

HILO MINING LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED AUGUST 31, 2022

(Unaudited - Expressed in Canadian dollars)

NOTICE OF NO AUDITOR 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 the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Hilo Mining Ltd. (the "Company") have been prepared by and are the responsibility of management. These condensed interim financial statements for the three months ended August 31, 2022, have not been reviewed or audited by the Company's independent auditors.

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

As at	August 31, 2022	May 31, 2022
	\$	\$
	(unaudited)	(audited)
ASSETS		
CURRENT		
Cash	542,860	576,344
Amounts receivable	4,059	3,129
	546,919	579,473
Exploration and evaluation asset (Note 7)	236,231	236,231
TOTAL ASSETS	783,150	815,704
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 9)	93,698	78,669
	93,698	78,669
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	855,658	855,658
Reserves (Note 8)	313,528	313,528
Deficit	(479,734)	(432,151)
	689,452	737,035
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	783,150	815,704

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)

Approved and authorized for issue on behalf of the Board on October 17, 2022

"Christos Doulis" Director

"Jeremy Poirier" Director

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

HILO MINING LTD.
Condensed Interim Statements of Loss and Comprehensive Loss
For the three months ended August 31, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

Three months ended	August 31, 2022	August 31, 2021
	\$	\$
EXPENSES		
Consulting fees (Note 9)	3,600	-
Filing and Transfer agent fees	3,233	-
Management fee (Note 9)	34,500	7,805
Office	3,308	-
Professional fees (Note 9)	2,942	5,000
NET LOSS AND COMPREHENSIVE LOSS	47,583	12,805
Basic and diluted loss per share	(0.01)	(12,805)
Weighted average number of common shares outstanding, basic and diluted	7,272,364	1

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 three months ended August 31, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

	Common Shares		Reserves	Deficit	Total
	Number of Shares	Amount			
		\$	\$	\$	\$
Balance, May 31, 2021	1	1	-	-	1
Net loss	-	-	-	(12,805)	(12,805)
Balance, August 31, 2021	1	1	-	(12,805)	(12,804)
Balance, May 31, 2022	7,272,364	855,658	313,528	(432,151)	737,035
Net loss	-	-	-	(47,583)	(47,583)
Balance, August 31, 2022	7,272,364	855,658	313,528	(479,734)	689,452

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

HILO MINING LTD.
Condensed Interim Statements of Cash Flows
For the three months ended August 31, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

Three months ended	August 31, 2022	August 31, 2021
Cash provided by (used in):	\$	\$
OPERATING ACTIVITIES		
Net loss	(47,583)	(12,805)
Non-cash items		-
Net changes in non-cash working capital items:		
Amounts receivable	(930)	(640)
Accounts payable and accrued liabilities	15,029	13,445
Net cash used in operating activities	(33,484)	-
Change in cash	(33,484)	-
Cash, beginning of period	576,344	1
Cash, end of period	542,860	1

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 three months ended August 31, 2022 and 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 Company commenced trading on the TSX Venture Exchange on April 29, 2022 under the trading symbol “HILO.V”. 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 was incorporated as a subsidiary of Golden Independence Mining Corp. (“Golden”)

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 its parent entity, Golden, whereby the Company will issue 1,500,000 common shares to Golden in exchange for Golden’s mining claim representing the Champ exploration property (the “Property”). Under the Arrangement, Golden distributed 1,000,000 of the common shares to its shareholders and Golden held 500,000 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. 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. 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.

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 Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, the outbreaks of the coronavirus (COVID-19) pandemic, relations between NATO and Russian Federation regarding the situation in Ukraine, and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business.

2. SIGNIFICANT ACCOUNTING POLICIES**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 year ended May 31, 2022, 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 October 17, 2022.

HILO MINING LTD.

Notes to the Condensed Interim Financial Statements
For the three months ended August 31, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (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 policies

These 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 year ending May 31, 2022.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these 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 condensed interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the 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:

Critical accounting estimates

- The inputs used in valuing share-based payments.
 - The Company uses the fair-value method of accounting for share-based payments (related to incentive stock options and compensation warrants granted, modified or settled). Under this method compensation costs attributable to option awards granted are measured at fair value at the issue or grant date and are expensed over the vesting period. In determining the fair value for share-based payments, the Company uses option pricing models and makes estimates of the expected volatility of the stock, the expected life and risk-free rate. The expected volatility is based on historical volatility of the Company's stock over a period commensurate with the expected life of the option. Changes to these estimates could result in the fair value of share-based payments expense being less than or greater than the amount recorded.

HILO MINING LTD.

Notes to the Condensed Interim Financial Statements
For the three months ended August 31, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)*Significant accounting judgments*

- The determination of categories of financial assets and financial liabilities
 - The determination of categories of financial assets and financial liabilities has been identified as an accounting policy choice which involves judgments or assessments made by management.
- The evaluation of the Company's ability to continue as a going concern.
 - The Company's management has made an assessment of the Company's ability to continue as a going concern. Factors considered by management are disclosed in Note 1.
- Exploration and evaluation assets
 - The Company is required to review the carrying value of its exploration and evaluation properties at each reporting date for potential impairment. Impairment is indicated if the carrying value of the Company's exploration and evaluation assets is not recoverable. If impairment is indicated, the amount by which the carrying value of exploration and evaluation assets exceeds their estimated fair value is charged to the statements of comprehensive loss.
 - Evaluating for recoverability during the exploration and evaluation phase requires judgment in determining whether future economic benefits from future exploitation, sale or otherwise are likely. Evaluations may be more complex where activities have not reached a stage which permits a reasonable assessment of the existence of reserves or resources. Management must make certain estimates and assumptions about future events or circumstances including, but not limited to, the interpretation of geological, geophysical and seismic data, the Company's financial ability to continue exploration and evaluation activities, contractual issues with joint venture partners, the impact of government legislation and political stability in the region, and the impact of current and expected future metal prices on potential reserves.

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET IMPLEMENTED

A number of amendments to standards and interpretations applicable to the Company are not yet effective for the three months ended August 31, 2022 and have not been applied in preparing these condensed interim financial statements nor does the Company expect these amendments to have a significant effect on its condensed interim financial statements.

5. 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
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6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK*Fair value*

As at August 31, 2022, 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 condensed interim statement of financial position at August 31, 2022 as follows:

Fair Value Measurements Using	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	542,860	-	-	542,860

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 5. 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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7. EXPLORATION AND EVALUATION ASSET

Expenditures related to the acquisition and exploration of mineral properties consisted of:

	Champ Property
	\$
Acquisition Costs:	
Balance, May 31, 2021	-
Shares issued pursuant to the Arrangement	236,231
Balance, May 31, 2022 and August 31, 2022	236,231
Exploration Costs:	
Balance, May 31, 2021, May 31, 2022 and August 31, 2022	-
Total, May 31, 2022	236,231
Total, August 31, 2022	236,231

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) with the Company's parent, Golden, 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 1,500,000 common shares of the Company. The fair value of the Property was determined to be \$236,231 at the date of the transaction.

8. SHARE CAPITAL**a) Authorized**

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

On April 22, 2022, the Company entered into an escrow agreement with various security holders and an escrow agent. As of August 31, 2022, 2,086,756 (May 31, 2022 - 2,086,756) shares were held in escrow.

b) Issued and outstanding

Share capital activities during the year ended May 31, 2022 are as follows:

- On November 12, 2021, the Company completed the Arrangement (Note 1) and issued 1,500,000 common shares.
- On November 17, 2021, the Company issued 5,772,363 common shares for gross proceeds of \$865,854. The Company incurred cash finder's fees of \$7,005. The Company issued 47,299 brokers' warrants with an exercise price of \$0.30 and maturity two years after the grant date with a fair value of \$3,192.
- On February 1, 2022, the Company granted 550,000 stock options with a maturity date of February 1, 2027 and an exercise price of \$0.15 to certain directors, officers and consultants of the Company. The stock options had a fair value of \$74,105 and vested immediately.

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 (Unaudited - Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

c) Stock options

Stock option transactions and the number of stock options outstanding are summarized below:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, May 31, 2021	-	-
Granted	550,000	0.15
Balance, May 31, 2022 and August 31, 2022	550,000	0.15

Additional information regarding stock options outstanding is as follows:

Expiry Date	Exercise Price (\$)	Number of Options Issued and Exercisable
February 1, 2027	0.15	550,000
Balance, August 31, 2022		550,000

The stock options were valued using the following Black-Scholes option pricing model using the following assumptions:

	May 31, 2022
Share price	\$0.15
Risk-free interest rate	1.65%
Dividend yield	0%
Expected volatility	144.56%
Expected life (years)	5
Forfeiture rate	0%

The expected volatility used for the stock options granted is based on the historical share prices of comparable companies.

d) Brokers' warrants

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

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, May 31, 2021	-	-
Granted	47,299	0.30
Balance, May 31, 2022 and August 31, 2022	47,299	0.30

Additional information regarding brokers' warrants outstanding is as follows:

Expiry Date	Exercise Price (\$)	Number of Warrants Issued and Exercisable
November 17, 2023	0.30	46,699
December 17, 2023	0.30	600
Balance, August 31, 2022		47,299

HILO MINING LTD.

Notes to the Condensed Interim Financial Statements
For the three months ended August 31, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

d) Brokers' warrants (continued)

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

	May 31, 2022
Risk-free interest rate	1.00%
Dividend yield	0%
Expected volatility	116.97%
Expected life (years)	2
Forfeiture rate	0%

The expected volatility used for the brokers' warrants granted is based on the historical share prices of comparable companies.

9. 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.

During the year ended May 31, 2022, as disclosed in Notes 1 and 7, pursuant to an Arrangement with the Company's parent entity, Golden, the Company acquired a 100% interest in the option agreement representing the Champ Property. The Company also incurred consulting fees of \$60,000 from Golden, the Company's former parent, for work related to the transaction. During the year ended May 31, 2022, the Company paid an additional \$11,125 to Golden for other expense reimbursements related to the Arrangement.

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 three months ended August 31, 2022, the Company incurred key management compensation of \$34,500 (2021 - \$nil) related to management fees. In addition, the Company incurred professional fees of \$2,771 from a company that employs the Chief Financial Officer. At August 31, 2022, \$86,500 (2021 - \$nil) related to management fees and professional fees payable to related parties remained in accounts payable and accrued liabilities.

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