

HILO MINING LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED NOVEMBER 30, 2021

(Unaudited – Expressed in Canadian dollars)

HILO MINING LTD.
Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars)

As at	November 30, 2021 (Unaudited)	May 31, 2021 (Audited)
	\$	\$
ASSETS		
CURRENT		
Cash	857,275	1
Amounts receivable	5,983	-
	863,258	1
Exploration and evaluation asset (Note 6)	236,231	-
TOTAL ASSETS	1,099,489	1
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	58,551	-
Due to former parent (Note 8)	71,125	-
	129,676	-
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	854,198	1
Reserves	239,383	-
Deficit	(123,768)	-
	969,813	1
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,099,489	1

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)
SUBSEQUENT EVENTS (Note 9)

Approved and authorized for issue on behalf of the Board on January 31, 2022:

"Christos Doulis" Director

"Jeremy Poirier" Director

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

HILO MINING CORP.
Condensed Interim Statements of Loss and Comprehensive Loss
For the three and six months ended November 30, 2021
(Unaudited – Expressed in Canadian dollars)

	Three months ended November 30, 2021	Six months ended November 30, 2021
	\$	\$
EXPENSES		
Consulting fees (Note 8)	62,450	62,450
Filing fees	3,125	3,125
Investor relations	880	880
Management fee (Note 8)	1,195	9,000
Office	74	74
Professional fees (Note 8)	43,239	48,239
NET LOSS AND COMPREHENSIVE LOSS	110,963	123,768
Basic and diluted loss per share	0.10	0.22
Weighted average number of common shares outstanding, basic and diluted	1,119,899	556,890

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

HILO MINING LTD.
Condensed Interim Statements of Changes in Shareholders' Equity
For the six months ended November 30, 2021
(Unaudited – Expressed in Canadian dollars)

	Common Shares		Reserves	Deficit	Total
	Number of Shares	Amount			
		\$	\$	\$	\$
Balance, February 2, 2021	-	-	-	-	-
Shares issued on incorporation	1	1	-	-	1
Net loss for the period	-	-	-	-	-
Balance, May 31, 2021	1	1	-	-	1
Shares issued pursuant to the Arrangement	1,499,999	-	236,231	-	236,231
Shares issued for cash, net	5,762,363	854,197	3,152	-	857,349
Net loss for the period	-	-	-	(123,768)	(123,768)
Balance, November 30, 2021	7,262,363	854,197	239,383	(123,768)	969,813

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

HILO MINING LTD.
Condensed Interim Statement of Cash Flows
For the six months ended November 30, 2021
(Unaudited – Expressed in Canadian dollars)

	2021
Cash provided by (used in):	\$
OPERATING ACTIVITIES	
Net loss for the period	(123,768)
Net changes in non-cash working capital items:	
Amounts receivable	(5,983)
Accounts payable and accrued liabilities	58,550
Net cash used in operating activities	(71,200)
FINANCING ACTIVITY	
Due to former parent	71,125
Shares issued for cash, net	857,349
Net cash provided by financing activity	928,474
Change in cash	857,274
Cash, beginning of period	1
Cash, end of period	857,275

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

HILO MINING LTD.

Notes to the Condensed Interim Financial Statements

For the six months ended November 30, 2021

(Unaudited – Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Hilo Mining Ltd. (the “Company”) was incorporated on February 2, 2021 under the laws of British Columbia. The address of the Company’s corporate office and its principal place of business is 503 - 905 Pender Street, Vancouver, British Columbia, Canada, V6C 1L6.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. On April 22, 2021, the Company entered into an arrangement agreement (the “Arrangement”) with Golden Independence Mining Corp. (“Golden”) whereby the Company will issue 1,499,999 common shares to Golden in exchange for Golden’s mining claim representing the Champ exploration property (the “Property”). Under the Arrangement, Golden will distribute 1,000,000 of the common shares to its shareholders and Golden will hold 499,999 common shares of the Company. The Company completed the Arrangement on November 12, 2021.

The Company’s unaudited condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes that the Company will realize its assets and discharge its liabilities in the normal course of business for at least the next twelve months. Management recognizes that the Company will need to obtain additional financial resources in order to meet its planned business objectives. There are no assurances that the Company will be able to obtain additional financial resources and/or achieve positive cash flows or profitability. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These unaudited condensed interim financial statements do not give effect to any adjustments that would be necessary should the Company be unable to continue as a going concern, and therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these unaudited condensed interim financial statements.

The outbreak of coronavirus, COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the Company or its clients, employees, contractors, suppliers and other partners may be unable to conduct regular business activities for an indefinite period of time. At this point, the impact on the Company has been minimal. The Company continues to monitor the situation and is taking all necessary precautions in order to follow rules and best practices as set out by the federal and provincial governments.

2. BASIS OF PRESENTATION

a) Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s audited financial statements for the period from incorporation on February 2, 2021 to May 31, 2021, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board.

These unaudited condensed interim financial statements were authorized for issue in accordance with a resolution from the Board of Directors on January 31, 2022.

HILO MINING LTD.

Notes to the Condensed Interim Financial Statements

For the six months ended November 30, 2021

(Unaudited – Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

b) Basis of presentation

These unaudited condensed interim financial statements have been prepared on the historical cost basis, with the exception of financial instruments, which are measured at fair value. In addition, these unaudited condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all years presented in these unaudited condensed interim financial statements.

c) Significant accounting estimates and judgments

The preparation of these unaudited condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the unaudited condensed interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These unaudited condensed interim financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited condensed interim financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date that could result in a 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:

Significant accounting judgments

- i. The determination of categories of financial assets and financial liabilities; and
- ii. The evaluation of the Company's ability to continue as a going concern.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited financial statements for the period from incorporation on February 2, 2021 to May 31, 2021.

4. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of resource properties. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, reserves and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

HILO MINING LTD.

Notes to the Condensed Interim Financial Statements
For the six months ended November 30, 2021
(Unaudited – Expressed in Canadian dollars)

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK*Fair value*

As at November 30, 2021, the Company's financial instruments consist of cash and accounts payable.

IFRS 13 *Fair Value Measurement* establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.
- Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e., quoted prices for similar assets or liabilities).
- Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The fair value of cash is based on Level 1 inputs. There are no Level 2 or Level 3 financial instruments.

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's unaudited condensed interim statement of financial position as follows:

Fair Value Measurements Using	Level 1	Level 2	Level 3	November 30, 2021
	\$	\$	\$	\$
Cash	857,275	-	-	857,275
Accounts payable	58,551	-	-	58,551
Due to former parent	71,125	-	-	71,125
	986,951	-	-	986,951

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The financial instrument that potentially subjects the Company to concentrations of credit risk consists principally of cash. To minimize the credit risk, the Company places its cash with high quality financial institutions.

Liquidity risk

The Company manages liquidity risk through the management of its capital structure, as outlined in Note 4. The Company monitors its ability to meet its short-term exploration and administrative expenditure requirements by raising additional funds through share issuances when required.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows will fluctuate due to changes in foreign exchange rates. The Company is not exposed to significant foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to significant interest rate risk.

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6. EXPLORATION AND EVALUATION ASSET

Pursuant to an option agreement (the “Agreement”) dated August 24, 2017, Golden was granted an option to acquire a 100% undivided interest in the Property located in the Greenwood Mining District of British Columbia. In accordance with the Agreement, Golden acquired a 100% undivided interest in the Property by issuing a total of 300,000 common shares of Golden and making a payment of \$10,000.

The optionor retains a 2% net smelter return royalty on the Property. Golden has the right to purchase the first 1% of the royalty for \$1,000,000 and the remaining 1% for \$1,000,000 at any time during the five-year period starting from the date of commencement of commercial production.

Prior to the closing of the Arrangement (Note 1), the Company and Golden entered into an Asset Purchase Agreement pursuant to which the Company acquired Golden's interest in the Champ Project in exchange for the issuance of 1,499,999 common shares of the Company. The fair value of the Property was determined to be \$236,231 at the date of the transaction.

7. SHARE CAPITAL

a) Authorized

The Company's authorized capital consists of an unlimited number of common shares without par value.

b) Issued and outstanding

Share capital activities during the six months ended November 30, 2021 are as follows:

- On November 12, 2021, the Company completed the Arrangement (Note 1) and issued 1,499,999 common shares.
- On November 17, 2021, the Company issued 5,762,363 common shares for gross proceeds of \$864,354. The Company incurred cash finder's fees of \$7,005. The Company issued 46,699 brokers' warrants related to the issuance with a fair value of \$3,152.

c) Brokers' warrants

Brokers' warrants transactions and the number of brokers' warrants outstanding are summarized below:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, February 2, 2021 and May 31, 2021	-	-
Granted	46,699	0.15
Balance, November 30, 2021	46,699	0.15

Additional information regarding brokers' warrants outstanding as at November 30, 2021 is as follows:

Expiry Date	Exercise Price (\$)	Number of Warrants Issued and Exercisable
November 17, 2023	0.15	46,699
Balance, November 30, 2021		46,699

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7. SHARE CAPITAL (continued)

c) Brokers' warrants (continued)

The brokers' warrants were valued using the following Black-Scholes option pricing model using the following assumptions:

	2021
Risk-free interest rate	1.00%
Dividend yield	0%
Expected volatility	116.97%
Expected life (years)	2
Forfeiture rate	0%

8. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

During the six months ended November 30, 2021, the Company incurred key management compensation of \$9,000 related to management fees. In addition, the Company expensed professional fees of \$4,828 to a Company that employs the Chief Financial Officer. At November 30, 2021, \$13,828 related to management fees and professional fees remained in accounts payable.

The Company also incurred consulting fees of \$60,000 to Golden Independence Inc., the Company's former parent, for work related to the transaction. At November 30, 2021, the Company had \$71,125 due to the former parent for consulting expenses and other reimbursements related to the Arrangement.

The amounts payable are non-interest-bearing, unsecured, due on demand and have no fixed terms of repayment.

9. SUBSEQUENT EVENTS

Subsequent to November 30, 2021, the Company issued 10,000 common shares in exchange for gross proceeds of \$1,500. In connection with the issuance, the Company granted 600 brokers' warrants.