

Form 51-102F3

Material Change Report

Item 1. Name and Address of Company

Mineral Hill Industries Ltd. (the “Company”)
1140-13700 Mayfield Place
Richmond, BC
V6V 2E4

Item 2. Date of Material Change

December 10, 2015

Item 3. News Release

The News Release dated December 10, 2015 was disseminated via Canada Newswire and forwarded to the TSX Venture Exchange.

A copy of the News Release is attached as Schedule “A”.

Item 4. Summary of Material Change

Mineral Hill Industries Ltd. (the “Company”) announced that after exhaustive reviews and due diligence the Company has terminated its November 2014 agreement with Avis Energy Global Holdings Inc. (“AEG”) and discontinued any and all further discussions with AEG due to what the Company perceives as incomplete disclosure and misrepresentation by AEG and its ownership of the announced technology. The Company is continuing to pursue its opportunities within the waste to energy industry sector and is in discussion with the inventors and respective patent holders of different energy converting systems.

The Company also announced that it has signed the Heads of Terms (“HOT” or “LOI”) with four independent shareholders (the “Shareholders”) of CPS Energy Resources Plc (“CPS”), an Energy Resource company incorporated under the Laws of England and Wales and having its registered office at 106 Mount Street, London W1K 2TW to acquire their interest which represents 45% (the “Acquisition”).

The “Acquisition Agreement”, which will require regulatory approval, will be conditional upon the closing of a private placement (the “MHI-PP-1”) of between C\$500,000 and C\$1,000,000 at a suggested price of \$C0.15 per securities unit (“Unit”). Each Unit will one unit will consist of one common share and one share purchase warrant (the “Warrant”) with the right to purchase one additional common share at C\$0.30 within an exercise period of one year. There will be no finder’s fee payable by the Company.

After receiving regulatory approval for the Acquisition and upon closing the MHI-PP-1, the Company will issue 2.25 million convertible preferred shares (“Pref-A”) to the Shareholders, the Shareholders will commission an update of the previous 51-101 report by LR Senergy (the “51-101_upd”) and have the right to nominate one fifth of MHI’s board members. The Pref-A shares will



be issued to the Shareholders in proportion to their respective share holdings in CPS at a par value of C\$1.00 per Pref-A share, based on an initial deemed value C\$5.0 million for the entire Project, will have no voting rights and will be convertible into common shares of MHI on a “One-for-One” basis at any time subsequent to their issuance. The resulting common shares may be escrowed and released from escrow pursuant to conditions of the escrow agreement requirements of the Stock Exchange.

The individual Shareholders and parties to the LOI are Messrs. Nicolas Holmes, James Holmes, Sebastian Wheatley and Westward Consultants who will, subsequent to the conversion of the Pref-A shares, respectively own 3.5%, 2.41%, 3.22%, and 2.68% of the total issued and outstanding MHI shares.

If the 51-101_upd report confirms the minimum value of the field of the previous 51-101 report to be C\$120 million, and MHI concurs with the 51-101_upd report, MHI will issue a further number of non-voting, convertible preferred shares (“Pref-B”) to the Shareholders at a par value of C\$1.05 and the Shareholders will have the right to nominate a total of two fifths of MHI’s Board of Directors. The Pref-B shares will be non-voting and will only be convertible into common shares of MHI on a “One-for-One” if the Shareholders’ collective conversion of the Pref-B shares does not trigger an RTO under the Rules of the TSXV.

The Board of Directors has also deemed it not to be in the best interest of the shareholders to continue with the development of the California gold project at this time. Consequently, and in accordance to the termination-provision, the Company has cancelled and discontinued the earn-in agreement pertaining to the property.

Item 5. Full Description of Material Change

Termination of LOI with Avis Energy Global Holdings Inc. (“AEG”) and Cancellation of the Earn-In Agreement Pertaining to the Company’s California Gold Project

After exhaustive reviews and due diligence, which included a trip to Europe by the President and CEO and subsequent investigations, the Company has terminated its November 2014 agreement with Avis Energy Global Holdings Inc. (“AEG”) and discontinued any and all further discussions with AEG due to what the Company perceives as incomplete disclosure and misrepresentation by AEG and its ownership of the announced technology.

The Company is continuing to pursue its opportunities within the waste to energy industry sector and is in discussion with the inventors and respective patent holders of different energy converting systems.

The Board of Directors has also deemed it not to be in the best interest of the shareholders to continue with the development of the California gold project at this time. Consequently, and in accordance to the termination-provision, the Company has cancelled and discontinued the earn-in agreement pertaining to the property.

Heads of Terms Agreement with Four Independent Shareholders of CPS Energy Resources Plc (“CPS”)

The Company has signed the Heads of Terms (“HOT” or “LOI”) with four independent shareholders (the “Shareholders”) of CPS Energy Resources Plc (“CPS”), an Energy Resource company

incorporated under the Laws of England and Wales and having its registered office at 106 Mount Street, London W1K 2TW to acquire their interest which represents 45% (the “Acquisition”). CPS Energy Resources entered into an option agreement to jointly develop the contract area covered by OPL 236 (the “Project”). After commercial, technical and legal due diligence, CPS has exercised its option to acquire an 80.75% participating interest in the Production Sharing Contract for OPL 236 subject to receipt of corporate and regulatory approvals including Ministerial consent which are expected to be obtained in the near future, further to which full asset transfer shall take place. An independent report completed by Senergy (GB) Limited (“LR Senergy”) in January 2015 (51-101 compliant) indicates a potential value in the order of US\$120 million to US\$240 Million. Upon signing the “Acquisition Agreement” and receiving “Regulatory Approval” (the “Approval Date”) and conditional upon closing of a private placement (the “MHI-PP-1”), with its provisions described below, the transaction contemplated under the LOI will be as follows:

- a) upon conditional Regulatory Approval, the Shareholders will initiate and complete MHI-PP-1 and raise between C\$500,000 and C\$1,000,000 (the “PP-1 Closing”) via private placement units at a suggested price per Unit of C\$0.15, whereby one unit will consist of one common share and one share purchase warrant (the “Warrant”) with the right to purchase one additional common share at C\$0.30 within an exercise period of one year. There will be no finder’s fee payable by the Company. If the Shareholders fail to complete MHI-PP-1, the transaction does not proceed and the Agreement is cancelled if not mutually amended;
- b) on the later date of either the Approval Date or the PP-1 Closing (the “Completion Date”), MHI will issue 2.25 million convertible preferred shares (“Pref-A”) to the Shareholders, in proportion to their respective share holdings in CPS, at a par value of C\$1.00 per Pref-A share, based on an initial deemed value C\$5.0 million for the entire Project. The Pref-A shares will have no voting rights and will be convertible into common shares of MHI on a “One-for-One” basis at any time subsequent to their issuance. The resulting common shares may be escrowed and released from escrow pursuant to conditions of the escrow agreement requirements of the Stock Exchange.
- c) subsequent to the Completion Date the Shareholders will have the right to nominate one fifth of MHI’s board members and will commission an update of the previous 51-101 report by LR Senergy or a person or firm acceptable to the Regulatory Authorities (the “51-101_upd”) and will at the same time complete a technical service agreement (“TSA”) with an operator, well established to operate and manage the field, and MHI will either enter into a joint venture on a 45%/55% basis with CPS or extend its offer to acquire the balance of 55% to the remaining shareholders of CPS;
- d) the 51-101_upd will reflect current economic conditions of the Project and if it confirms the minimum value of the field of the previous 51-101 report to be C\$120 million, and MHI concurs with the 51-101_upd report, MHI will issue a further number of non-voting, convertible preferred shares (“Pref-B”) at a par value of C\$1.05 per Pref-B share to the Shareholders in proportion to their CPS share holdings in order to complete the Acquisition. The number of Pref-B shares to be issued will be based on a 33% discount of the C\$120 million value contemplated in the previous 51-101 report. Concurrently, the Shareholders will cause CPS to assign the PSA to the joint venture. The Pref-B shares will be non-voting and will only be convertible into common shares of MHI on a “One-for-One” if the Shareholders’ collective conversion of the Pref-B shares does not trigger an RTO under the Rules of the TSXV and upon prior approval of the TSXV. Such number of MHI common shares issued to the Shareholders resulting from the approved conversion, will be prorated to



their respective holdings of Pref-B shares. The resulting common shares may also be escrowed and released pursuant to conditions of an escrow agreement required by the Stock Exchange. After the issuance of the Pref-B shares the Shareholders will have the right to nominate a total of two fifths of MHI's Board of Directors;

- e) if the PSA is not assigned or a TSA is not entered into, for whatever reason, with the chosen operator to manage the field within two months of the Completion Date, MHI will have the right to cancel all arrangements with the Shareholders and request the return of all issued shares and the resignation of the board members nominated by the Shareholders.

The individual Shareholders and parties to the LOI are Messrs. Nicolas Holmes, James Holmes, Westward Consultants, Sebastian Wheatley who will, subsequent to the conversion of the Pref-A shares, respectively own 3.5%, 2.41%, 3.22%, and 2.68% of the total 19,051,246 issued MHI shares, and subsequent to a positive confirmation of the 51-101upd report and after the full conversion of the Pref-B shares and assuming the unlikely event that prior equity financing by MHI will be executed, the four Shareholders will own maximal 20.30%, 18.71%, 14.00%, and 15.84% respectively of the then issued 53,508,389 total outstanding shares of MHI or less, if any of the present shareholders and insiders exercise any of their existing incentive options or Warrants.

Item 6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information

Not applicable.

Item 8. Executive Officer

The following Senior Officer of the Company is available to answer questions regarding this report:

Dieter Peter
Chief Executive Officer
(604) 278-1132

Item 9. Date of Report

Dated at Richmond, BC, this 18th day of December, 2015.

NASS VALLEY GATEWAY LTD.

Per: "Dieter Peter"
Dieter Peter
President & CEO



Mineral Hill Industries Ltd.

Trading Symbols:
TSX Venture Exchange: MHI
Frankfurt Stock Exchange: N8Z1/WKN: AODLHP
Pink Sheets: MHIFP

NEWS RELEASE

MINERAL HILL ANNOUNCES TERMINATION OF AGREEMENT AND INTENT TO ACQUIRE INTEREST IN GAS PRODUCTION RIGHTS

Richmond, BC, Canada – December 10, 2015

Mineral Hill Industries Ltd. (the “Company” or “MHI”) wishes to announce that after exhaustive reviews and due diligence, which included a trip to Europe by the President and CEO and subsequent investigations, the Company has terminated its November 2014 agreement with Avis Energy Global Holdings Inc. (“AEG”) and discontinued any and all further discussions with AEG due to what the Company perceives as incomplete disclosure and misrepresentation by AEG and its ownership of the announced technology.

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respective share holdings in CPS, at a par value of C\$1.00 per Pref-A share, based on an initial deemed value C\$5.0 million for the entire Project. The Pref-A shares will have no voting rights and will be convertible into common shares of MHI on a “One-for-One” basis at any time subsequent to their issuance. The resulting common share may be escrowed and released from escrow pursuant to conditions of the escrow agreement requirements of the Stock Exchange.

(c) subsequent to the Completion Date the Shareholders will have the right to nominate one fifth of MHI’s board members and will commission an update of the previous 51-101 report by LR Senenergy or a person or firm acceptable to the Regulatory Authorities (the “51-101_upd”) and will at the same time complete a technical service agreement (“TSA”) with an operator, well established to operate and manage the field, and MHI will either enter into a joint venture on a 45%/55% basis with CPS or extend its offer to acquire the balance of 55% to the remaining shareholders of CPS;

(d) the 51-101_upd will reflect current economic conditions of the Project and if it confirms the minimum value of the field of the previous 51-101 report to be C\$120 million, and MHI concurs with the 51-101_upd report, MHI will issue a further number of non-voting, convertible preferred shares (“Pref-B”) at a par value of C\$1.05 per Pref-B share to the Shareholders in proportion to their CPS share holdings in order to complete the Acquisition. The number of Pref-B shares to be issued will be based on a 33% discount of the C\$120 million value contemplated in the previous 51-101 report. Concurrently, the Shareholders will cause CPS to assign the PSA to the joint venture. The Pref-B shares will be non-voting and will only be convertible into common shares of MHI on a “One-for-One” if the Shareholders’ collective conversion of the Pref-B shares does not trigger an RTO under the Rules of the TSXV and upon prior approval of the TSXV. Such number of MHI common shares issued to the Shareholders resulting from the approved conversion, will be prorated to their respective holdings of Pref-B shares. The resulting common share may also be escrowed and released pursuant to conditions of an escrow agreement required by the Stock Exchange. After the issuance of the Pref-B shares the Shareholders will have the right to nominate a total of two fifths of MHI’s Board of Directors;

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The Company seeks Safe Harbor

For further information, please contact:

Dieter Peter
President & CEO Phone: (604) 278-1132

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.