2.6 |
| 16 Sitka Gold Corp. | 2.3 |
| 17 Osisko Development Corp. | 2.1 |
| 18 Founders Metals Inc. | 1.9 |
| 19 Clean Air Metals Inc. | 1.7 |
| 20 NorthIsle Copper & Gold Inc. | 1.7 |
| 21 Giga Metals Corp. | 1.6 |
| 22 Appia Rare Earths & Uranium Corp. | 1.5 |
| 23 Tartisan Nickel Corp. | 1.4 |
| 24 Libero Copper & Gold Corp. | 1.2 |
| 25 Starr Peak Mining Ltd. | 1.2 |

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

| ASSET CLASS | % OF NET ASSET VALUE |
|---------------------------------|----------------------|
| Gold | 32.0 |
| Energy | 26.4 |
| Metals and Mining | 20.9 |
| Uranium | 11.7 |
| Precious Metals and Minerals | 1.8 |
| Cash and Short-Term Investments | 7.8 |
| Other Net Liabilities | (0.6) |
| | 100.0 |

TOTAL NET ASSET VALUE **\$ 13,846,672**

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.



INTERIM FINANCIAL REPORT

NOTICE

The accompanying unaudited financial statements of MRF 2021 Resource Limited Partnership for the period ended June 30, 2022 have been prepared by management and have not been reviewed by the external auditors of the Fund.



Jeremy Brasseur
Director
Middlefield Limited



Craig Rogers
Director
Middlefield Limited

August 22, 2022

INTERIM FINANCIAL REPORT

UNAUDITED

Statements of Financial Position

| AS AT (In Canadian Dollars) | June 30, 2022 | December 31, 2021 |
|---|----------------------|----------------------|
| ASSETS | | |
| Current Assets | | |
| Investments at Fair Value through Profit or Loss | \$ 12,851,338 | \$ 21,203,786 |
| Cash | 1,073,980 | 554,162 |
| Income and Interest Receivable | 14,615 | - |
| Prepaid Interest | - | 1,072 |
| Total Assets | 13,939,933 | 21,759,020 |
| LIABILITIES | | |
| Current Liabilities | | |
| Loan Payable (Note 6) | - | 1,950,000 |
| Accounts Payable and Accrued Liabilities (Note 9) | 93,261 | 101,251 |
| Total Liabilities (Excluding Net Assets Attributable to Unitholders) | 93,261 | 2,051,251 |
| Net Assets Attributable to Unitholders | \$ 13,846,672 | \$ 19,707,769 |
| Net Assets Attributable to Unitholders – Class A | \$ 9,897,805 | \$ 14,087,403 |
| Net Assets Attributable to Unitholders – Class F | \$ 3,948,867 | \$ 5,620,366 |
| Units Issued and Outstanding – Class A (Note 3F) | 794,219 | 794,219 |
| Units Issued and Outstanding – Class F (Note 3F) | 303,897 | 303,897 |
| Net Assets Attributable to Unitholders per Unit – Class A | \$ 12.46 | \$ 17.74 |
| Net Assets Attributable to Unitholders per Unit – Class F | \$ 12.99 | \$ 18.49 |

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

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



Director: Jeremy Brasseur



Director: Craig Rogers

INTERIM FINANCIAL REPORT

UNAUDITED

Statements of Comprehensive Income

FOR THE SIX MONTHS ENDED JUNE 30

TAX SHELTER IDENTIFICATION NUMBER (NOTE 8): TS091637

| (In Canadian Dollars) | 2022 | 2021 ⁽¹⁾ |
|---|-----------------------|---------------------|
| REVENUE | | |
| Interest Income | \$ 1,316 | \$ 16,970 |
| Income from Investments | 61,352 | - |
| Other Changes in Fair Value of Financial Assets and Financial Liabilities at Fair Value through Profit or Loss | | |
| Net Realized Loss from Investment Transactions | (3,970,851) | - |
| Net Unrealized Loss on Investments | (1,663,821) | (323,483) |
| Total Loss | (5,572,004) | (306,513) |
| OPERATING EXPENSES (Note 9) | | |
| Advisory Fee | 10,072 | 13,065 |
| Audit Fees | - | 2,964 |
| Custodial Fees | 1,053 | 1,151 |
| Fund Administration Costs | 29,185 | 29,794 |
| Legal Fees | 899 | - |
| Management Fee | 193,600 | 193,654 |
| Transaction Costs (Note 7) | 33,264 | - |
| Unitholder Reporting Costs | 9,465 | 10,030 |
| Total Operating Expenses | 277,538 | 250,658 |
| Operating Loss | (5,849,542) | (557,171) |
| Finance Costs (Note 6) | 11,555 | 14,905 |
| Loss | \$ (5,861,097) | \$ (572,076) |
| Decrease in Net Assets Attributable to Unitholders | \$ (5,861,097) | \$ (572,076) |
| Decrease in Net Assets Attributable to Unitholders – Class A | \$ (4,189,598) | \$ (433,096) |
| Decrease in Net Assets Attributable to Unitholders – Class F | \$ (1,671,499) | \$ (138,980) |
| Decrease in Net Assets Attributable to Unitholders per Unit – Class A (Note 3F) | \$ (5.28) | \$ (0.58) |
| Decrease in Net Assets Attributable to Unitholders per Unit – Class F (Note 3F) | \$ (5.50) | \$ (0.52) |

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

⁽¹⁾ For the period February 18, 2021 (date of commencement of operations) to December 31, 2021.

INTERIM FINANCIAL REPORT

UNAUDITED

Statements of Changes in Net Assets Attributable to Unitholders

FOR THE SIX MONTHS ENDED JUNE 30, 2022

| (In Canadian Dollars) | Class A | Class F | Total |
|---|---------------|--------------|---------------|
| Net Assets Attributable to Unitholders at Beginning of Period | \$ 14,087,403 | \$ 5,620,366 | \$ 19,707,769 |
| Decrease in Net Assets Attributable to Unitholders | (4,189,598) | (1,671,499) | (5,861,097) |
| Net Assets Attributable to Unitholders at End of Period | \$ 9,897,805 | \$ 3,948,867 | \$ 13,846,672 |

FOR THE PERIOD FEBRUARY 18, 2021 (DATE OF COMMENCEMENT OF OPERATIONS) TO JUNE 30, 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 | (433,096) | (138,980) | (572,076) |
| 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 | (361,628) | (138,372) | (500,000) |
| Net Assets Attributable to Unitholders at End of Period | \$ 17,919,061 | \$ 7,149,131 | \$ 25,068,192 |

Statements of Cash Flows

FOR THE SIX MONTHS ENDED JUNE 30

| (In Canadian Dollars) | 2022 | 2021 ⁽¹⁾ |
|---|----------------|---------------------|
| CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES | | |
| Decrease in Net Assets Attributable to Unitholders | \$ (5,861,097) | \$ (572,076) |
| Adjustments: | | |
| Proceeds from Sale of Investments | 8,357,898 | - |
| Purchases of Investments | (5,640,122) | (24,799,720) |
| Net Realized Loss from Investment Transactions | 3,970,851 | - |
| Change in Net Unrealized Loss on Investments | 1,663,821 | 323,483 |
| | 2,491,351 | (25,048,313) |
| Net Change in Non-Cash Working Capital | (21,533) | 400,396 |
| Net Cash from (used in) Operating Activities | 2,469,818 | (24,647,917) |
| CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES | | |
| Repayment of Loans | (1,950,000) | - |
| Proceeds from Issue of Units | - | 27,452,900 |
| Proceeds from Loans | - | 1,935,444 |
| Payment of Agents' Fees | - | (1,312,632) |
| Payment of Issue Costs | - | (500,000) |
| Net Cash (used in) from Financing Activities | (1,950,000) | 27,575,712 |
| Net Increase in Cash | 519,818 | 2,927,795 |
| Cash at Beginning of Period | 554,162 | - |
| Cash at End of Period | \$ 1,073,980 | \$ 2,927,795 |

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

⁽¹⁾ For the period February 18, 2021 (date of commencement of operations) to June 30, 2021.

INTERIM FINANCIAL REPORT

UNAUDITED

Schedule of Investment Portfolio

AS AT JUNE 30, 2022

(In Canadian Dollars)

| Description | No. of Securities | Average Cost | Fair Value |
|--|-------------------|------------------|------------------|
| Evergold Corp. - Warrants, 23 February 2024 | 511,363 | \$ - | \$ 6,172 |
| Exploits Discovery Corp. - Warrants, 15 March 2023 | 715,000 | - | 4,397 |
| Exploits Discovery Corp. | 715,000 | 350,350 | 110,825 |
| Founders Metals Inc. | 640,000 | 352,000 | 256,000 |
| Gold Mountain Mining Corp. - Warrants, 24 June 2023 | 75,000 | - | 90 |
| Goldshore Resources Inc. | 2,050,000 | 1,537,499 | 543,250 |
| Harfang Exploration Inc. | 199,430 | 198,000 | 57,835 |
| K9 Gold Corp. | 1,000,000 | 350,000 | 145,000 |
| K9 Gold Corp. - Warrants, 22 February 2024 | 1,000,000 | - | 49,950 |
| Kingfisher Metals Corp. - Warrants, 3 June 2023 | 196,000 | - | 3,855 |
| Metallica Metals Corp. - Warrants, 26 February 2023 | 357,500 | - | 25 |
| Metallis Resources Inc. - Warrants, 2 September 2023 | 500,000 | - | 1,770 |
| Metallum Resources Inc. | 2,750,000 | 302,500 | 151,250 |
| Nighthawk Gold Corp. | 217,000 | 249,550 | 91,140 |
| Nighthawk Gold Corp. - Warrants, 8 April 2023 | 86,800 | - | 209 |
| Opawica Explorations Inc. - Warrants, 4 June 2023 | 250,000 | - | 2,958 |
| Osisko Development Corp. | 46,666 | 1,266,982 | 288,863 |
| P2 Gold Inc. | 200,000 | 120,000 | 83,000 |
| P2 Gold Inc. - Warrants, 3 June 2023 | 200,000 | - | 8,294 |
| Red Pine Exploration Inc. | 480,000 | 216,000 | 148,800 |
| Signature Resources Ltd. - Warrants, 9 July 2023 | 762,500 | - | 1,883 |
| Sitka Gold Corp. | 2,600,000 | 351,000 | 325,000 |
| Starr Peak Mining Ltd. | 140,000 | 504,000 | 161,000 |
| Starr Peak Mining Ltd. - Warrants, 2 December 2022 | 140,000 | - | 139 |
| Sitka Gold Corp. - Warrants, 3 March 2024 | 1,300,000 | - | 63,739 |
| Strikepoint Gold Inc. - Warrants, 30 December 2022 | 1,000,000 | - | 820 |
| Thesis Gold Inc. | 650,000 | 1,137,500 | 994,499 |
| Treasury Metals Inc. | 1,000,000 | 1,100,000 | 390,000 |
| Troilus Gold Corp. | 900,000 | 1,134,000 | 486,000 |
| Troilus Gold Corp. - Warrants, 28 June 2023 | 600,000 | - | 33,000 |
| TRU Precious Metals Corp. - Warrants, 17 June 2024 | 925,000 | - | 14,245 |
| Whitehorse Gold Corp. - Warrants, 14 May 2026 | 156,250 | - | 9,047 |
| GOLD: 31.8% | | 9,169,381 | 4,433,055 |
| Canadian Natural Resources Ltd. | 10,000 | 815,263 | 691,700 |
| Cenovus Energy Inc. | 27,000 | 545,933 | 661,230 |
| Crescent Point Energy Corp. | 55,000 | 574,650 | 503,250 |
| Topaz Energy Corp. | 34,000 | 636,172 | 690,540 |
| Tourmaline Oil Corp. | 7,500 | 547,415 | 501,975 |
| Whitecap Resources Inc. | 68,000 | 637,361 | 607,920 |
| ENERGY: 26.3% | | 3,756,794 | 3,656,615 |

INTERIM FINANCIAL REPORT

UNAUDITED

Schedule of Investment Portfolio

AS AT JUNE 30, 2022
(In Canadian Dollars)

| Description | No. of Securities | Average Cost | Fair Value |
|---|----------------------|------------------|------------------|
| Canada Nickel Co. Inc. | 73,000 | \$ 299,300 | \$ 108,770 |
| Fireweed Metals Corp. | 600,000 | 540,000 | 354,000 |
| Giga Metals Corp. | 800,000 | 344,515 | 220,000 |
| Giga Metals Corp. - Warrants, 23 April 2024 | 980,000 | 77,769 | 28,479 |
| Granite Creek Copper Ltd. | 1,590,000 | 349,800 | 135,150 |
| Libero Copper & Gold Corp. | 700,000 | 385,000 | 168,000 |
| Libero Copper & Gold Corp. - Warrants, 22 February 2023 | 455,000 | - | 4,359 |
| Nickel Creek Platinum Corp. | 1,300,000 | 143,000 | 78,000 |
| Nickel Creek Platinum Corp. - Warrants, 23 April 2026 | 1,818,182 | - | 43,182 |
| NorthIsle Copper & Gold Inc. | 1,129,032 | 350,000 | 237,097 |
| Osisko Metals Inc. | 1,200,000 | 600,000 | 456,000 |
| Search Minerals Inc. | 1,115,000 | 200,700 | 128,225 |
| Sterling Metals Corp. - Warrants, 31 March 2023 | 615,000 | - | 31,746 |
| Surge Copper Corp. - Warrants, 8 June 2023 | 357,500 | - | 4,265 |
| Tartisan Nickel Corp. | 700,000 | 399,000 | 199,500 |
| Tartisan Nickel Corp. - Warrants, 7 June 2023 | 440,000 | - | 9,737 |
| Teck Resources Ltd. | 15,000 | 763,101 | 590,400 |
| Vision Lithium Inc. | 1,140,000 | 250,800 | 96,900 |
| Vision Lithium Inc. - Warrants, 20 April 2023 | 570,000 | - | 2,434 |
| ZincX Resources Corp. - Warrants, 9 April 2023 | 625,000 | - | 31 |
| METALS AND MINING: 20.8% | | 4,702,985 | 2,896,275 |
| Appia Rare Earths & Uranium Corp. | 625,000 | 437,500 | 212,500 |
| Appia Rare Earths & Uranium Corp. - Warrants, 19 May 2023 | 625,000 | - | 15,106 |
| Denison Mines Corp. | 700,000 | 945,000 | 889,000 |
| Skyharbour Resources Ltd. | 1,320,000 | 501,600 | 422,400 |
| Skyharbour Resources Ltd. - Warrants, 12 April 2024 | 660,000 | - | 85,398 |
| URANIUM: 11.7% | | 1,884,100 | 1,624,404 |
| Clean Air Metals Inc. | 1,544,000 | 648,480 | 239,320 |
| Palladium One Mining Inc. - Warrants, 24 February 2023 | 375,000 | - | 1,669 |
| PRECIOUS METALS AND MINERALS: 1.7% | | 648,480 | 240,989 |
| TRANSACTION COSTS (Note 7) | | (4,722) | - |
| TOTAL INVESTMENTS: 92.3% | | 20,157,018 | 12,851,338 |
| CASH: 7.7% | | 1,073,980 | 1,073,980 |
| Total Investment Portfolio, Including Cash | | \$ 21,230,998 | \$ 13,925,318 |

NOTES TO FINANCIAL STATEMENTS



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 | UNAUDITED

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 First Canadian Place, 58th Floor, PO Box 192, Toronto, Ontario. These financial statements, expressed in Canadian Dollars, were authorized for issuance by the board of directors of the Manager on August 22, 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

JUNE 30, 2022 | UNAUDITED

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

JUNE 30, 2022 | UNAUDITED

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 Statements 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

JUNE 30, 2022 | UNAUDITED

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 June 30, 2022 and 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 June 30, 2022

| Description | Level 1 | Level 2 | Level 3 | Total |
|-------------|---------------|------------|------------|---------------|
| Equities | \$ 12,168,339 | \$ - | \$ 256,000 | \$ 12,424,339 |
| Warrants | - | 393,999 | 33,000 | 426,999 |
| Total | \$ 12,168,339 | \$ 393,999 | \$ 289,000 | \$ 12,851,338 |

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 | - | 1,244,699 |
| 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 applies judgment in determining unobservable inputs to calculate the fair value of Level 3 financial instruments. As at June 30, 2022, the Fund held \$289,000 (December 31, 2021 – \$179,200) of Level 3 securities. The unobservable inputs used in the valuation of these financial instruments primarily include key variables, current market conditions and recent financings by the issuer, if any. These securities are affected by market activity in their relevant sectors and therefore generally fluctuate similarly. The Fund's level 3 investments in Founders Metals Inc. and Troilus Gold Corp. - Warrants, 28 June 2023 represent 2.2% of the Fund's investment portfolio.

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.

The reconciliation of investments measured at fair value using unobservable inputs (Level 3) for the periods ended June 30, 2022 and December 31, 2021 is as follows:

Period Ended June 30, 2022

| | |
|--|------------|
| Balance at January 1 | \$ 179,200 |
| Investment Purchases during the Period | - |
| Investment Sales during the Period | - |
| Realized Gain | - |
| Unrealized Gain | 109,800 |
| Balance at June 30 | \$ 289,000 |

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 | UNAUDITED

4. Fair Value Disclosure (continued)

| Period Ended December 31, 2021 | |
|--|------------|
| Balance at February 18 (date of commencement of operations) | \$ - |
| Investment Purchases during the Period | 352,000 |
| Investment Sales during the Period | - |
| Realized Gain | - |
| Unrealized Loss | (172,800) |
| Balance at December 31 | \$ 179,200 |
| Total Change in Unrealized Gain during the Period for Assets held at December 31 | \$ 282,600 |

The use of reasonable possible alternative assumptions for valuing Level 3 financial instruments would not significantly affect the fair value of these instruments

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.

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 five securities which represent 28.4% of the Fund's net assets as at June 30, 2022: Thesis Gold Inc. (7.2%), Denison Mines Corp. (6.4%), Canadian Natural Resources Ltd. (5.0%), Topaz Energy Corp. (5.0%), and Cenovus Energy Inc. (4.8%). 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:

| | June 30, 2022 | December 31, 2021 |
|----------------------|---------------|-------------------|
| Investments at FVTPL | \$ 12,851,338 | \$ 21,203,786 |

Based on the above exposure at June 30, 2022, a 10% increase or decrease in the prices of the Fund's investments would result in a \$1,285,134 (December 31, 2021 - \$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:

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 | UNAUDITED

5. Financial Risk Management (continued)

B. Interest Rate Risk (continued)

| | June 30, 2022 | December 31, 2021 |
|---------------------|---------------------|-----------------------|
| Cash | \$ 1,073,980 | \$ 554,162 |
| Loan Payable | - | (1,950,000) |
| Net Exposure | \$ 1,073,980 | \$ (1,395,838) |

Based on the above exposures at June 30, 2022, a 1% per annum increase or decrease in interest rates would result in a \$10,740 increase or decrease (December 31, 2021 - \$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.

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 June 30, 2022 and 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 June 30, 2022

| Financial Liabilities | Less than 1 Month | 1 to 3 Months | 3 Months to 1 Year | Total |
|--|----------------------|------------------|-----------------------|----------------------|
| Accounts Payable and Accrued Liabilities | \$ 93,261 | \$ - | \$ - | \$ 93,261 |
| Net Assets Attributable to Unitholders | 13,846,672 | - | - | 13,846,672 |
| Total | \$ 13,939,933 | \$ - | \$ - | \$ 13,939,933 |

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.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 | UNAUDITED

5. Financial Risk Management (continued)

D. Credit Risk (continued)

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 June 30, 2022 and 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 | |
|------------------------------|----------------------|-------------------|
| | June 30, 2022 | December 31, 2021 |
| Gold | 32.0 | 60.8 |
| Energy | 26.4 | - |
| Metals and Mining | 20.9 | 26.8 |
| Uranium | 11.7 | 17.6 |
| Precious Metals and Minerals | 1.8 | 2.4 |
| Total | 92.8 | 107.6 |

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 June 30, 2022, loans outstanding included bankers' acceptances with a face value of \$nil (December 31, 2021 - \$1.95 million). The minimum and maximum loans outstanding during the period ended June 30, 2022 were \$nil and \$1.95 million (December 31, 2021 - \$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 both 2022 and 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 June 30, 2022 amounted to \$33,264 (2021 - \$nil). Included in this amount is \$11,735 (2021 - \$nil) in brokerage commissions that were paid to MCC. All brokerage commissions paid by the Fund to MCC were at or below market rates. Brokerage commissions and other transaction costs were expensed and recorded in the Statements 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 7889917430RZ0001.

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 Statements of Comprehensive Income. At June 30, 2022, the management and advisory fees payable by the Fund were \$24,962 and \$1,314, respectively and are included in Accounts Payable and Accrued Liabilities. For the period ended June 30, 2022, management fees before the absorption of expenses amounted to \$0.2 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 June 30, 2022, agency fees paid to MCC amounted to \$nil (2021 - \$15,944).

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 | UNAUDITED

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. 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 June 30, 2022. 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 |
| • 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 | MSRE.UN |
| • Workplace Technology Dividend Fund | WORK.UN |

| MIDDLEFIELD MUTUAL FUNDS TRUST FUNDS | Fund Code |
|---|------------------|
| Series A Units | FE/LL/DSC |
| • Middlefield Healthcare Dividend Fund (formerly 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 | |
|---|---------|
| • Middlefield Healthcare Dividend Fund (formerly Global Healthcare Dividend Fund) | MID 326 |
| • INDEXPLUS Income Fund | MID 436 |
| • Middlefield Global Infrastructure Fund | MID 501 |

| MIDDLEFIELD MUTUAL FUNDS CORPORATE CLASS FUNDS | Fund Code |
|---|------------------|
| Series A Shares | 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 Energy Transition Class (commenced May 31, 2022) | MID 265 |
| • Middlefield Real Estate Dividend Class (formerly Middlefield Global Real Estate Class) | MID 600/649/650 |
| • Middlefield High Interest Income Class | MID 400/424/425 |
| • Middlefield Income Plus Class | MID 800/849/850 |
| • Middlefield Innovation Dividend Class (commenced May 31, 2022) | MID 925 |
| • Middlefield U.S. Equity Dividend Class (formerly 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 Energy Transition Class (commenced May 31, 2022) | MID 266 |
| • Middlefield Real Estate Dividend Class (formerly Middlefield Global Real Estate Class) | MID 601 |
| • Middlefield Income Plus Class | MID 801 |
| • Middlefield Innovation Dividend Class (commenced May 31, 2022) | MID 926 |
| • Middlefield U.S. Equity Dividend Class (formerly Middlefield U.S. Dividend Growers Class) | MID 701 |

| RESOURCE FUNDS | |
|---|--|
| • Discovery 2021 Short Duration LP | |
| • MRF 2021 Resource Limited Partnership | |
| • MRF 2022 Resource Limited Partnership | |

| INTERNATIONAL FUNDS | |
|-----------------------------------|---|
| • Middlefield Canadian Income PCC | London UK Stock Exchange (LSE) Symbol:MCT |

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