

MINERAL HILL INDUSTRIES LTD.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31, 2015 AND 2014
(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)

	March 31 2015 (Unaudited)	December 31 2014 (Audited)
	\$	\$
ASSETS		
Current assets		
Cash and equivalents (Note 4)	13,047	10,197
Receivables	10,310	1,132
Marketable securities	21,875	21,875
Prepaid expenses	472	472
	45,704	33,676
Equipment (Note 5)	9,009	9,480
Due from related parties (Note 7)	4,485	9,422
Exploration and evaluation assets (Note 6)	308,488	305,273
	367,686	357,851
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	151,194	149,282
Due to related parties (Note 7)	775,079	733,019
	926,273	882,301
Shareholders' equity		
Share capital (Note 8)	15,709,672	15,689,672
Share subscription recorded in advance	-	20,000
Reserves	1,413,877	1,400,184
Deficit	(17,682,136)	(17,634,306)
	(558,587)	(524,450)
	367,686	357,851

Nature and continuance of operations (Note 1)
 Commitment (Note 13)
 Subsequent events (Note 14)

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on June 22, 2015 and were signed on its behalf:

"Dieter Peter"
 Dieter Peter, Director

"Andrew von Kursell"
 Andrew von Kursell, 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
(Express in Canadian Dollars)
(Unaudited)

	Three months to March	
	2015	2014
Expenses		
Amortization	\$ 474	\$ 593
Bank charges and interest	16,035	11,546
Consulting	-	12,167
Insurance	-	2,658
Investor relations	3,076	4,749
Information technology services	60	100
Office and miscellaneous	4,612	388
Professional fees	134	-
Rent	900	1,561
Salaries and wages	-	22,154
Recovery of expenses	-	(15,108)
Stock based compensation	13,692	11,422
Telephone	116	361
Transfer agent and filing fees	8,731	6,275
Travel and promotion	-	
Loss and comprehensive loss for the period	(47,830)	(58,866)
Loss per common share, basic and diluted	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding:		
Basic and diluted	10,821,246	10,099,951

(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)
(Unaudited)

	Three months to March 31	
	2014	2014
Cash flows from operating activities		
Loss for the period	\$ (47,830)	\$ (58,866)
Items not affecting cash:		
Amortization	474	593
Stock-based compensation	13,692	11,422
Changes in non-cash working capital items:		
Decrease in receivables	(9,271)	1,433
Increase in due from related parties	4,937	(17,038)
Decrease in prepaid expenses	-	2,659
Increase in accounts payable and accrued liabilities	1,912	2,308
Increase in accounts payable to related parties	42,060	63,485
Net cash used in operating activities	5,974	5,996
Cash flows from financing activities		
Loan payable from third party		-
Loan payable from related party		-
Net cash provided by financing activities	-	-
Cash flows from investing activities		
Payment on mineral properties	(3,124)	
Deferred exploration costs	-	(6,718)
Net cash used in investing activities	(3,124)	(6,718)
Increase (decrease) in cash and equivalents	2,850	(722)
Cash and equivalents, beginning of the period	10,197	10,965
Cash and equivalents, end of the period	\$ 13,047	\$ 10,243

Supplemental disclosures with respect to cash flows (Note 9)

(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 equity
For the three months ended March 31, 2015 and 2014
(Expressed in Canadian Dollars)

	Share Capital		Reserves	Share subscriptions recorded in advance	Deficit	Total
	Number of shares	Amount				
		\$	\$	\$	\$	\$
Balance, January 1, 2014 (audited)	10,099,951	15,588,691	1,355,446		(16,590,224)	353,913
Comprehensive loss for the period	-	-	-		(58,866)	(58,866)
Share based payment	-	-	11,422		-	11,422
Balance, March 31, 2014 (unaudited)	10,099,951	15,588,691	1,366,868		(16,649,090)	306,469
Balance, January 1, 2015 (audited)	10,821,246	15,689,672	1,400,184	20,000	(17,634,306)	(524,450)
Comprehensive loss for the period	-	-	-	-	(47,830)	(47,830)
Share based payment	-	-	13,692	-		13,692
Balance, March 31, 2015 (unaudited)	10,821,246	15,689,672	1,413,876	20,000	(17,682,136)	(558,588)

(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 three months ended March 31, 2015 and 2014

(Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company is incorporated under the laws of British Columbia, Canada and its principal business activities include the acquisition and exploration of mineral properties in Québec and the United States. The Company's shares are listed on the Toronto Stock 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 is in the process of acquiring and exploring its mineral properties and has not yet determined whether those properties contain reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production.

Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure the continuation of the Company's operations and exploration programs. To the extent financing is not available, lease payments, rental payments, and other payments may not be satisfied and could result in a loss of property ownership or earning opportunities for the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

Basis of measurement and preparation

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 condensed interim consolidated 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 each of its subsidiaries is the Canadian dollar.

Mineral Hill Industries Ltd.

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2015 and 2014

(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES

a) Principles of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Veritas Resource Corp, (incorporated in USA). All significant inter-company balances and transactions have been eliminated upon full consolidation.

b) Estimates

The preparation of condensed interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and 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 not limited to, the following:

- Stock based compensation are 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 estimated value of exploration and evaluation costs which is included in the consolidated statement of financial position;
- The assessment of indications of impairment of each of the exploration and evaluation asset and related determination of the net realizable value and write-down of those properties where applicable.

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) Refundable tax credits and mining duties

The Company is entitled to apply for government grants in the form of refundable tax credits and mining duties in respect of qualifying mining exploration expenses incurred. These recoveries are accounted for using the cost reduction approach whereby amounts received or receivable are applied against the cost of related assets or expenditures.

e) 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 if there was no trade at the statement of financial position dates with both realized and unrealized gains and losses recorded in other comprehensive income.

f) 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 are not translated.

Mineral Hill Industries Ltd.

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2015 and 2014

(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Equipment

These assets are recorded at cost less accumulated amortization and impairment. Amortization is calculated using the declining balance method to allocate their costs to their residual values over their estimated useful lives as follows:

Furniture and equipment	20%
Vehicles	20%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than the estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in statement of loss.

h) Mineral properties and deferred exploration cost

All costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. Exploration and evaluation expenditures comprise costs that are directly attributable to:

- researching and analysing existing data;
- conducting geological studies, exploratory drilling and sampling;
- examining and testing extraction and treatment methods; and
- activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

Exploration and evaluation expenditures for each area of interest are carried forward as an asset provided that such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its disposal or through farm-out arrangements.

Once commercial production commences, these costs will be reclassified to mineral properties within Property, plant and equipment and are charged to operations on a unit-of-production method based on proven and probable reserves.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income, costs recovered on exploration and evaluation assets when amounts received or receivable are in excess of the carrying amount.

i) Decommissioning liabilities

The fair value of the statutory, contractual, constructive or legal liabilities associated with the retirement and reclamation of mining assets are recorded when incurred, with a corresponding increase to the carrying amount of the related production assets. The amount recognized is the estimated cost of decommissioning, discounted to its present value using the Company's risk free rate. Changes in the estimated timing of decommissioning or decommissioning cost estimates and changes to the risk free rates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property and equipment. The unwinding of the discount on the decommissioning provision is charged to net earnings or loss as office and administration expense.

The Company recognizes a decommissioning liability in the period in which it is incurred when reasonable estimate of the fair value can be made. On a periodic basis, management will review these estimates and changes and if there are any, will be applied prospectively. The fair value of the estimated provision is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The capitalized amount is depleted on a unit-of-production basis over the life of the proved

Mineral Hill Industries Ltd.

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2015 and 2014

(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Decommissioning liabilities (continued)

developed reserves. The liability amount is increased each reporting period due to the passage of time and this amount is charged to earnings in the period. Actual costs incurred upon settlement of the obligations are charged against the provision to the extent of the liability recorded and the remaining balance of the actual costs is recorded in the consolidated statement of comprehensive loss.

j) Impairment of long-lived assets

At each reporting date, all capitalized exploration and evaluation expenditure is monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to operations. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farm-out of the property result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

For purposes of recognition and measurement of an impairment loss, a long-lived asset is grouped with other assets and liabilities to form an asset group, at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Estimates of future cash flows used to test recoverability of a long-lived asset include only the future cash flows that are directly associated with, and that are expected to arise as a direct result of, its use and eventual disposition.

k) 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 goods 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 that 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.

l) 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

Mineral Hill Industries Ltd.

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2015 and 2014

(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Income taxes (continued)

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.

m) Loss per share

Basic 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 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 loss per share. For the periods presented, this calculation proved to be anti-dilutive.

n) Financial instruments Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loan and receivables, held-to-maturity and available for sale investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition. It is management's opinion that the Company is not exposed to significant interest or credit risk arising from these financial instruments.

- *Financial assets at fair value through profit or loss*
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets and include cash and equivalents, which are initially recognized at fair value.
- *Loans and receivables*
Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current or non current assets based on their maturity date. Assets in this category include due from related parties and receivables and are measured at amortized cost less impairment.
- *Available-for-sale financial assets*
Available-for-sale financial assets are either designated as available for sale or not classified in any other categories. They are initially recognized at fair value plus transaction costs and are subsequently carried at fair value, with unrealized gains and losses recorded in other comprehensive income until disposition or other-than-temporary impairment at which time the gain or loss is recorded in earnings. The Company does not have any available-for-sale financial assets.
- *Held to maturity*
Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company has the positive intention and ability to hold to

Mineral Hill Industries Ltd.

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2015 and 2014

(Unaudited)

maturity. They are measured at amortized cost less any allowance for impairment. Amortization of premiums or discounts and losses due to impairment are included in current period income (loss). The Company holds no instruments in this category. Held to maturity investments are classified as current except for the portion expected to be realized beyond twelve months of the statement of financial position date, which is classified as non-current.

Financial liabilities

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

Fair value through profit or loss – this category comprises of 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 loss.

Other financial liabilities – this category includes accounts payable and accrued liabilities and due to related parties, are initially recognized at fair value and subsequently stated at amortized cost. Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the date of the statement of financial position. The Company's accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities.

Impairment of financial assets

The Company assesses at each reporting date, whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss, as follows:

- Financial assets carried at amortization: the loss is the difference between the amortized cost and its value of estimated future cash flows, discounted using the instrument's original effective interest rate;
- Available-for-sale financial asset: The loss is the amount comprising the difference between its original cost and its current fair value, less any impairment previously recognized in the statement of loss. This amount represents the cumulative loss in accumulated other comprehensive income that is reclassified to net loss.
- Reversals of impairment losses on financial assets carried at amortized cost are recorded through the income statement if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss had been recognized. Impairment on available-for-sale instruments is not reversed.

3. ACCOUNTING STANDARDS AND CHANGE IN ACCOUNTING POLICIES

As of January 1, 2014, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The Company has adopted these new and amended standards without any significant effect on its financial statements. Several other new standards and amendments apply for the first time in 2014. However, they are not applicable to the annual consolidated financial statements of the Company.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

The amendment to IAS 32, Financial Instruments: Presentation, requires that a financial asset and financial liability should only be offset and the net amount reported when an entity has a legal enforceable right to set off the amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

Under the amended IAS 36, Impairment, the recoverable amount of a CGU is required to be disclosed only when an impairment loss has been recognized or reserved.

IFRIC 21, Levies

Mineral Hill Industries Ltd.

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2015 and 2014

(Unaudited)

IFRIC 21 clarifies that obligating events giving rise to a liability to pay a levy is the activity described in the relevant legislation that triggers payments of the levy.

New standards not yet adopted

IFRS 9, Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company has not yet made an assessment of the impact of the amendments.

There are no other 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

	March 31 2015 (Unaudited)	December 31 2014 (Audited)
Petty cash	\$ 598	\$ 598
Bank	3,449	599
GIC	9,000	9,000
	\$ 13,047	\$ 10,965

5. EQUIPMENT

	Furniture and Equipment	Computer Software	TOTAL
	\$	\$	\$
<i>Balance – December 31, 2013</i>			
Cost	89,456	3,351	92,807
Accumulated Amortization	(77,786)	(3,171)	(80,957)
	11,670	180	11,850
<i>Movements – year ended December 31, 2013</i>			
Acquisitions	-	-	-
Amortization	(2,334)	(36)	(2,370)
	(2,334)	(36)	(2,370)
<i>Balance – December 31, 2014</i>			
Cost	89,456	3,351	92,807
Accumulated Amortization	(80,120)	(3,207)	(83,327)
	9,336	144	9,480
<i>Movements – period ended March 31, 2015</i>			
Acquisitions	-	-	-
Amortization	(467)	(7)	(474)
	(467)	(7)	(474)
<i>Balance – March 31, 2015</i>			
Cost	89,456	3,351	92,807
Accumulated Amortization	(80,586)	(3,214)	(83,800)
	8,870	137	9,007

Mineral Hill Industries Ltd.

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2015 and 2014

(Unaudited)

6. MINERAL PROPERTIES

The carrying values of exploration and revaluation assets were as follows:

	March 31 2014 (Unaudited)	December 31 2014 (Audited)
Mineral property acquisition costs	\$ 155,557	\$ 155,557
Deferred exploration costs	152,931	149,716
	\$ 308,488	\$ 305,273

(a) Mineral Property Acquisition Costs

	Balance January 1 2014 (Audited)	Additions/ (Write-offs)	Balance December 31 2014 (Audited)	Additions/ (Write-offs)	Balance March 31 2014 (Unaudited)
	\$	\$	\$	\$	\$
Chubb Property, Québec	\$ 127,166	\$(127,166)	-	\$ -	\$ -
International Property, Québec	111,192	(111,192)	-	-	-
Athona Property, Québec	82,585	(82,585)	-	-	-
Canadian and McNeely Lithium Property, Québec	99,917	(99,917)	-	-	-
New Lithium Property, Quebec	90,750	(90,750)	-	-	-
Liberty Hill Mine, US	155,557	-	155,557	-	155,557
	\$ 667,167	\$ (511,610)	155,557	-	\$ 155,557

Title to mineral properties

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to all of its properties and, to the best of its knowledge, title to all of its properties are in good standing. However, this should not be construed as a guarantee of title. The mineral properties may be subject to prior claims, arguments or transfers and rights of ownership may be affected by undetected defects.

Lithium Properties, Val d'Or, Quebec

(i) Chubb Property, Québec

On May 11, 2009, the Company signed an option agreement to acquire 100% interest in the Chubb Lithium Property, which is located in the Archean Abitibi Greenstone belt in the La Corne Township. Under the agreement, in order for the Company to earn-in 100% undivided interest in the property, the following payments will have to be made:

	Cash payment	Shares
Upon execution of the option agreement	\$ 5,000	Nil
Upon approval of the Exchange (February 8, 2010)	\$ 15,000	16,666
On or before February 8, 2011	\$ 20,000	16,666
On or before February 8, 2012	\$ 20,000	16,666
On or before February 8, 2013	\$ 20,000	16,666
Total	\$ 80,000	66,664

The agreement provides for a 2% net smelter return ("NSR"). The Company has an exclusive option to buy back 50% for \$1,000,000 within one year and the remaining 50% for \$1,000,000 within two years of the date the Chubb Property is put into commercial production.

Mineral Hill Industries Ltd.

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2015 and 2014

(Unaudited)

6. MINERAL PROPERTIES (continued)

(a) Mineral property acquisition costs (continued)

Lithium Properties, Val d'Or, Quebec (continued)

(i) Chubb Property, Québec (continued)

During the year ended December 31, 2012, the Company issued 16,666 common shares valued at \$3,333, and paid \$20,000 cash, pursuant to the option agreement.

During the year ended December 31, 2013, the Company issued 16,666 common shares valued at \$2,833 and paid \$20,000 to the optionors, pursuant to the option agreement.

The Company has now satisfied all payments of the option agreement and owns 100% interest in the property.

(ii) International Property, Québec

On August 7, 2009, the Company signed an option agreement to acquire 100% interest in the International Property. Under the agreement, the following payments will have to be made before the Company acquires a 100% undivided interest in the property:

	Cash Payment	Shares
Upon execution of the option agreement	\$5,000	Nil
On or before February 8, 2010	\$18,108	16,666
On or before February 8, 2011	\$20,000	16,666
On or before February 8, 2012	\$20,000	8,333
On or before February 8, 2013	\$20,000	8,333
Total	\$83,108	49,998

The agreement provides for a 1% NSR. The Company has an exclusive option to buy back 50% for \$500,000 within one year and the remaining 50% for \$500,000 within two years of the date the International Property is put into commercial production.

During the year ended December 31, 2012, the Company issued 8,333 common shares valued at \$1,667 and paid \$20,000 pursuant to the option agreement.

During the year ended December 31, 2013, the Company issued 8,333 common shares valued at \$1,417 and paid \$20,000 to the optionor, pursuant to the option agreement.

The Company has now satisfied all payments of the option agreement and owns 100% interest in the property.

(iii) Athona Property

On September 16, 2009, the Company signed an option agreement to acquire 100% interest in the Athona Property. Under the agreement, in order for the Company to earn-in 100% undivided interest in the property, the following payments will have to be made, in addition to a work commitment of \$25,000 to be incurred on the property in 2009 (commitment met):

DATE	Cash Payment	Shares
Upon execution of the option agreement	\$3,500	Nil
On or before March 20, 2010	\$11,500	12,500
On or before March 20, 2011	\$15,000	12,500
On or before March 20, 2012	\$15,000	6,250
On or before March 20, 2013	\$15,000	6,250
Total	\$60,000	37,500

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For the three months ended March 31, 2015 and 2014

(Unaudited)

6. EXPLORATION AND REVALUATION ASSETS (continued)

(a) Mineral property acquisition costs (continued)

Lithium Properties, Val d'Or, Quebec (continued)

(iii) Athona Property (continued)

During the year ended December 31, 2012, the Company issued 6,250 common shares valued at \$1,063 and paid \$15,000 cash, pursuant to the option agreement.

During the year ended December 31, 2013, the Company issued 6,250 common shares valued at \$1,000 and paid \$15,000 to the optionor, pursuant to the option agreement.

The Company has now satisfied all payments of the option agreement and owns 100% interest in the property.

(iv) Canadian and McNeely Lithium Property, Québec

On May 20, 2010, the Company signed an option agreement to acquire 100% interest in the Canadian and McNeely Property. Under the agreement, the following payments will have to be made before the Company acquires 100% undivided interest in the property:

	Cash Payment	Shares
Upon execution of the option agreement	\$5,000	Nil
On May 27, 2010	\$15,000	16,666
On or before May 27, 2011	\$20,000	16,666
On or before May 27, 2012	\$20,000	8,333
On or before May 27, 2013	\$20,000	8,333
Total	\$80,000	49,998

The agreement provides for a 1% NSR. The Company has an exclusive option to buy back 50% for \$500,000 within one year and the remaining 50% for \$500,000 within two years of the date the Canadian and McNeely Property is put into commercial production.

During the year ended December 31, 2012, the Company issued 8,333 shares, valued at \$1,250 and paid \$20,000 cash, pursuant to the agreement.

During the year ended December 31, 2013, the Company issued 8,333 common shares valued at \$667 and paid \$20,000 to the optionor, pursuant to the option agreement.

The Company has now satisfied all payments of the option agreement and owns 100% interest in the property.

(v) New Lithium Property, Québec

On March 23, 2012, the Company issued a total of 550,000 commons shares valued at \$90,750, with respect to the acquisition of a 100% interest in some mineral claims located northwest of the mining town of Val d'Or in Quebec.

Liberty Hill Mine, Nevada County, California, USA

On September 30, 2010, the Company entered into an agreement, to earn in a 50% participation a Joint venture agreement with Mining and Energy International Corp (MEICO) in the Liberty Hill Mine, in the Nevada County, California, USA. Under the agreement, in order for the Company to earn a 50% Joint Venture interest, it was required to pay US\$1,000,000 upon the satisfaction of certain conditions and incur US\$1,500,000 in expenditure as follows:

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(Unaudited)

Liberty Hill Mine, Nevada County, California, USA (continued)

- (i) US\$40,000 on signature of the agreement
- (ii) US\$45,000 within 21 days after signature of the agreement
- (iii) the balance of US\$1,415,000 payable in increasing tranches within 180 days from a date which is the earlier of the approval from the regulatory authorities and the receipt of the exploration permit from the US Forest Service. Any funds generated from the processing of the existing stockpile will reduce the balance payable.

During the fiscal year 2010, the Company paid a total of \$92,458 (US\$88,000), including \$19,245 (US\$18,000) for the renewing of the mineral tenures.

The Company is awaiting the issuance of the exploration permit from the US Forest Service, which is one of the obligations of MEICO under the agreement.

In May 2012, some terms of the agreement were amended and the Company agreed to make a monthly payment of US\$1,500 to MEICO as re-imbusement of costs.

(b) Deferred exploration costs

At March 31, 2015, the Company has capitalized the following exploration expenditures:

	Total	Liberty Hill Mine	Lithium Property
Balance – January 1, 2014 (audited)	\$ 283,074	\$ 111,185	\$ 171,889
Expenditure	40,103	38,531	1,572
Write-offs	(173,461)	-	(173,461)
Balance – December 31, 2014 (audited)	149,716	149,716	-
Expenditure	3,216	2,330	886
Balance – March 31, 2014 (unaudited)	\$ 152,932	\$ 152,046	\$ 886

At March 31, 2015, the carrying amounts of deferred exploration expenditures for the lithium properties were as follows:

	December 31 2013 (Audited)	Changes	Write-offs	December 31 2014 (Audited)	Changes	March 31 2015 (Unaudited)
Fieldwork	\$ 70,508	\$ -	\$ (70,508)	\$ -	\$ -	\$ -
Geology and mapping	96,670		(96,670)	-	-	-
Consulting	32,750		(32,750)	-	-	-
Assays	5,537		(5,537)	-	-	-
Project Management	18,832		(18,832)	-	-	-
Miscellaneous	27,308	1,572	(28,880)	-	886	886
Tax Credits	(79,716)	-	79,716	-	-	-
	\$ 171,889	\$ 1,572	\$ (173,461)	\$ -	\$ 886	\$ 886

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At March 31, 2015, the carrying amounts of deferred exploration expenditures for the Liberty Hill Mine were as follows:

	January 1 2014 (Audited)	Changes	December 31 2014 (Audited)	Changes	March 31 2014 (Unaudited)
Consulting	\$ 29,000	\$ -	\$ 29,000	\$ -	\$ 29,000
Miscellaneous	82,185	38,531	120,716	2,330	87,880
	\$ 111,185	\$ 38,531	\$ 149,716	\$ 2,330	\$ 152,046

7. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2015, the Company entered into the following transactions with related parties. These transactions were in the normal course of operations and were priced on an arm's length basis.

Key management personnel compensation

The remuneration of key management personnel during the three months ended March 31, 2015 and 2014 were as follows:

	Note	March 31 2014 (Unaudited)	March 31 2013 (Unaudited)
Consulting fees and salaries	(i)	\$ -	\$ 33,047
Share based compensation	(ii)	\$ 3,840	\$ 6,121

- (i) The Company paid or accrued consulting services for \$Nil (2014: \$9,167) to Merfin Management Limited, a private company controlled by the Chief Executive. At March 31, 2015 amounts of \$Nil (2014: \$Nil) were included in accounts payable and accrued liabilities. The Company paid or accrued consulting services for \$Nil (2014: \$3000) to Infogen Research & Consulting Limited ("Infogen"), a private company controlled by a related party. At March 31, 2015, amounts of \$Nil (2014: \$3,173) were included in accounts payable and accrued liabilities.
- (ii) Stock based payments are the fair value of options granted to the Chief Executive Officer which vest partly 180 days and 540 days after grant day.

Other related party transactions

During the three months ended March 31, 2015, the Company charged, as a recovery of office expenses, Nass Valley Gateway Ltd., and Kirkland Precious Metals Corp. companies related by common directors and officers, a total amount of \$4,909 (2014: \$15,108).

The following were receivable from companies which are related by common directors:

	March 31 2015 (Unaudited)	December 31 2014 (Audited)
Island Gateway Ltd.	\$ 405	\$ 405
Nass Valley Gateway Ltd.	7,181	4,638
Kirkland Precious Metals Corp.	6,745	4,379
	\$ 13,637	\$ 9,422

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Advances received from related party

During the three months ended March 31, 2015, the Company received advances of \$26,290 (2014: \$38,000) from Merfin and converted accounts payable of \$Nil (2014: \$11,030) into loans. The promissory notes bear interest at 8.5% per annum. As at March 31, 2015, an amount of \$83,722 (2014: \$31,509) was accrued as interest. The loan is due on the earlier of June 30, 2015 or the date of completion of a financing of a minimum of \$800,000. Subject to regulatory approval, the loan may be converted into common shares at the option of the Company.

As at March 31, 2015, the Company had an advance of \$10,000 (2014: \$10,000) from Knight Castle Mercantile Inc., a private company controlled by a director. The promissory note bears interest at 8.5% per annum. As at March 31, 2015, an amount of \$1,711 (2014: \$760) was accrued as interest. The loan is due at the date of completion of financing of a minimum of \$400,000. The loans are convertible into common shares of the Company at the option of the lender, subject to regulatory approval. The Company calculated the fair value of the convertible feature at \$Nil.

During the three months ended March 31, 2015, the Company converted accounts payable of \$Nil due to Infogen (2014: \$3,173) into loans due to Infogen. The promissory notes bear interest at 8.5% per annum. As at March 31, 2015, an amount of \$9,301 (2014: \$3,819) was accrued as interest. There is no specific maturity date. Subject to regulatory approval, the loan may be converted into common shares at the option of the Company.

The Company agrees to pay the lenders the maximum bonus permitted by TSX Venture Exchange policies on the date the loans are repaid. The bonus shall be paid in cash, shares, warrants or a combination at the election of the lenders.

Related party loans are summarized as follows:

	Balance owing as at	
	March 31, 2015	December 31, 2014
Merfin Management Ltd.	\$ 695,865	\$ 655,443
Knight Castle Mercantile Inc.	11,712	11,470
Infogen Research and Consulting Ltd.	67,502	66,106
Total	\$ 775,079	\$ 733,019

8. SHARE CAPITAL AND RESERVES

a) Authorized share capital

At March 31, 2015, the authorized share capital comprised of an unlimited number of common shares at no par value. All issued and outstanding shares are fully paid.

b) Issues of common shares

During the three months ended March 31, 2015, the Company did not issue any of its common shares.

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 2,164,249 of currently issued and outstanding common stock. The 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.

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The weighted average grant fair value of 578,675 options granted on November 27, 2014 was \$0.07 per option. The fair value of these options was determined on the day of the grant using the Black-Scholes option pricing model with the following weighted average assumptions: Risk free interest rate of 1.2%, expected life of 2 years; expected volatility of 177% and expected dividends of 0%.

The weighted average grant fair value of 126,250 options granted on September 4, 2013 was \$0.05 per option. The fair value of these options was determined on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions: Risk free interest rate of 1.21%; the expected life of 2 years; expected volatility of 106%; and expected dividends of 0%.

The weighted average grant fair value of 794,500 options granted on September 4, 2013 was \$0.07 per option. The fair value of these options was determined on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions: Risk free interest rate of 1.41%; the expected life of 3 years; expected volatility of 164%; and expected dividends of 0%.

For the three months ended March 31, 2015, the total stock-based compensation for options granted and vested is \$13,692 (2013: \$11,422).

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise price
Stock options outstanding at December 31, 2013	1,575,250	\$ 0.15
Expired/cancelled	(135,000)	\$ 0.14
Granted	578,675	\$ 1.00
Stock options outstanding at December 31, 2014	2,018,925	\$ 0.39
Expired/cancelled	-	\$ -
Granted	-	\$ -
Stock options outstanding at March 31, 2015	2,018,925	\$ 0.39

Information regarding options outstanding and exercisable as at March 31, 2015:

Expiry Date	Exercise Price	Number of Options Outstanding	Number of Exercisable Options	Average Remaining Life (Years)
June 27, 2015	0.16	609,500	609,500	0.24
September 4, 2015	0.10	81,250	81,250	0.43
September 4, 2016	0.15	749,500	749,500	1.43
November 27, 2016	1.00	578,675	184,663	1.66
	0.77	2,018,925	1,624,913	0.77

d) Warrants

As at March 31, 2015, the Company had the following outstanding warrants to purchase common shares of the Company:

Number of warrants	Exercise price	Expiry date
125,000	1.20	April 13, 2015
3,048,750	0.30	December 14, 2015
3,173,750	\$ 0.34	

Mineral Hill Industries Ltd.

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For the three months ended March 31, 2015 and 2014

(Unaudited)

8. SHARE CAPITAL AND RESERVES (continued)

Warrant transactions are summarized as follows:

	Warrants outstanding	
	Number of warrants	Weighted average exercise price
Balance, December 31, 2014 and 2013 (audited)	7,633,713	\$ 0.52
Expired	(4,459,963)	0.64
Balance, March 31, 2014 (unaudited)	3,173,750	\$ 0.34

9. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	March 31 2015 (Unaudited)	March 31 2014 (Unaudited)
Cash paid for income taxes during the three months ended	\$ -	\$ -
Cash paid for interest during the three months ended	\$ -	\$ -

10. SEGMENTED INFORMATION

The Company's one reportable operating segment is the acquisition, exploration and development of resource property interests. The Company's non-current assets by geographical area are as follows:

	March 31 2015 (Unaudited)	December 31 2014 (Audited)
Non-current assets:		
Canada	\$ 19,788	\$ 18,902
U.S.A.	307,603	305,273
	\$ 327,391	\$ 324,175

11. 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.

Amounts due to and from related parties are discussed in Note 7.

Currency risk

The Company operates primarily 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

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11. FINANCIAL INSTRUMENTS (continued)

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 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 value of cash is determined based on “Level 1” inputs, which consist of quoted prices in active markets for identical assets. Fair value of marketable securities is determined based on “Level 2” inputs.

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 March 31, 2015 as follows:

	Fair Value Measurements Using			March 31 2015 (Unaudited)
	Level 1	Level 2	Level 3	
Assets:				
Cash and equivalents	\$ 13,047	–	–	\$ 13,047
Marketable securities		\$ 21,875	–	21,875
	\$ 13,047	\$ 21,875	–	\$ 34,922

12. CAPITAL MANAGEMENT

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

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and 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 three months ended March 31, 2014. 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.

13. COMMITMENT

The Company rented office space commencing December 1, 2013 for approximately \$520 per month until October 15, 2014. The Company moved its offices and entered into a new 2 year office lease agreement commencing Oct 15, 2014. The anticipated rent is \$ 300 per month.

14. SUBSEQUENT EVENTS

In April 2015 Merfin advanced \$42,000 to the Company so it could meet its financial obligations to the stock exchange and the auditors.. The loan from Merfin is due on the earlier of Jun 30, 2014 or the date of completion of a financing of minimum \$800,000.