

MINERAL HILL INDUSTRIES LTD.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian Dollars)
(Unaudited)

MINERAL HILL INDUSTRIES LTD.

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**NOTICE OF NO AUDITORS' REVIEW OF
INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Mineral Hill Industries Ltd.
Condensed interim consolidated statements of financial position
(Expressed in Canadian Dollars)

	September 30 2023 (unaudited) \$	December 31 2022 (audited) \$
ASSETS		
Current assets		
Cash and equivalents (Note 4)	75,750	134,229
Receivables	645	432
Prepaid expenses	614	614
	77,009	135,275
Exploration and evaluation assets (Note 5)	109,904	109,904
Due from related parties (Note 6)	290	290
	187,203	245,469
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities	142,870	142,217
Flow through share premium liability (Note 9)	5,902	12,275
	148,772	154,492
Shareholders' deficiency		
Share capital (Note 7)	17,461,839	17,461,839
Reserves	1,696,739	1,696,739
Deficit	(19,120,147)	(19,067,601)
	38,431	90,977
	187,203	245,469

Nature and continuance of operations (Note 1)

Subsequent events (Note 1)

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on November 10, 2023 and were signed on its behalf:

"Dieter Peter"
Dieter Peter, Director

"Eric Peter-Kaiser"
Eric Peter-Kaiser, Director

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

Mineral Hill Industries Ltd.

Condensed interim consolidated statements of comprehensive loss

(Expressed in Canadian Dollars)

	Three months to September 30		Nine months to September	
	2023	2022	2023	2022
Expenses				
Bank charges and interest	\$ 665	\$ 584	\$ 1,946	\$ 1,875
Investor relations	245	890	1,768	4,368
Office and miscellaneous	102	164	1,599	1,208
Professional fees	-	3,210	31,844	29,057
Income tax paid on FTS	-	-	2,758	-
Transfer agent and filing fees	677	1,865	13,141	13,305
	(1,689)	(6,713)	(53,056)	(49,813)
Loss before other item				
Interest income	-	-	510	9
Other income – flow through	-	1,250	-	1,250
Comprehensive gain/ (loss) for the year	(1,689)	(5,463)	(52,546)	(48,554)
Loss per common share, basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of common shares outstanding:				
Basic and diluted	21,324,807	20,724,807	21,324,807	20,724,807

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

Mineral Hill Industries Ltd.
Condensed interim consolidated statements of cash flows
(Expressed in Canadian Dollars)

Nine months ended September 30

	2023	2022
Cash flows from operating activities		
Loss for the year	\$ (52,546)	\$ (48,554)
<i>Items not affecting cash:</i>		
Gain on reversal of flow through liability	-	(1,250)
Decrease in Provision on flow through share indemnity	(6,373)	-
Changes in non-cash working capital items:		
Decrease (increase) in receivables	(213)	3,404
(Increase) decrease in prepaid expenses	-	9,949
Increase in accounts payable and accrued liabilities	653	23,382
Net cash used in operating activities	(58,479)	(13,069)
Cash flow from investing activities		
Exploration and evaluation asset additions	-	(5,000)
Net cash used in investing activities	-	(5,000)
Increase (decrease) in cash and equivalents	(58,479)	(18,069)
Cash and equivalents, beginning of the year	134,229	29,337
Cash and equivalents, end of the period	\$ 75,750	\$ 11,268

Supplemental cash flow disclosures

There were no significant non-cash investing or financing activities for the nine months ended September 30, 2023 and 2022.

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

Mineral Hill Industries Ltd.**Condensed interim consolidated statements of changes in shareholders' deficiency**

For the nine months ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

	Number of shares	Amount	Reserves	Deficit	Total
Balance, December 31, 2021 (audited)	20,724,807	17,311,839	1,696,739	(19,008,383)	195
Comprehensive loss for the year	-	-	-	(48,554)	(48,554)
Balance, September 30, 2022 (unaudited)	20,724,807	17,311,839	1,696,739	(19,056,937)	(48,359)
Balance, December 31, 2022 (audited)	21,324,807	17,461,839	1,696,739	(19,067,601)	90,977
Comprehensive loss for the year	-	-	-	(52,546)	(52,546)
Balance, September 30, 2023 (unaudited)	21,324,807	17,461,839	1,696,739	(19,120,147)	38,431

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

Mineral Hill Industries Ltd.

Notes to the condensed interim consolidated financial statements For the nine months ended September 30, 2023 and 2022

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company is incorporated under the laws of British Columbia, Canada and has a principal focus of the acquisition and exploration of mineral properties. The Company's shares are listed on the TSX Venture Exchange ("TSXV") trading under the symbol "MHI". The registered office of the Company is 10th Floor, 595 Howe Street, Vancouver, V6C 2T5, British Columbia.

The condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), applicable for the reporting period, with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Ongoing operations of the Company are dependent upon its ability to receive continued financial support, complete public equity financings, or generate profitable operations in the future.

The Company has cumulative losses of \$19,120,147 to September 30, 2023 and as of that date the Company's current assets exceeded its current liabilities by \$38,431. The Company anticipates the need to raise additional funds within the next 12 months to pay operational costs and fund any investing activities. To the extent financing is not available payments may not be satisfied and could result in a loss of earning opportunities for the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. While this had not had a material impact on the Company to date, it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

Basis of measurement and preparation

These condensed interim consolidated financial statements have been prepared under IFRS in accordance with IAS 34 – *Interim Financial Reporting*. Certain information, in particular the accompanying notes, normally included in the consolidated annual financial statements prepared in accordance with IFRS have been omitted or condensed. Accordingly, these condensed financial statements do not include all the information required for full annual statements.

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as fair value through profit or loss which have been measured at fair value.

The policies set out in the ensuing paragraphs have been consistently applied to all periods presented unless otherwise noted. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

Functional currency

The presentation and functional currency of the Company and its subsidiaries is the Canadian dollar.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Principles of consolidation

These financial statements include the accounts of the Company and its wholly-owned subsidiary Global Environomic Systems Corp. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant inter-company balances and transactions have been eliminated upon full consolidation.

Mineral Hill Industries Ltd.

Notes to the condensed interim consolidated financial statements For the nine months ended September 30, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of expenses during the reporting periods. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Actual results could differ materially from those reported. Significant assumptions about the future and other sources of judgements and estimates that management has made at the statement of financial position date, that could result in material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- Stock based compensation is based upon expected volatility and option life estimates;
- The provision of income taxes is based on judgements in applying income tax law and estimates on timing, likelihood and reversal of temporary differences between accounting and tax basis of the assets and liabilities.
- The impairment of exploration and evaluation assets is influenced by judgement in determining indicators of impairment and estimates to measure impairment losses.

c) Cash and equivalents

Cash is comprised of cash on hand and demand deposits. Cash equivalents include short term highly liquid investments with an original maturity of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

d) Marketable securities

Marketable securities are traded on a recognized securities exchange and are recorded at fair values based on quoted closing bid prices at the statement of financial position dates or the closing bid prices on the last day the security traded.

e) Foreign currency

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in currencies other than the functional currency are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items are measured in terms of historical cost in a currency other than the functional currency and are not translated. Exchange gains and losses arising on translations are included in profit or loss.

f) Share Capital

Common shares are classified as shareholders' equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of tax, from the proceeds.

The Company may issue units including common shares and warrants. To value these units, the Company uses the residual value method. Under this method the Company values the common share, the easier component to value, and assigns the residual value to the warrant.

g) Flow-Through Shares

Current Canadian tax legislation permits mining entities to issue flow-through shares to investors. Flow-through shares are securities issued to investors whereby the deductions for tax purposes related to exploration and evaluation expenditures may be claimed by investors instead of the entity. The issue of flow-through shares is in substance an issue of ordinary shares and the sale of tax deductions. At the time

Mineral Hill Industries Ltd.

Notes to the condensed interim consolidated financial statements For the nine months ended September 30, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Flow-Through Shares (continued)

of the Company issuing flow-through shares, the sale of tax deductions is deferred and presented as other liabilities in the statement of financial position to recognize the obligation to incur and renounce eligible resource exploration and evaluation expenditures. The tax deduction is measured as the difference, if any, between the current market price of the Company's common shares and the issue price of the flow-through shares. Upon incurring eligible resource exploration and evaluation expenditures, the Company recognizes the sale of tax deductions as a flow-through share premium on the statement of comprehensive income/(loss) and reduces the liability.

h) Stock-based compensation

The fair value of stock options granted is measured at grant date using the Black-Scholes option pricing model. Where options are granted to consultants for good or services rendered, the options are measured at the fair value of the goods or services received by the Company. If the fair value of the goods and services received cannot be reliably measured, the fair value of the stock option granted is used instead. At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards expected to ultimately vest is computed. The movement in cumulative expense is recognized in the statement of loss with a corresponding entry within equity, against contributed surplus. No expense is recognized for awards that do not ultimately vest. When options are exercised, the proceeds received together with any related amount in contributed surplus are credited to share capital.

i) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. To the extent that the Company does not consider it more likely than not that a deferred tax asset will be recovered, it does not recognize the asset.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

j) Income/loss per share

Basic income/loss per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. To compute diluted loss per share, adjustments are made to common shares outstanding. The weighted average number of common shares outstanding is adjusted to include the number of additional common shares that would be outstanding if, at the beginning of the period or at time of issuance, if later, all options and warrants were exercised. The

Mineral Hill Industries Ltd.

Notes to the condensed interim consolidated financial statements For the nine months ended September 30, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Income/loss per share (continued)

proceeds from exercise would be used to purchase the Company's common shares at their average market price during the period, a reduction to the weighted average number of common shares outstanding. If this computation is anti-dilutive, diluted loss per share is the same as basic income/loss per share. For the periods presented, this calculation proved to be anti-dilutive.

k) Financial instruments

Financial assets

The Company classified its financial assets in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (FVTOCI"), or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

The Company's accounting policy for each of the categories is as follows:

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of financial assets held at FVTPL are included in the statement of (loss) income in the period.

Financial assets at FVTOCI: Financial assets carried at FVTOCI are recorded at fair value and transaction costs are expensed in the statement (loss) income. Realized and unrealized gains and losses arising from changes in fair value of the financial assets held at FVTOCI are included in other comprehensive (loss) income in the period.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income in they arise.

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date, and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost: The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

The following table shows the classification of the Company's financial assets under IFRS 9:

Financial asset	IFRS 9 Classification
Cash and equivalents	FVTPL
Receivables	Amortized cost
Due from related parties	Amortized cost

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Mineral Hill Industries Ltd.

Notes to the condensed interim consolidated financial statements For the nine months ended September 30, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Financial instruments (continued)

Financial liabilities (continued)

Fair value through profit or loss – This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations and comprehensive loss.

Amortized cost - This category includes accounts payable and accrued liabilities, secured convertible debentures and flow-through obligation, all of which are recognized at amortized cost using the effective interest method.

Transaction costs in respect of financial instruments at fair value through profit or loss are recognized in the statement of operations and comprehensive losses immediately, while transaction costs associated with all amortized cost are included in the initial measurement of the financial instrument.

The following table shows the classification of the Company's financial liabilities under IFRS 9:

Financial liability	IFRS 9 Classification
Accounts payable and accrued liabilities	Amortized cost

l) Exploration and evaluation assets

The Company follows the method of accounting for its mineral interests whereby all costs related to acquisition and site restoration are capitalized by project, net of recoveries received. The amounts shown as mineral interests represent costs incurred to date less amounts written off, and do not necessarily represent present or future values. The ultimate recoverability of amounts capitalized for mineral interests is dependent upon the delineation of economically recoverable ore reserves, the Company's ability to obtain the necessary financing to complete development and realize profitable production or proceeds from the disposition thereof.

Exploration and evaluation expenditures and mineral interest acquisition and site restoration costs are capitalized as exploration and evaluation assets as incurred. When it has been established that a mineral deposit is commercially mineable and a decision has been made to formulate a mining plan (which occurs upon completion of a positive economic analysis of the mineral deposit), the costs subsequently incurred to develop the mine on the property prior to the start of the mining operations are capitalized. Any recoveries received that relate to exploration costs are recorded as a recovery of such costs.

m) Provisions

Asset retirement obligation

The Company records the present value of estimated costs of legal and constructive obligations required to restore its mineral properties in the period in which the obligation is incurred. The obligation for asset retirement obligations are estimated by the Company discounted cash flows which outline the requirements that will be carried out to meet the obligations. Since the obligations are dependent on the laws and regulations of the countries in which the mines operate, the requirements could change as a result of amendments in the laws, and regulations relating to environmental protection and other legislation affecting resource companies.

As the estimate of the obligations is based on future expectations, a number of assumptions and judgments are made by management in the determination of closure provisions. The closure provisions are more uncertain the further into the future the mine closure activities are to be carried out.

Mineral Hill Industries Ltd.

Notes to the condensed interim consolidated financial statements For the nine months ended September 30, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Provisions (continued)

Changes to the obligation resulting from any revisions to the timing or amount of the original estimate of undiscounted cash flows are recognized as an increase or decrease in the decommissioning provision, and a corresponding change in the carrying amount of the related long-lived asset. Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, or provision is made for the estimated outstanding continuous rehabilitation work at each statement of financial position date the cost is charged to the statement of operations and comprehensive income (loss).

Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against the statement of operations and comprehensive income (loss) as extraction progresses. The Company did not have any reclamation obligations as at June 30, 2023 or 2022.

Other provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

n) Impairment of long-lived assets

The Company assesses at each reporting date whether there is an indication that an asset (or CGU) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs to sell ("FVLCS") and its value in use ("VIU"). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from the other assets or groups of assets, in which case, the asset is tested as part of a larger CGU. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset/CGU is considered impaired and is written down to its recoverable amount.

In calculating the VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and risks specific to the asset/CGU. In determining FVLCS, recent market transactions are considered.

If no such transactions can be identified, an appropriate valuation model is used, which would generally be determined based on the present value of the estimated future cash flows arising from the continued use and eventual disposal of the asset. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or the other available fair value indicators.

Impairment losses on continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued when revaluation was taken to other comprehensive income. In this case, the impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's/CGU's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the

Mineral Hill Industries Ltd.

Notes to the condensed interim consolidated financial statements For the nine months ended September 30, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Impairment of long-lived assets (continued)

carrying amount of the asset/CGU does not exceed either its recoverable amount, or the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset/CGU in prior years. Such a reversal is recognized in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase and is recognized through other comprehensive income.

3. ACCOUNTING STANDARDS AND CHANGE IN ACCOUNTING POLICIES

There are no IFRSs or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. CASH AND EQUIVALENTS

	September 30 2023 (unaudited)	September 30 2022 (unaudited)
Petty cash	\$ 598	\$ 598
Bank and Brokerage house	66,152	1,670
GIC	9,000	9,000
	75,750	11,268

5. MINERAL PROPERTIES

Lithium Properties, Val d'Or, Quebec

(i) Chubb and International Property, Québec

During fiscal 2016, the Company transferred 100% legal and beneficial interest in the Chubb and International claims for a 1% NSR royalty to Globex Mining Enterprises Inc. ("Globex"). Globex shall have the exclusive right to purchase the Company's 1% NSR on the properties for \$200,000 at any time and at Globex's sole discretion.

(ii) Canadian and McNeely Lithium Property, Québec

In fiscal 2016, the Company transferred 100% legal and beneficial interest in the Canadian and McNeely Lithium Property claims in return for a 1% NSR royalty to Globex Mining Enterprises Inc.. Globex shall have the exclusive right to purchase the Company's 1% NSR on the properties for \$200,000 at any time and at Globex's sole discretion.

(iii) Apex Claims and Ace Claims, British Columbia

On December 24, 2020, the Company entered into a definitive Earn-In Option Agreement ("EIO Agreement") with Cardinal Geoconsulting Ltd. ("Owner") to acquire up to a 100% interest in the Dot-Apex Claim Group ("Apex Claims") and the Master-ACE Claim Group ("ACE Claims"), located in south-western British Columbia.

On September 7, 2021, the Company exercised its option to acquire an initial 20% interest in the Apex claims by paying the owner \$10,000 cash, funding \$84,728 of exploration expenditures and issuing 100,000 common shares of the Company for \$0.225 per share for a total value of \$22,500.

Subject to the Company having exercised the First Apex Option, the Owner will grant the Company a second option to acquire a further 80% interest in the Apex Claims, bringing its total earned interest from 20% to 100%, by: (a) paying to the Owner \$15,000 cash; (b) issuing 150,000 common shares to the Owner; and (c) incurring or funding \$125,000 of exploration expenditures on the Apex Claims before the second anniversary of the Effective Date.

As at June 30, 2023, the Company had not exercised its second option to acquire a further 80% interest in the Apex Claims.

Mineral Hill Industries Ltd.

Notes to the condensed interim consolidated financial statements For the nine months ended September 30, 2023 and 2022

5. MINERAL PROPERTIES

(iii) Apex Claims and Ace Claims, British Columbia (continued)

The Owner will retain a 2% net profit interest royalty on the Apex Claims and the ACE Claims.

The following table illustrates the earning of 20% of the Dot Apex claims:

Dot Apex Claim Group	Total acquisition costs to September 30, 2023	
Acquisition – cash	\$	10,000
100,000 shares		22,500
Total	\$	32,500

The following table illustrates the expenditures made on the Dot Apex claims as at September 30, 2023 and December 31, 2021 and 2022:

Dot Apex Claim Group	To December 31, 2021	To December 31, 2022	To September 30, 2023	Total exploration expenditures
Base camp expenses	\$ 5,088	-	-	5,088
Exploration manager	31,460	-	-	31,460
Field survey materials	410	-	-	410
Helicopter and ATV expenses	12,176	-	-	12,176
Laboratory	10,544	-	-	10,544
Prospector- Sampling crew	7,776	-	-	7,776
Road repair & upgrade	4,950	-	-	4,950
Assessment report	-	5,000	-	5,000
Total	\$ 72,404	5,000	-	77,404

The exploration was put on hold in August 2022 due to a proposal by the “Kanacka Bar Indian Band” regarding the Indigenous Protected and Conversation Area (“IPCA”). The proposal is its initial stages of an application process with the Federal and Provincial governments to reclaim their traditional territories. The Company has yet to be contacted by the Indian Band or the Government.

6. RELATED PARTY TRANSACTIONS

Key management personnel comprise of the Chief Executive Officer, Chief Financial Officer and directors of the Company.

During the nine months ended September 30, 2023 and 2022, the Company entered into the following transactions with related parties.

The Company charged, as a recovery of office expenses, to The Eelleet Network Corp., a company related by common directors and officers, a total amount of \$1,367 (2022: \$496).

Mineral Hill Industries Ltd.

Notes to the condensed interim consolidated financial statements For the nine months ended September 30, 2023 and 2022

6. RELATED PARTY TRANSACTIONS (continued)

As at September 30, 2023, the Company recognized due from related parties, being companies with common directors, of \$290 (2022 - \$290).

Advances received from related party

During the year ended December 31, 2021, the Company settled payables, including the amounts advanced during December 31, 2020, of \$277,066 and \$9,645 to Merfin Management Limited and Andrew von Kursell for the issuance of 1,231,404 and 42,867 common shares respectively (Note 7).

7. SHARE CAPITAL AND RESERVES

a) Authorized share capital

At September 30, 2023, the authorized share capital comprised of an unlimited number of common shares at no par value. As at September 30, 2023, no class-A preferred shares have been issued by the Company. All issued and outstanding shares are fully paid.

b) Issues of common shares

On December 23, 2022, the Company issued 600,000 common shares for proceeds of \$150,000 upon closing of a non-brokered private placement.

On September 7, 2021 the Company issued 474,648 units for proceeds of \$106,796 (including \$41,550 in settled accounts payable) upon closing of a private placement. Each unit contained a common share and a share purchase warrant exercisable at \$0.30 for the first year and \$0.34 in the year following.

On September 7, 2021 the Company issued 336,700 common shares for proceeds of \$101,010 upon closing of a private placement. These shares are designated as Flow-Through-Shares which will qualify as "flow-through-mining expenditures" under the Income Tax Act (Canada). The Company recognized a flow through premium liability on issuance of \$25,253.

The issuance cost for the private placements consisted of \$3,745 for legal costs.

On September 7, 2021, the Company issued 100,000 common shares to Cardinal Geoconsulting Ltd. for the acquisition of an initial 20% interest in the Dot-Apex Claim Group in accordance with the executed EIO-Agreement announced on December 24, 2020. The shares were recognized at a fair value of \$22,500.

On May 14, 2021 the Company issued 1,274,271 common shares to settle outstanding debts of \$277,066 and \$9,645 for a total of \$286,711 to related parties.

c) Stock-based compensation

The Company, in accordance with its modified stock option plan, is authorized to grant options to directors, employees and consultants, to acquire up to a maximum of 20% of currently issued and outstanding common stock. The minimum exercise price of each option equals the closing market price of the Company's stock on the last trading day preceding the date of grant, less any discount permitted by the TSX Venture Exchange. The options can be granted for a maximum term of three years and are subject to vesting provisions as determined by the board of directors of the Company.

No options were granted in the nine months ended September 30, 2023 and 2022.

Stock option transactions are summarized as follows:

There are no options outstanding and exercisable as at September 30, 2023 and 2022.

Mineral Hill Industries Ltd.

Notes to the condensed interim consolidated financial statements For the nine months ended September 30, 2023 and 2022

7. SHARE CAPITAL AND RESERVES (continued)

d) Warrants

On September 7, 2023, 474,648 warrants expired.

On September 7, 2021 the Company issued 474,648 warrants upon closing of its private placement PP1a.

As at September 30, 2023, the Company had the following outstanding warrants to purchase common shares of the Company:

	Number of warrants	Exercise price in 1 st year	Exercise price in 2 nd year	Expiry date
Warrants outstanding at December 31, 2020 (audited)	-	-	-	-
Granted	474,648	\$ 0.30	\$ 0.34	Sept 7, 2023
Warrants outstanding at December 31, 2021 and 2022(audited)	474,648	\$ 0.30	\$ 0.34	Sept 7, 2023
Expired	(474,648)	\$ 0.30	\$ 0.34	Sept 7, 2023
Warrants outstanding at September 30, 2023 (unaudited)	-	-	-	-

8. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and equivalents, marketable securities, receivables, due from related parties, accounts payable and accrued liabilities and due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and equivalents, marketable securities, receivables and due from related parties. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash and equivalents and marketable securities with high-credit quality financial institutions.

Currency risk

The Company currently only operates in Canadian Dollars and as such is not affected by the fluctuations of the Canadian dollar with other currencies .

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipated it will need additional capital in the future to finance ongoing exploration of its properties, such capital to be derived from the exercise of outstanding stock options, warrants and/or the completion of other equity financings. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the sale of equity securities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success. In recent years, the securities markets in Canada have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to

Mineral Hill Industries Ltd.

Notes to the condensed interim consolidated financial statements For the nine months ended September 30, 2023 and 2022

8. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

Interest rate risk

The Company normally invests in short-term interest bearing financial instruments. There is a minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificate included in cash and equivalents as they are currently held in large financial institutions.

Fair value measurements of financial assets and liabilities

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices 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.

The fair values of cash and cash equivalents and marketable securities are determined based on “Level 1” inputs, which consist of quoted prices in active markets for identical assets. The Company believes that the recorded values of receivables, due to and from related parties and accounts payable and accrued liabilities, approximate their current fair values because of their nature and relatively short maturity dates or durations.

Assets measured at fair value on a recurring basis were presented on the Company’s statement of financial position as of September 30, 2023 as follows:

	Fair Value Measurements Using			September 30 2023 (unaudited)
	Level 1	Level 2	Level 3	
Assets:				
Cash and equivalents	\$ 75,750	\$ -	\$ -	\$ 75,750
	\$ 75,750	\$ -	\$ -	\$ 75,750

9. COMMITMENT

During the year ended December 31, 2021 the Company issued 336,700 common shares for proceeds of \$101,010 from flow through share financings, resulting in a flow through share premium liability of \$25,253 on issuance. During the year ended December 31, 2022, the Company spent \$5,000 (2021 - \$72,404) on exploration and recorded a recovery of flow through share premium liability of \$1,250 (2021 - \$18,101). As at December 31, 2022 flow through funds of \$23,606 remained unspent. The remaining flow through share premium liability of \$5,902 was replaced with a provision of \$12,275 with an indemnity on flow through shares of \$6,373 recorded on the statement of comprehensive loss. As at September 30, 2023, the participating investors had received refunds totalling \$6,373.

10. CAPITAL MANAGEMENT

The Company’s capital structure consists of shareholders’ deficiency. The Company’s objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and

Mineral Hill Industries Ltd.

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2023 and 2022

10. CAPITAL MANAGEMENT (continued)

maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the nine months ended September 30, 2023.

The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital to complete its exploration plan and ultimately the development of its business, and will need to raise adequate capital by obtaining equity financing through private placement or debt financing. The Company may raise additional debt or equity financing in the near future to meet its current obligations.