STEEP HILL INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

UNAUDITED

(Expressed in Canadian Dollars)

Steep Hill Inc.
Condensed Interim Consolidated Statements of Financial Position
Unaudited
(Expressed in Canadian dollars)

As at	Note		March 31, 2025		December 31, 2024
Assets					
Current					
Cash	10	$	143,298	$	213,927
Term deposits	4		2,000,000		2,000,000
Prepaids			2,034		18,678
Accounts receivable and other	5		16,525		43,759
Total Assets		**$**	**2,161,857**	**$**	**2,276,364**
Liabilities					
Current					
Accounts payable and accrued liabilities	6,9,10	$	154,464	$	254,613
Income tax payable	10		4,146		3,949
Total Liabilities			**158,610**		**258,562**
Shareholders' Equity					
Share capital	7		12,012,773		12,012,773
Reserves	8		104,660		104,660
Accumulated other comprehensive loss			(24,097)		(23,585)
Deficit			(10,090,089)		(10,076,046)
Total Shareholders' Equity			**2,003,247**		**2,017,802**
Total Liabilities and Equity		**$**	**2,161,857**	**$**	**2,276,364**

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
COMMITMENTS (Note 12)
SUBSEQUENT EVENT (Note 14)

Approved on behalf of the board of directors:

"Ian Morton"
Director

"Jane Wright-Mitchell"
Director

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

Steep Hill Inc.
Condensed Interim Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income
Unaudited
(Expressed in Canadian dollars)

For the three months ended March 31,	Note	2025	2024
			Restated (Note 13)
Expenses			
Amortization of property, plant and equipment		$ -	$ 3,843
Consulting fees	9	7,501	67,470
Office and general expenses		7,223	24,072
Professional fees		24,197	9,158
Regulatory, filing and listing fees		7,707	3,928
Salaries and wages		-	12,037
Loss before other (expenses) income		**(46,628)**	**(120,508)**
Other (expenses) income			
Interest income		11,096	13,191
Foreign exchange gain (loss)		712	(16,234)
Net loss from continuing operations		**(34,820)**	**(123,551)**
Discontinued operations			
Net income from discontinued operations	10	20,777	144,617
Net (loss) income		**(14,043)**	**21,066**
Other comprehensive loss			
Foreign currency translation adjustment from discontinued operations	10	(512)	(3,281)
Net (loss) income and comprehensive (loss) income		**$ (14,555)**	**$ 17,785**
Weighted average number of shares outstanding - basic and diluted		**16,178,653**	**16,178,653**
Basic and diluted net (loss) income per share			
- Continuing operations		$ (0.00)	$ (0.01)
- Discontinued operations		0.00	0.01
Basic and diluted net (loss) income per share		**$ (0.00)**	**$ 0.00**

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

Steep Hill Inc.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
Unaudited
(Expressed in Canadian dollars)

	Number of Shares	Share Capital	RESERVES Share Based Payments	RESERVES Warrants	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Equity
Balance, December 31, 2024	**16,178,653**	**$ 12,012,773**	**$ 104,660**	**$ -**	**$ (23,585)**	**$ (10,076,046)**	**$ 2,017,802**
Other comprehensive loss	-	-	-	-	(512)	-	(512)
Net loss from continuing operations	-	-	-	-	-	(34,820)	(34,820)
Net income from discontinuing operations	-	-	-	-	-	20,777	20,777
Balance, March 31, 2025	**16,178,653**	**$ 12,012,773**	**$ 104,660**	**$ -**	**$ (24,097)**	**$ (10,090,089)**	**$ 2,003,247**
Balance, December 31, 2023	**16,178,653**	**$ 12,012,773**	**$ 143,477**	**$ 215,847**	**$ (52,514)**	**$ (10,668,424)**	**$ 1,651,159**
Other comprehensive loss - *Restated (Note 13)*	-	-	-	-	(3,281)	-	(3,281)
Net loss from continuing operations	-	-	-	-	-	(123,551)	(123,551)
Net income from discontinuing operations - *Restated (Note 13)*	-	-	-	-	-	144,617	144,617
Balance, March 31, 2024	**16,178,653**	**$ 12,012,773**	**$ 143,477**	**$ 215,847**	**$ (55,795)**	**$ (10,647,358)**	**$ 1,668,944**

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

Steep Hill Inc.
Condensed Interim Consolidated Statements of Cash Flows
Unaudited
(Expressed in Canadian dollars)

For the three months ended March 31,	Note	2025	2024
			Restated (Note 13)
Operating activities			
Net (loss) income for the period		$ (14,043)	$ 21,066
Net income from discontinued operations	10	20,777	144,617
Net loss from continuing operations		$ (34,820)	$ (123,551)
Non-cash items:			
Amortization of property, plant and equipment		-	3,843
Foreign exchange (gain) loss		(712)	16,234
Changes in non-cash working capital items:			
Prepaids		16,644	28,662
Accounts receivable and other	5	27,234	48,681
Accounts payable and accrued liabilities	6	(40,737)	(102,568)
Income tax payable		197	-
Cash used in operating activities - continuing operations		(32,194)	(128,699)
Cash used in operating activities - discontinuing operations		(38,438)	(5,174)
Cash used in operating activities		**(70,632)**	**(133,873)**
Financing activity:			
Payments of lease liability		-	(5,201)
Cash used in financing activity		**-**	**(5,201)**
Decrease in cash during the period		**(70,632)**	**(139,074)**
Effects of exchange rate changes on cash - discontinuing operations		3	(4,256)
Cash, beginning of the period		**213,927**	**613,412**
Cash, end of the period		**$ 143,298**	**$ 470,082**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Steep Hill Inc. (the "Company" or "Steep Hill") was incorporated under the *Canadian Business Corporations Act* on October 4, 2018. On February 28, 2022, the Company changed its name from Canbud Distribution Corporation to Steep Hill Inc. The Company is a publicly listed company on the Canada Securities Exchange ("CSE") and trades under the ticker symbol "STPH". The Company is domiciled in Canada and its registered office is located at 30 Commercial Road, East York, Ontario, M4G 1Z4.

The Company was incorporated to provide hemp-based science-backed differentiated products and services, including analytical testing services within the hemp and cannabis market sectors in Canada. In the beginning of January 2022, the Company began its operation in United States, through acquisition of Steep Hill, Inc. ("Steep Hill US"), a cannabis-science company focused on research and development, licensing, and consulting services in United States. In March 2023, the Company terminated all the licensing agreements in Steep Hill US and subsequently, shut down its operation. Consequently, the Company has no operations in Canada and US.

These condensed interim consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. The Company's ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate funds to meet current and future obligations. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Company has not yet achieved profitable operations and incurred a net loss from continuing operations of $34,820 (March 31, 2024 - $123,551 (Restated (Note 13)) during the three months ended March 31, 2025, and the Company has an accumulated deficit of $10,090,089 (December 31, 2024 - $10,076,046). As at March 31, 2025, the Company has a working capital of $2,003,247 (December 31, 2024 - $2,017,802) and for the three months ended March 31, 2025, the cash flows used in operating activities from continuing operations was $32,194 (March 31, 2024 - $128,699 (Restated (Note 13))). These conditions along with whether, and when, the Company can attain profitability and positive cash flows from operations has material uncertainty, which may cast significant doubt upon the Company's ability to continue as going concern. The application of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and by raising capital to fund its operations. Accordingly, these condensed interim consolidated financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which differ from those shown in these condensed interim consolidated financial statements.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and do not include all the information required for full annual consolidated financial statements required by IFRS as issued by the IASB and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim consolidated financial statements should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2024.

2. BASIS OF PREPARATION (continued)

These condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issue on May 29, 2025.

Basis of measurement
These condensed interim consolidated financial statements have been prepared on the historical cost basis.

Basis of consolidation
These condensed interim consolidated financial statements include the account of the Company and its subsidiary controlled by the Company from the date that control commenced until the date that control ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity and expose itself to the variable returns from the entity's activities.

The Company's only subsidiary is Steep Hill US in which 100% interest was acquired through an acquisition in January 2022. Steep Hill US was incorporated and registered in the state of Delaware, United States.

Intercompany balances, and any unrealized gains and losses or income and expenses arising from transactions with subsidiary, are eliminated in preparing these condensed interim consolidated financial statements. Unrealized losses are eliminated to the extent of the gains, but only to the extent that there is no evidence of impairment.

Functional and presentation currency
The condensed interim consolidated financial statements and the accompanying notes are presented in Canadian dollars, unless otherwise noted. The Company's functional currency (the currency of the primary economic environment in which the Company operates in) is Canadian dollars while the Company's subsidiary, Steep Hill US, functional currency is U.S. dollars.

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies followed in the condensed interim consolidated financial statements for the three months ended March 31, 2025 and 2024 are consistent with those applied in the Company's audited consolidated financial statements for the year ended December 31, 2024.

Adoption of new standards, interpretations and amendments
There was no new standards effective January 1, 2025 that impacted these condensed interim financial statements.

Recent accounting pronouncements and changes in accounting policies
The IASB has issued the following new standard and amendment that have not yet been adopted by the Company and could have an impact on future periods. The Company is in the process of reviewing these changes to determine the impact on the condensed interim consolidated financial statements.

- IFRS 18, Presentation and Disclosure in Financial Statements replaces IAS 1, Presentation of Financial Statements. IFRS 18 introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analyzing and comparing companies. The new standard is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted.

(Expressed in Canadian dollars)

4. TERM DEPOSITS

Term deposits of $2,000,000 (December 31, 2024 - $2,000,000) are held at a reputable banking institution, bearing interest of 2.00% (December 31, 2024 - 2.25%) per annum and have a term of 12 months, and are redeemable on demand.

5. ACCOUNTS RECEIVABLE AND OTHER

As at		March 31, 2025		December 31, 2024
Interest receivable	**$**	**4,684**	$	35,138
Harmonized Sales Tax recoverable		**11,841**		8,621
Total	**$**	**16,525**	$	43,759

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at		March 31, 2025		December 31, 2024
Accounts payable	$	**127,316**	$	225,143
Accrued liabilities		**27,148**		29,470
Total	$	**154,464**	$	254,613

7. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares.

	Number of shares		Amount
Balance, December 31, 2023, December 31, 2024 and March 31, 2025	**16,178,653**	**$**	**12,012,773**

Net loss per share

Basic net loss per share is calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of shares outstanding, made up of common shares. Diluted net loss per share is calculated by adjusting the loss for the period and number of shares for the effects of dilutive options and other dilutive potential ordinary shares. However, there were no options, warrants or financial instruments with dilutive potential ordinary shares as at March 31, 2025 (March 31, 2024 – Nil). Thus, the diluted net loss per share was the same as the calculated basic net loss per share.

The weighted average number of shares outstanding used in the computation of net loss per share for the three months ended March 31, 2025 was 16,178,653 (March 31, 2024 – 16,178,653).

For the three months ended March 31,		2025		2024
				Restated (Note 13)
Loss from continuing operations	$	(34,820)	$	(123,551)
Income from discontinued operations	$	20,777	$	144,617
Basic and diluted net (loss) income per share				
- Continuing operations	**$**	**(0.00)**	**$**	**(0.01)**
- Discontinued operations		**0.00**		**0.01**
Total basic and diluted net (loss) income per share	**$**	**(0.00)**	**$**	**0.00**

(Expressed in Canadian dollars)

8. RESERVES

Reserves include (i) the accumulated fair value of stock options recognized as share-based compensation, and (ii) the fair value of warrants issued in private placements and for share issue costs. Reserves are increased by the fair value of these items as they vest and are reduced by corresponding amounts when the options or warrants expire or are exercised or cancelled.

SHARE-BASED COMPENSATION

The Company has a common share 20% Rolling Plan (the "Plan") for designated directors, officers, employees, and consultants. Pursuant to the Plan, option awards are recommended by the Compensation Committee of the Board and then reviewed by the Board of Directors. Under the Plan, options on common shares may be issued for up to a cumulative amount that may not exceed 10% of shares outstanding at any given time.

The following table summarizes the continuity of stock options:

	Number of options	Weighted average exercise price $
Outstanding, December 31, 2023	**213,667**	**1.38**
Expired [(i)]	(30,000)	1.69
Outstanding, December 31, 2024 and March 31, 2025	**183,667**	**1.34**

(i) During the year ended December 31, 2024, 30,000 options expired as a result of the option holders no longer holding an active position within the Company.

The following stock options are outstanding and exercisable as at March 31, 2025:

Options outstanding and exercisable			
Exercise price $	Number of Options	Remaining contractual life in years	Weighted average exercise price $
1.88	13,333	0.62	0.14
1.50	53,667	1.35	0.44
1.20	116,667	0.09	0.76
	183,667	**0.50**	**1.34**

WARRANTS

Warrant activity is presented below:

	Number of warrants	Weighted average exercise price $
Outstanding, December 31, 2023	**263,920**	**4.50**
Expired	(263,920)	4.50
Outstanding, December 31, 2024 and March 31, 2025	**-**	**-**

(Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS

Compensation awarded to key management personnel
The Company has defined key management personnel as senior executive officers, as well as the Board of Directors. The total remuneration of key management personnel and the Board of Directors in the continued and discontinued operations are as follows:

For the three months ended March 31,		2025		2024
Salaries, benefits and consulting fees	**$**	**12,750**	$	**103,912**

As of March 31, 2025, the Company had $11,865 (December 31, 2024 - $44,805) of unpaid consulting fees to key management personnel included in accounts payable and accrued liabilities.

During the three months ended March 31, 2025, the Company incurred document storage fees of $Nil (March 31, 2024 - $12,000) and consulting fees of $Nil (March 31, 2024 - $21,675) from Summerhill Group Inc ("SGI"). SGI is a company in which the Company's Chairman and director, Ian Morton, is the majority shareholder.

10. DISCONTINUED OPERATIONS

Steep Hill US

In March 2023, the Company, through Steep Hill, Inc., entered into settlement and release agreements with various licensees to terminate the license agreements. Following the settlement agreements, the Company determined that Steep Hill, Inc.'s operations were no longer commercially sustainable and subsequently ceased its U.S. operations. Accordingly, the operating results and operating cash flows of Steep Hill, Inc.'s are now presented as discontinued operations, separate from the Company's continuing operations.

The assets and liabilities of the discontinued operations are as follows:

As at		March 31, 2025		December 31, 2024
Assets				
Cash	$	48,180	$	48,522
Total assets of discontinued operations	**$**	**48,180**	**$**	**48,522**
Liabilities				
Accounts payable and accrued liabilities	$	109,667	$	169,079
Income tax payable		4,146		3,949
Total liabilities of discontinued operations	**$**	**113,813**	**$**	**173,028**

(Expressed in Canadian dollars)

10. DISCONTINUED OPERATIONS (continued)

Net loss of the discontinued operations is as follows:

For the three months ended March 31,		2025		2024
				Restated (Note 13)
Expenses				
Consulting, salaries and wages	$	11,250	$	33,405
Office and general expenses		10,527		41
Professional fees		16,616		-
Loss before other income		(38,393)		(33,446)
Other Income				
Gain on extinguishment of accounts payable and accrued liabilities (i)		59,170		178,063
Net income from discontinued operations		20,777		144,617
Other comprehensive loss				
Foreign currency translation adjustment		(512)		(3,281)
Net income and comprehensive income from discontinued operations	**$**	**20,265**	**$**	**141,336**

(i) During the three months ended March 31, 2025, the Company recognized a gain on extinguishment of accounts payable and accrued liabilities in the amount of $59,170 (March 31, 2024 - $178,063), which has been included in other income within net income from discontinued operations.

Net cashflows from discontinued operations:

For the three months ended March 31,		2025		2024
Cash used in operating activities - discontinued operations	$	(38,438)	$	(5,174)

11. FINANCIAL RISK MANAGEMENT

The Company's objective is to maintain sufficient capital to maintain investor, creditor and customer confidence and to sustain future development of the business and to provide the ability to continue as a going concern. Management defines capital as the Company's shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management. The Company has not paid any dividends to its shareholders. The Company is not subject to any externally imposed capital requirements.

As at March 31, 2025, the Company's total managed capital comprised of $2,003,247 (December 31, 2024 - $2,017,802). There were no changes in the Company's approach to capital management during the period.

(a) Fair value
Financial instruments included in the condensed interim consolidated statement of financial position as at March 31, 2025 and 2024 consist of cash, term deposits, accounts receivable and other, and accounts payables and accrued liabilities with period-end carrying amounts which approximates their respective fair values.

11. FINANCIAL RISK MANAGEMENT (continued)

(b) Interest rate risk
The Company does not have any debts or borrowings from any banks or institutional lenders as at March 31, 2025.

(c) Currency risk
As the Company operated in the United States (U.S.) during the period, some of the company's assets, liabilities, and transactions are denominated in United States funds. Fluctuation in the exchange rates between the U.S. dollar and the Canadian dollar could have a material effect on the Company's business, financial condition, and results of operations.

As at March 31, 2025, the Company had net monetary liability denominated in U.S. funds of approximately $61,487 (US$42,771). Based upon the balance as at March 31, 2025, an increase of 15% in the U.S. to Canadian dollar exchange would result in an increase in the net loss and comprehensive loss of $9,223, and a reduction of 15% would result in a decrease in the net loss and comprehensive loss of $9,223. Management believes that it is not likely, but it is possible that the exchange rate could fluctuate by more than 15% within the next 12 months.

(d) Credit risk
Credit risk is the risk of loss associated with the counterparty's inability to fulfil its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash, term deposits and trade receivables and other. All of the Company's cash and term deposits are held at financial institutions which are Canadian Chartered Banks in which management believes that the risk of loss is minimal, but the Company is subject to concentration of credit risk. As of March 31, 2025 and December 31, 2024, the Company had no trade and other receivables.

(e) Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset.

The Company manages the liquidity risk resulting from accounts payable and accrued liabilities by ensuring that it documents when authorized payments are due and maintaining adequate cash reserves to meet its obligations as they come due.

The Company has the following undiscounted contractual obligations as at March 31, 2025 and December 31, 2024, which are expected to be payable in the following respective periods:

March 31, 2025	Within 1 year	Over 1 year	Total
Accounts payable and accrued liabilities	$ 154,464	–	$ 154,464

December 31, 2024	Within 1 year	Over 1 year	Total
Accounts payable and accrued liabilities	$ 254,613	–	$ 254,613

(Expressed in Canadian dollars)

11. FINANCIAL RISK MANAGEMENT (continued)

As of March 31, 2025, the Company had cash of $143,298 (December 31, 2024 - $213,927), term deposits of $2,000,000 (December 31, 2024 - $2,000,000) and total equity attributable to the equity holders of the Company of $2,003,247 (December 31, 2024 - $2,017,802). The Company manages its capital structure and makes adjustments in light of changes in its economic environment and the risk characteristics of the Company's assets. To effectively manage the entity's capital requirements, the Company has in place a planning, budgeting, and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. There are no externally imposed capital requirements to which the Company has not complied.

12. COMMITMENTS

On February 12, 2025, the Company entered into a share purchase agreement (the "Purchase Agreement"), with a number of arm's length vendors (the "Vendors") to acquire (the "Acquisition") 100% of the issued and outstanding shares of Lir Life Sciences Inc. ("Lir") in consideration for an aggregate of 136,054,422 common shares of the Company (the "Consideration Shares") at a deemed price of $0.147 per Consideration Share.

The Acquisition will represent a reverse take-over of the Company. Under the terms of the Purchase Agreement, the Vendors will acquire 100% of the issued and outstanding shares of Lir in consideration for an aggregate of 136,054,422 common shares of the Company. Under the terms of the Purchase Agreement, Lir will be required to complete an equity financing for proceeds of at least $1,000,000 concurrently with the closing of the Acquisition (the "Concurrent Financing"), and the Company's shares will be consolidated on a 3-for-1 basis immediately following completion of the Acquisition and Concurrent Financing.

13. RESTATEMENT OF PRIOR PERIOD COMPARATIVES

The Company has restated its comparative financial results to correct the accounting treatment of certain accounts payable that were statute-barred and no longer legally enforceable. Following a detailed legal review, management concluded that these liabilities met the criteria for derecognition under IFRS, as the obligations have effectively expired as of March 31, 2024. As a result, the Company has recognized a gain on extinguishment of accounts payable and accrued liabilities totaling $178,063 in the comparative period.

The following summarizes the impact of the restatement on the affected line items in the condensed interim consolidated financial statements:

Condensed Interim Consolidated Statements of Income (loss) and Comprehensive Income (loss)

For the three months ended March 31, 2024	*Previous*	*Adjustments*	*Restated*
Discontinued operations			
(Loss) income from discontinued operations	$ (33,446)	$ 178,063	$ 144,617
Net (loss) income	(156,997)	178,063	21,066
Other comprehensive loss			
(Loss) income on translation of discontinued operations	(4,095)	814	(3,281)
Total (loss) income and comprehensive (loss) income	$ (161,092)	$ 178,877	$ 17,785

13. RESTATEMENT OF PRIOR PERIOD COMPARATIVES (continued)

These restatements have no impact on the condensed interim consolidated statements of financial position presented in these financial statements, as those statements exclude balances as of March 31, 2024.

The condensed interim consolidated statements of cash flows for period ending March 31, 2024 reflect an increase in the net income for the period by $178,063 as a result of the increase in net income from discontinued operations for the same $178,063 and a corresponding decrease in cash used in operating activities – discontinuing operations, for a no net impact to the cash used in operating activities after the restatement.

These restatements have increased the basic and diluted net (loss) income per share from discontinued operations from ($0.00) to $0.01.

These restatements have also impacted the condensed interim consolidated statements of changes in shareholders' equity for the period ending March 31, 2024 by increasing the accumulated other comprehensive loss from $56,609 to $55,795 and decreasing the deficit from $10,825,421 to $10,647,358.

14. SUBSEQUENT EVENT

On May 3, 2025, a total of 116,667 of options expired unexercised.