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**QUEENSLAND GOLD HILLS CORP.**

**(FORMERLY MINFOCUS EXPLORATION CORP.)**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED AUGUST 31, 2022**

**UNAUDITED – PREPARED BY MANAGEMENT**

**(EXPRESSED IN CANADIAN DOLLARS)**

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*The accompanying unaudited condensed interim consolidated financial statements of Queensland Gold Hills Corp. for the six months ended August 31, 2022, have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed interim consolidated financial statements have not been reviewed by the Company's external auditor.*

**Queensland Gold Hills Corp.**  
(Formerly Minfocus Exploration Corp.)  
**Condensed Interim Consolidated Statements of Financial Position**  
**Unaudited – prepared by management**  
**(Expressed in Canadian Dollars)**

	August 31, 2022 \$	February 28, 2022 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	395,679	946,403
GST receivable	71,609	62,409
Amounts receivable	3,407	3,487
Prepaid expenses	39,456	202,726
<b>Total current assets</b>	<b>510,151</b>	<b>1,215,025</b>
Reclamation bonds	14,935	15,150
Exploration and evaluation assets (Note 6)	3,786,267	3,552,574
<b>Total assets</b>	<b>4,311,353</b>	<b>4,782,749</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables (Note 9)	104,131	173,970
Loan payable (Note 10)	27,513	28,146
<b>Total liabilities</b>	<b>131,644</b>	<b>202,116</b>
<b>Equity</b>		
Issued capital (Note 7)	12,777,737	12,777,737
Equity reserve (Note 7)	1,177,668	1,177,668
Deficit	(9,943,983)	(9,544,609)
<b>Total equity attributable to shareholders</b>	<b>4,011,422</b>	<b>4,410,796</b>
Non-controlling interest (Note 6)	168,287	169,837
<b>Total Equity</b>	<b>4,179,709</b>	<b>4,580,633</b>
<b>Total equity and liabilities</b>	<b>4,311,353</b>	<b>4,782,749</b>

Going concern (Note 1)

These financial statements were approved by the Board of Directors and authorized for issue on October 19, 2022.

(s) Alicia Milne, Director

(s) D. Blair Way, Director

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**Queensland Gold Hills Corp.**

(Formerly Minfocus Exploration Corp.)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

Unaudited – prepared by management

(Expressed in Canadian Dollars)

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	Three months ended August 31, 2022 \$	Three months ended August 31, 2021 \$	Six months ended August 31, 2022 \$	Six months ended August 31, 2021 \$
<b>General and administrative expenses</b>				
Audit and accounting fees (Note 9)	40,944	6,500	58,667	6,500
Advertising and promotion	79,470	420	169,120	1,850
Bank fees and interest (Note xxx)	3,352	91	7,623	439
Consulting fees	49,776	16,500	95,538	31,500
Filing and transfer agent fees	5,201	7,257	16,926	12,996
Investor relations	10,014	-	25,014	-
Legal fees	5,483	-	5,483	-
Office, insurance and administrative	5,683	1,653	8,782	3,093
Property costs	13,771	-	13,771	-
<b>Net loss and comprehensive loss</b>	<b>213,694</b>	<b>32,421</b>	<b>400,924</b>	<b>56,378</b>
<b>Loss attributable to:</b>				
Shareholders of the Company	212,323	32,421	399,374	56,378
Non-controlling interest (Note 6)	1,371	-	1,550	-
	<b>213,694</b>	<b>32,421</b>	<b>400,924</b>	<b>56,378</b>
Basic and diluted net loss per share (Note 8)	0.01	0.01	0.01	0.01
Weighted average number of common shares outstanding				
- basic and diluted (Note 8)	40,348,146	4,982,159	40,348,146	4,982,159

The notes to the consolidated financial statements are an integral part of these condensed interim statements.

**Queensland Gold Hills Corp.**  
(Formerly Minfocus Exploration Corp.)  
**Condensed Interim Consolidated Statements of Cash Flows**  
For the six months ended August 31, 2022 and 2021  
Unaudited – prepared by management  
(Expressed in Canadian Dollars)

	2022 \$	2021 \$
<b>Cash flows used in operating activities</b>		
Net loss for the period	(400,924)	(56,378)
Non-cash adjustments:		
Interest accrued (Note 10)	-	249
Settlement of debt (Note 9)	60,000	-
Non-cash working capital items:		
Amounts receivable	(9,120)	1,090
Prepaid expenses	163,270	-
Trade and other payables	(70,257)	60,342
<b>Cash flows used in operating activities</b>	<b>(257,031)</b>	<b>5,303</b>
<b>Cash flows used in investing activities</b>		
Exploration and evaluation asset expenditures	(293,693)	(27,774)
<b>Cash flows used in investing activities</b>	<b>(293,693)</b>	<b>(27,774)</b>
Change in cash	(550,724)	(22,471)
Cash, beginning of period	946,403	41,480
Cash, end of period	395,679	19,009
<b>Supplemental information:</b>		
Common shares issued for interest in exploration and evaluation properties (Note 6 and Note 7)	\$ -	\$ -

The notes to the consolidated financial statements are an integral part of these condensed interim statements.

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**Queensland Gold Hills Corp.**

(Formerly Minifocus Exploration Corp.)

**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**

For the six months ended August 31, 2022 and 2021

Unaudited – prepared by management

(Expressed in Canadian Dollars)

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	Number of Shares	Issued Capital \$	Equity Reserve \$	Deficit \$	Non-controlling interest \$	Total \$
<b>Balance, February 28, 2021</b>	<b>4,982,146</b>	<b>7,505,315</b>	<b>334,233</b>	<b>(7,294,448)</b>	-	<b>545,100</b>
Net loss for the period	-	-	-	(56,378)	-	(56,378)
<b>Balance, August 31, 2021</b>	<b>4,982,146</b>	<b>7,505,315</b>	<b>334,233</b>	<b>(7,350,826)</b>	-	<b>488,722</b>
	Number of Shares	Issued Capital \$	Equity Reserve \$	Deficit \$	Non-controlling interest \$	Total \$
<b>Balance, February 28, 2022</b>	<b>40,348,146</b>	<b>12,777,737</b>	<b>1,177,668</b>	<b>(9,544,609)</b>	<b>169,837</b>	<b>4,580,633</b>
Net loss for the period	-	-	-	(399,374)	(1,550)	(400,924)
<b>Balance, August 31, 2022</b>	<b>40,348,146</b>	<b>12,777,737</b>	<b>1,177,668</b>	<b>(9,943,983)</b>	<b>168,287</b>	<b>4,179,709</b>

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The notes to the consolidated financial statements are an integral part of these condensed interim statements.

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# Queensland Gold Hills Corp.

(Formerly Minfocus Exploration Corp.)

## Notes to Condensed Interim Consolidated Financial Statements

For the six months ended August 31, 2022 and 2021

Unaudited – prepared by management

(Expressed in Canadian Dollars)

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### 1. Nature of operations and going concern

Queensland Gold Hills Corp. (formerly Minfocus Exploration Corp.) (“Queensland” or the “Company”) was incorporated under the British Columbia Business Corporations Act on May 6, 2010. The Company completed its Initial Public Offering (“IPO”) on October 19, 2010 and its shares were listed on the TSX Venture Exchange (the “TSX-V”) on October 21, 2010. The Company is principally engaged in the business of exploring and developing base and precious metal mineral properties. Substantially all of the efforts of the Company are devoted to these business activities and to date the Company has not earned significant revenues. The head office of the Company is located at Suite 440 - 755 Burrard Street, Vancouver, British Columbia, V6Z 1X6.

On August 17, 2021, the Company consolidated its common shares on the basis of five (5) pre-consolidation shares for one (1) post-consolidation share. These financial statements are shown on a post-consolidated basis. On December 6, 2021, the Company changed its name from Minfocus Exploration Corp. to Queensland Gold Hills Corp. The Company’s shares are listed on Tier 2 of the TSX Venture Exchange in Canada (“OZAU”), the Frankfurt Stock Exchange in Germany (“MB3”), and the OTCQB (“MNNFF”).

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration and development programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation properties and the Company’s continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to social and government licensing requirements or regulations, unregistered prior agreements, unregistered claims, indigenous claims, and non-compliance with regulatory requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

These consolidated financial statements were prepared on a going concern basis of presentation, which assumes that the Company will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business.

As at August 31, 2022, the Company has not earned revenue and has an accumulated deficit of \$9,943,983 (February 28, 2022 - \$9,544,609), had cash of \$395,679 (February 28, 2022 - \$946,403) and working capital of \$406,020 (February 28, 2022 - \$1,012,909). The Company’s ability to continue as a going concern is dependent upon its ability to obtain additional financing and/or achieve profitable operations in the future. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the Company’s ability to continue as a going concern. These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. These adjustments could be material.

### 2. Summary of significant accounting policies

#### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), effective for the Company’s reporting for the year ended February 28, 2022. The policies set out below have been consistently applied to all periods presented.

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## Queensland Gold Hills Corp.

(Formerly Minfocus Exploration Corp.)

Notes to Condensed Interim Consolidated Financial Statements

For the six months ended August 31, 2022 and 2021

Unaudited – prepared by management

(Expressed in Canadian Dollars)

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### 2. Summary of significant accounting policies (Continued)

#### (b) *Basis of presentation and consolidation*

The consolidated financial statements have been prepared on the historical cost basis, except for cash equivalents which are reflected at fair value as set out in the accounting policies below. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The consolidated financial statements include the financial statements of the Company, its wholly owned subsidiary Orefox Exploration Pty Ltd., and 95% ownership of Big Hill Gold Mining Company Pty Ltd. Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions. On May 30, 2022, the Company sold its subsidiaries Minfocus International Inc. (“Minfocus International”), 2244223 Ontario Inc. to a former related party and deconsolidated the companies as of that date.

#### (c) *Presentation and functional currency*

These consolidated financial statements are presented in the Canadian dollar functional currency, the currency of the primary economic environment in which the Company and its subsidiaries operate.

#### (d) *Accounting Policies*

The policies applied in these condensed interim financial statements are consistent with policies disclosed in Note 2 of the audited financial statements for the year ended February 28, 2022. Therefore, these condensed interim financial statements should be read in conjunction with the Company’s audited financial statements for the year ended February 28, 2022.

### 3. Critical judgements and estimation uncertainties

The preparation of consolidated financial statements in conformity with IFRS requires the Company’s management to make judgements, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Although these estimates are based on management’s best knowledge of the amount, event or actions, actual results may differ from those estimates. The areas which require management to make significant judgements, estimates and assumptions in determining carrying values include, but are not limited to:

#### *Going concern*

Evaluation of the ability of the Company to realize its strategy for funding its future needs for working capital involves making judgements.

#### *Capitalization of exploration and evaluation expenditures*

Management has determined that exploration and evaluation expenditures incurred during the year have future economic benefits and are economically recoverable. In making this judgement, management has assessed various sources of information including, but not limited to, the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits. See Note 6 for details of capitalized exploration and evaluation expenditures.

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## Queensland Gold Hills Corp.

(Formerly Minifocus Exploration Corp.)

Notes to Condensed Interim Consolidated Financial Statements

For the six months ended August 31, 2022 and 2021

Unaudited – prepared by management

(Expressed in Canadian Dollars)

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### 3. Critical judgements and estimation uncertainties (Continued)

#### *Impairment of exploration and evaluation assets*

While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.

#### *Share-based payments*

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgement used in applying valuation techniques. These assumptions and judgements include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgements and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

### 4. Capital management

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of metallic resource assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business. The Company considers its capital to be equity, which comprises issued capital, equity reserve and accumulated deficit, which totalled \$4,179,709 at August 31, 2022 (February 28, 2022 - \$4,580,633).

The Company invests all capital not required for its immediate needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term guaranteed deposits, all held with select major Canadian financial institutions.

The Company is currently attempting to identify economic base and precious metal resources with an emphasis on gold, zinc, and silver, and as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned acquisitions and exploration, as well as pay for administrative costs, the Company will spend existing working capital and raise additional amounts as needed.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

- (i) maintaining a liquidity cushion in order to address any potential disruptions or industry downturns;
- (ii) minimizing discretionary disbursements; and
- (iii) exploring alternative sources of liquidity.

In light of the above, the Company will continue to assess new properties if the Company believes there is sufficient potential and if it has adequate financial resources to do so.

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Notes to Condensed Interim Consolidated Financial Statements

For the six months ended August 31, 2022 and 2021

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### 4. Capital management (Continued)

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

The Company's capital management objectives, policies and processes have remained unchanged during the six months ended August 31, 2022 and the year ended February 28, 2022.

### 5. Financial instruments and financial risk factors

#### Fair value measurements

	August 31, 2022	February 28, 2022
<b>Financial assets</b>		
<i>FVPL, measured at fair value</i>		
Cash	\$ 395,679	\$ 946,403
Reclamation bonds	14,935	15,150
<b>Financial liabilities</b>		
<i>Other liabilities, measured at amortized cost</i>		
Trade and other payables	\$ 104,131	\$ 173,970
Loan Payable	27,513	28,146

#### Fair value hierarchy

IFRS 13 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at August 31, 2022, the Company's financial instruments are comprised of cash, reclamation bonds, trade and other payables, and loan payable. The carrying value of these financial instruments approximate their fair values due to the relatively short periods to maturity of these financial instruments.

Financial instruments measured at fair value on the consolidated statement of financial position are summarized in levels of fair value hierarchy as follows:

#### At August 31, 2022

Assets	Level 1	Level 2	Level 3	Total
Cash	\$ 395,679	\$ -	\$ -	\$ 395,679
Reclamation bonds	14,935	-	-	14,935
Total	\$ 410,614	\$ -	\$ -	\$ 410,614

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## Queensland Gold Hills Corp.

(Formerly Minfocus Exploration Corp.)

Notes to Condensed Interim Consolidated Financial Statements

For the six months ended August 31, 2022 and 2021

Unaudited – prepared by management

(Expressed in Canadian Dollars)

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### 5. Financial instruments and financial risk factors (Continued)

At February 28, 2022

Assets	Level 1	Level 2	Level 3	Total
Cash	\$ 946,403	\$ -	\$ -	\$ 946,403
Reclamation bonds	15,150	-	-	15,150
Total	\$ 961,553	\$ -	\$ -	\$ 961,553

#### Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate, and metals price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management. There were no changes in the risks, objectives, policies and procedures from the previous year.

#### Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at August 31, 2022, the Company had a cash balance of \$395,679 (February 28, 2022 - \$946,403) to settle current liabilities of \$131,644 (February 28, 2022 - \$202,116). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity. The Company has no other contractual obligations other than trade and other payables. As discussed in Note 1, the Company's ability to meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

#### Market risk

##### (a) Interest rate risk

The Company has cash balances and no interest-bearing debt, other than the loans described in Note 10. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest-bearing accounts of select major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

##### (b) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and a significant portion of the Company's expenditures are transacted in Canadian dollars. As a result, the Company's exposure to the foreign currency risk is minimal at this time but may increase as the Company develops its Australia-based properties.

##### (c) Commodity price risk

The Company is exposed to price risk with respect to base and precious metal prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to price movements and volatilities. The Company closely monitors prices to determine the appropriate course of action to be taken by the Company.

##### (d) Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. Credit risk for the Company is primarily associated with amounts receivable, which is comprised primarily of GST/HST receivable due from the Government of Canada. The Company has no significant concentration of credit risk arising from its operations. Management believes that the credit risk concentration with respect to amounts receivable is low.

# Queensland Gold Hills Corp.

(Formerly Minfocus Exploration Corp.)

Notes to Condensed Interim Consolidated Financial Statements

For the six months ended August 31, 2022 and 2021

Unaudited – prepared by management

(Expressed in Canadian Dollars)

## 6. Interest in exploration properties and exploration and evaluation expenditures

	Big Hill	Titan Gold	Nevada Rose	Angelo Bell	Coral Zinc	Peregrine Zinc	Round Pond	Total
Balance, February 28, 2021	\$ -	\$ -	\$ 60,954	\$ -	\$ 648,495	\$ 72,255	\$ 76,451	\$ 858,155
<b>Additions during the year</b>								
<b>Property acquisition costs</b>								
Cash	275,325	-	19,715	9,380	-	-	-	304,420
Shares	3,112,249	105,000	-	-	-	-	-	3,217,249
<b>Property exploration costs</b>								
Geological costs	-	-	10,000	-	-	-	8,230	18,230
	3,387,574	105,000	90,669	9,380	648,495	72,255	84,681	4,398,054
<b>Impairment of properties</b>	-	-	(83,169)	(6,880)	(608,495)	(72,255)	(74,681)	(845,480)
Balance, February 28, 2022	\$ 3,387,574	\$ 105,000	\$ 7,500	\$ 2,500	\$ 40,000	\$ -	\$ 10,000	\$ 3,552,574
<b>Additions during the period</b>								
<b>Property exploration costs</b>								
Assays	41,386	-	-	-	-	-	-	41,386
Drilling	192,731	-	-	-	-	-	-	192,731
Geological consulting costs	59,576	-	-	-	-	-	-	59,576
	293,693	-	-	-	-	-	-	293,693
<b>Transfer properties to subsidiary (Note 9)</b>	-	-	(7,500)	(2,500)	(40,000)	-	(10,000)	(60,000)
Balance, August 31, 2022	\$ 3,681,267	\$ 105,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,786,267

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## Queensland Gold Hills Corp.

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Notes to Condensed Interim Consolidated Financial Statements

For the six months ended August 31, 2022 and 2021

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(Expressed in Canadian Dollars)

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### 6. Interest in exploration properties and exploration and evaluation expenditures (Continued)

#### Big Hill Gold Property, Australia

In December 2021, the Company acquired a 95% interest of Big Hill Gold Mining Company Pty Ltd. ACN 474 179 (“Big Hill”), a private Australian company. Big Hill holds a 100% interest in an exploration permit and two mining licenses comprising the Big Hill Gold Property located in Queensland, Australia.

To acquire its interest in Big Hill, the Company issued 17,500,000 common shares of the Company and paid \$275,325 (AU\$300,000) in cash. The shares are subject to a statutory hold period for four months and one day from the date of issuance. In addition, the shares are subject to a contractual escrow and released from escrow as follows: (i) 40% of the shares shall be released from escrow four months and one day following the date of issuance; (ii) 20% of the shares shall be released from escrow 180 days after issuance; (iii) 20% of the shares shall be released from escrow 270 days after issuance; and (iv) the remaining 20% of the shares shall be released from escrow one year from the date of issuance.

As a result of the transaction, the Company has recorded the pro-rata fair value of the non-controlling interest’s portion of the net assets of Big Hill at the time of acquisition, resulting in a charge of \$171,070 to non-controlling interest. The non-controlling interest (5%) can be acquired by the Company at any time for cash of AU\$700,000. Upon the Company acquiring the remaining 5% of Big Hill the non-controlling interest will receive a 0.75% net smelter royalty.

The purchase price consideration is as follows:

	\$
Value of 17,500,000 common shares of the Company	2,975,000
AU \$300,000 cash	275,325
Total	3,250,325

The purchase price allocation is as follows:

Current assets	44,577
Exploration and evaluation assets	3,387,574
	3,432,151
Less liabilities assumed:	
Current liabilities	(10,756)
	3,421,395
Non-controlling interest	(171,070)
	3,250,325

#### Titan Gold Project, Australia

On January 28, 2022, the Company acquired 100% of the issued and outstanding common shares of Orefox Titan Pty Ltd. CAN 640 056 131 (“Orefox Titan”), a private Australian Company. Orefox Titan holds a 100% interest in the Titan Gold Property located contiguous to the Company’s Big Hill Gold project in Queensland Australia. To acquire Orefox Titan the Company issued 300,000 common shares valued at \$105,000. At the acquisition date the net assets of Orefox Titan consisted of the Titan Gold Property only.

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## **Queensland Gold Hills Corp.**

(Formerly Minfocus Exploration Corp.)

**Notes to Condensed Interim Consolidated Financial Statements**

**For the six months ended August 31, 2022 and 2021**

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**(Expressed in Canadian Dollars)**

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### **6. Interest in exploration properties and exploration and evaluation expenditures (Continued)**

#### **Peregrine Zinc Project, British Columbia**

The Peregrine Zinc Project, located in southeastern British Columbia, comprises optioned claims supplemented by claims staked by the Company. In January 2017, the Company entered into an option earn-in agreement on the Peregrine Zinc Project, to earn a 100% interest over a period of two years by making aggregate cash payments totaling \$10,000 (paid) and issuing 28,571 shares (issued) plus the grant of a 2% net smelter returns royalty (“NSR”). The Company has the option to repurchase up to 1% of the NSR for \$1,000,000 after commercial production. During the year ended February 28, 2022, the Company recorded an impairment of \$72,255 on the property as the claims were allowed to lapse.

#### **Coral Zinc Project, British Columbia**

In January 2015, the Company entered into an agreement pursuant to which it had an option to earn up to an initial 60% interest in the Coral Zinc Project, a zinc project situated in northern British Columbia. The optioned claims were subject to work and payment commitments. The Company earned a 20% interest, but during the year ended February 28, 2019, the Company determined that it was not able to meet its commitment to earn the remaining 40% interest in the claims and terminated the option agreement. In September 2018, the Company acquired an additional 36% beneficial ownership interest in the Coral Zinc Project by issuing 1,436,000 shares and 1,436,000 share purchase warrants, exercisable at \$0.07 for 2 years with a fair value of \$287,200. As a result, the Company now holds a 56% interest. The Company has pledged a \$10,000 GIC as security under a safekeeping agreement with the Ministry of Finance, British Columbia relating to the application for permits on the Coral Zinc Project. This amount is included in cash on the consolidated statement of financial position. During the year ended February 28, 2022, the Company recorded an impairment of \$608,495 on the property. See Note 9.

#### **Round Pond Zinc Project, Newfoundland and Labrador**

In March 2018, the Company entered into an agreement to acquire a 100% interest in the Round Pond Zinc Project, comprising 30 claims (750 hectares), on the Great Northern Peninsula of northwest Newfoundland and Labrador, for total consideration of 150,000 shares (issued) of the Company. A 2.0% NSR royalty was granted, of which \$1.5 million can be paid to reduce the royalty to a 0.75% NSR interest. The Company staked an additional 33 contiguous claims to the Round Pond Zinc Project, extending the property to its present size of 1,575 hectares. The Round Pond claims remain in good standing until January 17, 2023. During the year ended February 28, 2022, the Company recorded an impairment of \$74,681 on the property. See Note 9.

#### **Nevada Rose Precious Metals Property, Nevada USA**

On February 28, 2020, the Company entered into an agreement with GeoCorp to acquire a 100% interest in 22 lode mineral claims in SW Eureka County Nevada, known as the Nevada Rose Precious Metals Property (“Nevada Rose Property”). In order to earn the 100% interest, the Company was required to make staged payments over 10 years totalling \$450,000 cash and \$4.4 million in work commitments. In accordance with the agreement, the Company issued 40,000 shares to GeoCorp upon approval by the TSX-V (issued), paid \$10,000 USD upon closing of a financing of at least \$100,000 within 3 months of TSX-V approval (paid), and committed to a first year work program of \$50,000 USD. The anniversary date of the future payments was set as July 3, 2020. The agreement with GeoCorp. was allowed to lapse and during the year ended February 28, 2022, the Company recorded an impairment of \$83,169 on the property. See Note 9.

#### **Angelo Bell Precious Metals Property, Nevada USA**

In May 2021, the Company recorded 16 lode claims, oriented north-south, and with their centre located approximately 7 km west from Nevada Rose, on a new property which has been named Angelo Bell. The Company has not conducted any exploration on the property. During the year ended February 28, 2022, the Company recorded an impairment of \$6,880 on the property. See Note 9.

## Queensland Gold Hills Corp.

(Formerly Minfocus Exploration Corp.)

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### 7. Share capital

#### Common Shares

On August 17, 2021, the Company consolidated of its common shares on a ratio of five pre-consolidation shares to one post-consolidation share. All share figures in these financial statements are shown as post-consolidated shares.

(a) *Authorized* - Unlimited number of common shares without par value.

(b) *Issued* - As at August 31, 2022, the Company had 40,348,146 (February 28, 2022 – 40,348,146) shares issued and outstanding.

#### *Issued during the year ended February 28, 2022:*

On September 24, 2021, 300,000 share purchase warrants priced at \$0.25 were exercised for gross proceeds of \$75,000.

On December 1, 2021, the Company completed a non-brokered private placement of 17,160,000 units (each, a “Unit”) at a price of \$0.125 per Unit for gross proceeds of \$2,145,000. Each Unit consists of one common share of the Company (each, a “Share”) and one half of one common share purchase warrant (each whole warrant, a “Warrant”). Each Warrant is exercisable into one additional Share at a price of \$0.25 until December 1, 2023. In connection with the financing, the Company issued 1,380,000 Units to current and former related parties to settle accounts payable of \$172,500 and granted 130,700 broker warrants with the same terms as the Warrants. The broker warrants fair value of \$17,435 was determined using the Black-Scholes valuation model. The following weighted average assumptions were used: dividend yield – 0%; expected volatility – 189.48%; risk free interest rate – 0.95%; and expected life – 2 years. All securities to be issued under the Offering are subject to a statutory hold period expiring four months and one day from the date of issuance.

On December 1, 2021, the Company issued 17,500,000 common shares with a fair value of \$2,975,000 (fair value of \$0.17 per share) in connection with the Big Hill Property Agreement (Note 6).

On December 10, 2021, 100,000 share purchase warrants priced at \$0.25 were exercised for gross proceeds of \$25,000.

On January 13, 2022, 6,000 share purchase warrants priced at \$0.25 were exercised for gross proceeds of \$1,500.

On January 28, 2022, the Company issued 300,000 common shares with a fair value of \$105,000 (fair value of \$0.35 per share) in connection with the Orefox Titan Property Agreement (Note 6).

#### Warrants

	August 31, 2022		February 28, 2022	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of period	9,484,700	\$ 0.25	1,180,000	\$ 0.25
Expired	(774,000)	0.25	-	-
Issued	-	-	8,710,700	0.25
Exercised	-	-	(406,000)	0.25
Balance, end of period	8,710,000	\$ 0.25	9,484,700	\$ 0.25

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### 7. Share capital (Continued)

#### Warrants (Continued)

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

Number of Warrants	Exercise Price	Expiry Date	Number of Exercisable Warrants	Weighted Average Remaining Life (years)
8,580,000	\$0.25	December 1, 2023	8,580,000	1.25
130,700	\$0.25	December 1, 2023*	130,700	1.25
8,710,700			8,710,700	1.25

\*indicates broker warrants

On July 3, 2022, 774,000 warrants priced at \$0.25 expired unexercised.

#### Stock Options

A share option plan (the “Plan”) was adopted by the directors and shareholders of the Company at the Annual and Special Meeting in October 2020. The Plan provides that the Board of Directors of the Company may from time to time, at its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the common shares outstanding at any time.

	August 31, 2022		February 28, 2022	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
Balance, beginning of period	3,889,428	\$ 0.22	409,428	\$ 0.37
Expired	-	-	(20,000)	0.40
Issued	-	-	3,500,000	0.20
Balance, end of period	3,889,428	\$ 0.22	3,889,428	\$ 0.22

On December 19, 2021, 20,000 stock options priced at \$0.40 expired unexercised.

On December 7, 2021, the Company granted 3,500,000 stock options to directors, officers, and consultants of the Company to purchase 3,500,000 common shares in the capital of the Company at an exercise price of \$0.20 per share until December 7, 2026. . A fair value of \$826,000 was determined using the Black-Scholes valuation model. The following weighted average assumptions were used: share price - \$0.24; dividend yield – 0%; expected volatility – 206.30%; risk free interest rate – 1.48%; and expected life – 5 years. The options vested immediately upon grant.

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### 7. Share capital (Continued)

#### Stock options (Continued)

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

Number of Options	Exercise Price	Expiry Date	Number of Exercisable Options	Weighted Average Remaining Life (years)
94,286	\$0.40	February 7, 2023	94,286	0.44
17,143	\$0.40	February 14, 2023	17,143	0.46
8,571	\$0.40	February 19, 2023	8,571	0.47
8,571	\$0.40	March 27, 2023	8,571	0.57
260,857	\$0.35	September 9, 2025	260,857	3.03
3,500,000	\$0.20	December 7, 2026	3,500,000	4.27
3,889,428			3,889,428	4.06

### 8. Basic and diluted net loss per share

The calculation of basic and diluted loss per share for the six months ended August 31, 2022, was based on the loss attributable to common shareholders of \$386,316 (August 31, 2021 - \$56,378) and the weighted average number of common shares outstanding of 40,348,146 (August 31, 2021 – 4,982,146). Outstanding warrants and stock options have been excluded from the calculation of diluted income per share for the periods presented as their effect would be anti-dilutive.

### 9. Related party balances and transactions

During the six months ended August 31, 2022 and 2021, the Company incurred the following with officers or directors of the Company:

For the six months ended August 31,	2022	2021
Key management compensation* - cash	\$ 120,000	\$ 36,500

\* Key management includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including the Company's executive officers and certain members of its Board of Directors.

Officers and directors of the Company and companies controlled by such individuals were owed \$76,500 as at August 31, 2022 (February 28, 2022 – \$121,500) for services rendered and for expenses incurred in the ordinary course of business. The amounts are unsecured, non-interest bearing with no fixed terms of repayment.

On April 1, 2022, the Company transferred its Nevada Rose, Angelo Bell, Coral Zinc and Round Pond properties to its wholly-owned subsidiary Minfocus International Inc. ("MFI"). On May 30, 2022, the Company sold MFI to a former director, now an arm's length party, as settlement for aggregate amounts owing of \$60,000.

### 10. Loans payable

During the year ended February 29, 2020, the Company entered into a loan agreement with an individual for the principal sum of \$10,000. Interest will be charged on the loan based on an agreed upon bank rate. The original term of the loan was six months, and subsequently the term of the loan was extended to December 31, 2021. Interest expense of \$1,248 accrued to November 30, 2021 and the loan was repaid on December 1, 2021. As part of the acquisition of Big Hill, the Company assumed a balance payable from an intercompany loan from the former owner of the property in the amount of AU\$30,499. The balance is non-interest bearing and no terms of repayment have yet been set.

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## **Queensland Gold Hills Corp.**

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**(Expressed in Canadian Dollars)**

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### **11. Commitments**

The Company engaged Venture Liquidity Providers Inc. (“VLP”) to provide market-making services. The market making service will be undertaken by VLP through a registered broker, W.D.Latimer Co. Ltd. in compliance with TSX-V policies. VLP will buy and sell shares of the Company on the TSX-V for the purpose of maintaining an orderly trading market or providing liquidity in the Company’s shares. The term of the agreement is one year and may be terminated by either party immediately upon receiving written notice. In consideration, the Company will pay VLP \$60,000 plus GST. Following the initial term, the agreement will automatically renew for successive additional 12-month terms. The Company and VLP are unrelated and unaffiliated entities.

The Company engaged Stockhouse Publishing Ltd. (“Stockhouse”) to assist the Company in enhancing its on-line profile with the global investment community. Pursuant to the terms of the Stockhouse agreement, Stockhouse will be paid an aggregate cash amount of \$150,000 plus GST for its services over a 12-month period. Neither Stockhouse nor its affiliates currently own any securities of the Company.

The Company engaged Market One Media Group (“Market One”) to provide marketing and social media expertise to its marketing initiatives for the next 9 months. Pursuant to the terms of the agreement, Market One will be paid \$130,000 in cash plus GST. The scope of the marketing initiatives includes coverage and commercial spots on BNN. Market One is arm’s length to the company and does not currently own any securities of the company.

The Company engaged GOLDINVEST Consulting GmbH (“GOLDINVEST”) to enhance its current marketing efforts by providing access to their extensive investor network in Europe. GOLDINVEST will provide commentary on news releases in German to its financial community. The term of the agreement is 6 months and GOLDINVEST has been paid \$9,000 EURO. The Company and GOLDINVEST are unrelated and unaffiliated entities.