TOMBILL MINES LIMITED

Consolidated Financial Statements

For the Year Ended October 31, 2022 and 2021

(Expressed in Canadian Dollars)

TOMBILL MINES LIMITED

Independent Auditor's Report

To the Shareholders of Tombill Mines Ltd

Opinion

We have audited the consolidated financial statements of Tombill Mines Ltd and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at October 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity (deficit) and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at October 31, 2022 and 2021 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred continuing losses during the year ended October 31, 2022 and, as of that date, the Company had limited working capital. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

McGovern Hurley

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner of the audit resulting in this independent auditor's report is Chris Milios.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
December 16, 2022

TOMBILL MINES LIMITED

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note		**October 31, 2022**		October 31, 2021
Assets					
Current assets:					
Cash and cash equivalents	4	**$**	**503,258**	$	2,280,688
Receivables	5		**13,590**		659,938
Prepaid expenses			**15,011**		104,368
			531,859		3,044,994
Other assets:					
Equipment	8		**9,386**		56,057
		$	**541,245**	$	3,101,051
Liabilities and Shareholders' Equity (Deficit)					
Trade payables and accrued liabilities	6	$	**311,348**	$	1,481,589
			311,348		1,481,589
Shareholders' Equity (Deficit):					
Share capital	10		**12,783,517**		11,638,084
Reserve	10(f)		**942,857**		787,550
Deficit			**(13,496,477)**		(10,806,172)
			229,897		1,619,462
		$	**541,245**	$	3,101,051

Nature and continuance of operations (Note 1)

The accompanying notes form an integral part of these consolidated financial statements.

Tombill Mine Limited

Consolidated Statements of Loss and Comprehensive loss
(Expressed in Canadian Dollars)

	Note		Year ended October 31, 2022		2021
Expenses:					
Exploration		**$**	**1,562,585**	$	4,848,979
Administrative fees			**63,648**		92,322
Consulting	12		**699,766**		691,985
Depreciation			**22,338**		6,064
Marketing			**54,797**		310,408
Office and miscellaneous			**52,772**		107,624
Professional fees			**201,624**		281,728
Property tax			**62,096**		74,499
Regulatory and transfer agent fees			**54,878**		31,264
Rent			**-**		100,590
Insurance			**46,550**		27,307
Share-based compensation	10(d)		**124,479**		541,557
Share-based payments	10(b),12		**-**		3,305,075
			(2,945,533)		(10,419,402)
LOSS BEFORE OTHER ITEMS			**(2,945,533)**		(10,419,402)
Other Items:					
Interest income			**4,828**		8,744
Other income (expense)	8		**(8,833)**		750,000
Listing expense	15		**(12,433)**		(1,636,704)
			(16,438)		(877,960)
LOSS BEFORE INCOME TAXES			**(2,961,971)**		(11,297,362)
Deferred income tax recovery	7		**271,666**		769,628
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		**$**	**(2,690,305)**	$	(10,527,734)
Loss per common share - basic and diluted		**$**	**(0.017)**	$	(0.074)
Weighted average number of common shares outstanding - basic and diluted			**169,737,938**		142,767,289

The accompanying notes form an integral part of these consolidated financial statements.

Tombill Mine Limited

Consolidated Statements of Changes in Equity (Deficit)
(Expressed in Canadian Dollars)

		Share capital							
	Note	Shares		Amount		Reserve		Deficit		Total Equity (Deficiency)
Balance, October 31, 2020		**71,186,169**		**2**		**-**		**(278,438)**		**(278,436)**
Shares issued for services	10 (b)	22,033,831		3,305,075		-		-		3,305,075
Shares issued on RTO		10,113,333		1,517,000		-		-		1,517,000
Private Placement shares	10(b)(e)	50,429,586		8,500,000		-		-		8,500,000
Flow-through premium liability	8/10(b)	-		(769,628)		-		-		(769,628)
Share issuance costs:	10(b)									
- cash		-		(668,372)		-		-		(668,372)
- broker warrants		-		(245,993)		245,993		-		-
Share-based compensation	10(d)	-		-		541,557		-		541,557
Net loss for the year		-		-		-		(10,527,734)		(10,527,734)
Balance, October 31, 2021		**153,762,919**	**$**	**11,638,084**	**$**	**787,550**	**$**	**(10,806,172)**	**$**	**1,619,462**
Private Placement shares	10(b)(e)	19,180,533		1,624,998		-		-		1,624,998
Flow-through premium liability		-		(271,666)		-		-		(271,666)
Share issuance costs:	10(b)	-		-		-		-		-
- cash		-		(177,071)		-		-		(177,071)
- broker warrants		-		(30,828)		30,828		-		-
Share-based compensation	10(d)	-		-		124,479		-		124,479
Net loss for the year		-		-		-		(2,690,305)		(2,690,305)
Balance, October 31, 2022		**172,943,452**	**$**	**12,783,517**	**$**	**942,857**	**$**	**(13,496,477)**	**$**	**229,897**

The accompanying notes form an integral part of these consolidated financial statements

Tombill Mines Limited

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Note		Year ended October 31, 2022		2021
CASH FLOWS FROM OPERATING ACTIVITIES					
Net and comprehensive loss for the year		**$**	**(2,690,305)**	$	(10,527,734)
Items not affecting cash:					
Depreciation			**22,338**		6,064
Accrued interest			**-**		(7,880)
Share-based compensation	10(d)		**124,479**		541,557
Share-based payments issued for services	10(b)		**-**		3,305,075
Listing expense			**-**		1,529,904
Deferred income tax recovery	7		**(271,666)**		(769,628)
			(2,815,154)		(5,922,642)
Changes in non-cash working capital items:					
Receivables			**646,349**		(641,353)
Prepaid expenses			**89,356**		(104,323)
Trade payables and accrued liabilities			**(1,170,241)**		1,190,741
Due to related parties	12		**-**		(140,001)
Cash flows from operating activities			**(3,249,690)**		(5,617,578)
CASH FLOWS FROM INVESTING ACTIVITIES					
(Purchase) Disposal of equipment			**24,333**		(62,121)
Cash acquired from RTO Transaction			**-**		81,090
Cash flows from investing activities			**24,333**		(18,969)
CASH FLOWS FROM FINANCING ACTIVITIES					
Private placements			**1,624,998**		8,500,000
Share issuance costs - cash			**(177,071)**		(668,372)
Cash flows from financing activities			**1,447,927**		7,831,628
Change and cash equivalents:			**(1,777,431)**		2,233,018
at the beginning of the year			**2,280,688**		47,670
Cash and cash equivalents, end of year		**$**	**503,258**	$	2,280,688

The accompanying notes form an integral part of these consolidated financial statements.

1. Nature and continuance of operations

Tombill Mines Limited ("Tombill" or the "Company") was incorporated under the Canada Business Corporations Act on October 19, 2018 the Company was continued into British Columbia.

On September 9, 2021 the Company was authorized to continue under the laws of the Province of Ontario. The head office and registered office of the Company is 1 Dundas St W, Suite 2500, Toronto, ON, M5G 1Z3.

On December 9, 2020, the Company completed a reverse takeover ("RTO") transaction (the "Transaction") with Bluerock Ventures Corp.

On October 18, 2022 the company entered a care & maintenance phase suspending all field exploration on its properties in the Geraldton district and is placing them on care and maintenance.

This decision was made following an extensive review by management of Tombill's operations in Geraldton and of its neighbour that is constructing a gold mine which is expected to begin functioning in 2024. Management considers it prudent and sensible to temporarily pause exploration activities until the Company gathers, assembles, and analyzes the invaluable and germane information and data that will become available from its neighbour's mine that may be vital to Tombill's future exploration plans.

Tombill Mines' primary business is mineral exploration, primarily gold.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties; these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, social licensing requirements and non-compliance with regulatory requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. At October 31, 2022, the Company had not yet achieved profitable operations, had limited working capital and accumulated losses of $13,768,143 (2021 - $10,806,172) since its inception and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. However, there is no guarantee that such financing will be available to the Company on acceptable terms or at all.

2. Statement of compliance and significant accounting policies

a) Statement of compliance with IFRS

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the International Financial Interpretations Committee ("IFRIC").

These consolidated financial statements were authorized for issue on December 16, 2022 by the directors of the Company.

b) Basis of presentation

These consolidated financial statements of the Company have been prepared on an accrual basis except for certain cash flow information and are based on historical costs. The consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiary unless otherwise noted.

These consolidated financial statements include the financial statements of the Company and its wholly owned subsidiary, Tombill Exploration Ltd. All intercompany balances and transaction were eliminated upon consolidation. Subsidiaries are all entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns from its involvement with the entity. Subsidiaries are fully consolidated from the date on which control is obtained. They are deconsolidated from the date that control ceases.

c) Functional and Presentation Currency

The functional currency of the Company and its' subsidiary is the Canadian dollar as this is the principal currency of the economic environment in which it operates. Judgment is required to determine the functional currency of the Company. These judgments are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances.

d) Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions concerning the future. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

(i) Going concern (See Note 1.)

(ii) Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained

2. Statement of compliance and significant accounting policies (cont'd)

upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction.
The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

(iii) Existence of Decommissioning and Restoration Costs and the Timing of Expenditure
Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

(iv) Share Based Payments
Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

(v) Asset Acquisition / Business Combination
In accordance with IFRS 3 – Business Combination, a transaction is recorded as a business combination if the assets acquired, and liabilities assumed constitute a business. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. Where there are no such integrated activities, the transaction is treated as an asset acquisition.

e) Foreign currency translation

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

2. Statement of compliance and significant accounting policies (cont'd)

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of loss the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the nonmonetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

f) *Share-based payments*

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using the Black–Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. The grant date fair value of options that expire without being exercised is transferred to deficit.

g) *Leases*

At inception of the contract, the Company assesses whether a contract is, or contains, a lease by evaluating if the contract conveys the right to control the use of an identified asset. For contracts that contain a lease, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted by any initial direct costs, and costs to dismantle and remove the underlying asset less any lease incentives. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term. Right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. The lease liability is initially measured at the present value of lease payments to be paid subsequent to the commencement date of the lease, discounted either at the interest rate implicit in the lease or the Company's incremental borrowing rate. The lease payments measured in the initial lease liability include payments for an optional renewal period, if any, if the Company is reasonably certain that it will exercise a renewal extension option. The liability is measured at amortized cost using the effective interest method and will be remeasured when there is a change in either the future lease payments or assessment of whether an extension or other option will be exercised. The lease liability is subsequently adjusted for lease payments and interest on the obligation. Interest expense on the lease obligation is included in the consolidated statement of loss.
The Company has elected not to recognize right-of-use assets and lease liabilities for leases with a lease term of less than 12 months and low value assets and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. Statement of compliance and significant accounting policies (cont'd)

h) Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

i) Equipment

Equipment is recorded at cost less accumulated depreciation and impairment charges. Such cost consists of the purchase price, any costs directly attributable to bringing the equipment to the location and condition necessary for its intended use. Depreciation of equipment is calculated over the estimated useful lives. Computer equipment is amortized on straight line basis over 36 months.

j) Exploration and evaluation expenses

Cost of exploration properties, including the cost of acquiring prospective properties and exploration rights, and exploration and evaluation costs are expensed until it has been established that a mineral property is commercially viable.

k) Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive loss ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive loss.

2. Statement of compliance and significant accounting policies (cont'd)

Equity instruments designated as FVTOCI
On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in Other Comprehensive Income ("OCI"). The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity instrument.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of loss.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of loss.

Provisions
The Company recognizes provisions when a legal or constructive obligation exists as a result of past events, when it is probable that there will be an outflow of economic benefits from the entity, and a reliable estimate of the amount of the obligation can be made. When a provision is expected to settle beyond the immediate term, the provision is measured at the present value of future cash flows, discounted at prevailing market interest rates. With the passage of time, additional expenses are recorded as the provision increases.

As at October 31, 2022 and 2021 the Company has no obligations that require provisions.

2. Statement of compliance and significant accounting policies (cont'd)

Impairment of assets

The carrying amount of the Company's long-lived assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of loss.

The recoverable amount is the greater of an asset's fair value, less cost to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows, largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Flow-through shares

Canadian tax legislation permits a company to issue securities referred to as flow-through shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company. The Company accounts for flow-through shares whereby the premium, if any, paid for the flow-through share in excess of the market value of the shares without a flow-through feature at the time of issue is initially recorded to flow-through premium liability and then included in profit or loss, as a deferred income tax recovery, at the same time the qualifying expenditures are made.

Income and Deferred Taxes

Income tax expense comprises current and deferred tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date. As the Company is in a loss position there is no current tax payable.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

2. Statement of compliance and significant accounting policies (cont'd)

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Loss per Share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per common share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per common share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potentially dilutive share equivalents, such as stock options and warrants and assumes the receipt of proceeds upon exercise of the dilutive securities to determine the number of shares assumed to be purchased at the average market price during the year.

During the years ended October 31, 2022 and 2021, all of the outstanding stock options and warrants were anti-dilutive and were excluded from the calculation of diluted loss per share.

3. Accounting standards issued but not yet effective

Accounting standards issued but not yet applied

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after November 1, 2022. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are currently being evaluated as to their impact on the Company.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however early adoption is permitted.

IAS 1 **– Presentation of Financial Statements** ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

(Expressed in Canadian Dollars)

4. Cash and cash equivalents

	October 31, 2022	October 31, 2021
Cash	$ 503,258	$ 280,688
Cash equivalents	-	2,000,000
	$ 503,258	$ 2,280,688

5. Receivables

	October 31, 2022	October 31, 2021
Government Sales Tax credits	$ 13,590	$ 652,058
Accrued interest	-	7,880
	$ 13,590	$ 659,938

6. Trades payable and accrued liabilities

	October 31, 2022	October 31, 2021
Exploration payables and accrued liabilities	$ 270,619	$ 1,379,671
Trade payables	-	74,918
Accrued liabilities	40,729	27,000
	$ 311,348	$ 1,481,589

7. Flow-through premium liability

	October 31, 2022	October 31, 2021
Balance, beginning of year	$ -	$ -
Recorded	271,666	769,628
Amortized	(271,666)	(769,628)
Balance, end of year	$ -	$ -

In December 2021, the Company completed a flow-through private placement of 9,055,533 units (Note 10(b)(ii)) for total gross proceeds of $814,998. The Company recorded a flow-through liability of $271,666 in connection with the flow-through private placement which was calculated based on an estimated premium of approximately $0.03 per flow-through common share issued.

During the year ended October 31, 2022, the Company fully amortized its flow-through liability of $271,666 (October 31, 2021 - $769.628) after incurring $814,998 (October 31, 2021 - $2,639,010) in qualifying exploration expenditures. The Company has fully renounced exploration expenditures of $814,907 to the flow-through subscribers for calendar year 2021 using the “look back” rule for income tax purposes and is required to incur the qualified exploration expenditures by December 31, 2022.

The flow-through agreements require the Company to renounce certain deductions for Canadian exploration expenditures incurred on the Company’s resource properties to a total of $814,907. As at Oct 31, 2022 a total of $814,907 qualifying mining expenditures has been incurred.

(Expressed in Canadian Dollars)

By using the "look-back" rule to renounce exploration expenditures to investors before the Company actually incurd them, the Company is liable for the flow-through Part XII.6 tax ("FT Tax"). The FT Tax related to the 2020 flow-through renunciations is payable on or before February 28, 2024 as provided

7. Flow-through premium liability (cont'd)

by the Minister of Finance's draft legislation proposed in July 2020 to support and protect the mining sector during the COVID-19 pandemic. As at Oct 31, 2022, $Nil (2021 - $Nil) FT Tax has been accrued.

In December 2020, in connection to the RTO Transaction, the Company completed a flow-through private placement of 15,994,000 units (Note 10(b)) for total gross proceeds of $2,639,010. The Company recorded a flow-through liability of $769,628 in connection with the flow-through private placement which was calculated based on an estimated premium of approximately $0.048 per flow-through common share issued.

8. Equipment

	Computer	Motor vehicles	Exploration equipment	Total
Cost:				
At October 31, 2019 and 2020	$ -	$ -	$ -	$ -
Additions	16,828	39,817	5,476	62,121
At October 31, 2021	16,828	39,817	5,476	62,121
Accumulated depreciation:				-
At October 31, 2019 and 2020	$ -	$ -	$ -	$ -
Depreciation	1,833	3,318	913	6,064
At October 31, 2021	1,833	3,318	913	6,064
Net book value:				-
At October 31, 2020	$ -	$ -	$ -	$ -
At October 31, 2021	14,995	36,499	4,563	56,057

	Computer	Motor vehicles	Exploration equipment	Total
Cost:				
At October 31, 2021	16,828	39,817	5,476	62,121
Additions (Disposals)	-	(24,333)	-	(24,333)
At October 31, 2022	16,828	15,484	5,476	37,788
Accumulated depreciation:				-
At October 31 2021	1,833	3,318	913	6,064
Depreciation	5,609	12,166	4,563	22,338
At October 31, 2022	7,442	15,484	5,476	28,402
Net book value:				-
At October 31, 2021	14,995	36,499	4,563	56,057
At October 31, 2022	9,386	-	-	9,386

The Disposal of the motor vehicle relates to the sale of a vehicle for $15,500 the loss of the sale was $8,833 This amount has been recorded in the statement of loss.

9. Exploration and evaluation expenditures

The Company has certain claims located within the amalgamated Town of Greenstone, Ontario. 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 mineral properties and, to the best of its knowledge, title to all of its properties is in good standing.

In November 2020, the Company received $750,000 relating to easements granted to an arm's length party. This amount has been recorded in the statement of loss.

10. Share capital

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

During the Year Ended October 31, 2022, the Company completed the following transactions:

(i) completed a private placement of 10,125,000 units at a price of $0.08 per unit for aggregate proceeds of $810,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of $0.12 until December 31, 2023,

(ii) completed a flow-through private placement of 9,055,533 units at a price of $0.09 per unit for total gross proceeds of $814,998. Each unit consists of one flow-through common share and one-half share purchase warrant. Each whole share purchase warrant is exercisable at $0.13 per common share until December 31, 2023, and

(iii) paid a finder's fee of $92,750 in cash and issued an aggregate of 1,080,137 share purchase warrants at an exercise price of $0.12 per common share with an expiry of December 31, 2023 to two agents (Note 10(e)) on the flow-through and non-flow-through private placements. The Company recorded a fair value of $30,828 on the finder's warrants. The Company also incurred $84,321 in other related share issuance costs.

During the Year Ended October 31, 2021, the Company completed the following transactions:

(iv) Prior to the completion of the RTO, Tombill Mines Ltd completed a forward split of its issued and outstanding common shares resulting in 71,186,169 common shares outstanding. All common share information and earnings per share information of prior periods has been restated to reflect this stock split.

(v) Issued 22,033,831 common shares to management and directors of the Company for services rendered with a fair value of $3,305,075. The fair value of the common shares was estimated to be $0.15 per share based on the trading price of the shares at the time of the transaction.

(vi) Completed a private placement of 25,739,934 units for total gross proceeds of $3,860,990. Each unit consists of one common share and one-half share purchase warrant (Note 4).

Each whole share purchase warrant is exercisable at $0.23 per common share until December 9, 2022.

10. Share capital (cont'd)

(vii) Completed a flow-through private placement of 15,994,000 units for total gross proceeds of $2,639,010 (Note 4). Each unit consists of one flow-through common share and one-half share purchase warrant. Each whole share purchase warrant is exercisable at $0.23 per common share until December 9, 2022.

(viii) A flow-through premium liability of $769,628 was recorded in connection to the private placement (Note 9).

(ix) The Company paid a finder's fee of $467,200 in cash and issued an aggregate of 3,338,714 share purchase warrants ("Agent's Warrants") at an exercise price of $0.15 per common share with an expiry of December 9, 2022 to two agents (Note 4, Note 12(e)) on the flow-through and non-flow-through private placements. The Company recorded a fair value of $245,993 on the finder's warrants. The Company also incurred $188,962 in other related share issuance costs; and

(x) Completed a private placement of 8,695,652 units at a price of $0.23 per unit for aggregate proceeds of $2,000,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of $0.32 for a period of 18 months after closing. No finders' fees were paid in connection to this financing. The Company incurred $12,209 in share issuance costs in connection to the private placement.

(c) Escrow shares

Pursuant to an escrow agreement dated February 25, 2011, as at October 31, 2022, 351,000 (October 31, 2021 - 585,000) common shares issued are held in escrow. Under the escrow agreement, 10% of the escrowed common shares was released from escrow on December 11, 2020 and, 15% of the escrowed shares will be released every 6 months thereafter over a period of 36 months for the remaining 90% of the escrowed shares.

Pursuant to a value security escrow agreement dated December 9, 2020, as at October 31 2022, 41,948,998 (October 31, 2021 – 69,915,000) common shares issued are held in escrow. Under the escrow agreement, 10% of the escrowed common shares was released from escrow on December 11, 2020 and, 15% of the escrowed shares will be released every 6 months thereafter over a period of 36 months for the remaining 90% of the escrowed shares.

(d) Share options

The Company adopted a 10% share option plan (the "Plan") that enables the Company to grant options to directors, officers, employees and other service providers. The Company follows the policies of the TSXV where the number of common shares which may be issued pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding shares of the Company from time to time at the date of granting of options. The terms of any options granted under the plan may not exceed ten years from date of grant. Each option agreement with the grantee sets forth, among other things, the number of options granted, the exercise price, expiry date, and the vesting conditions of the options as determined by the Board of Directors.

(Expressed in Canadian Dollars)

10. Share capital (cont'd)

Share option transactions are summarized as follows:

	Options Outstanding		Weighted Average Exercise Price
Outstanding, October 31, 2019 and 2020	**-**	**$**	**-**
Granted	13,549,815		0.159
Forfeited and expired	(3,776,680)		0.151
Outstanding, October 31, 2021	**9,773,135**		**0.159**
Granted	1,150,000		0.072
Forfeited and expired	(3,956,009)		0.149
Outstanding, October 31, 2022	**6,967,126**		**0.153**

(i) During the year ended October 31, 2022, the Company granted an aggregate of 1,150,000 (2021 13,549,815) share options to certain directors, officers, and consultants of the Company, these options are measured at fair value at the date of grant and subsequently amortised over their remaining life to share based compensation costs.

(ii) a total of 3,956,009 (2021: 3,776,680) share options were forfeited by certain directors, officers, and consultants of the Company resulting in a credit adjustment to share based compensation costs of $176,115 (2021: $16,550) due to reversing that cumulative portion of director and officers amortised costs on the instruments which will not now vest. (Note 10(f)).

(iii) The company recorded share-based compensation of $124,478 (2021 - $541,557) (Note 10(f)).

The Company uses the Black-Scholes option pricing model to calculate the fair value of stock options granted. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

The following weighted average assumptions were used to estimate the following weighted average grant date fair values:

Year ended		October 31, 2022		October 31, 2021
Risk free interest rate		0.53%		0.35%
Expected dividend yield		0%		0%
Stock price volatility		121.40%		123.05%
Weighted average expected life		3.39 years		3.33 years
Weighted average fair value	$	0.105	$	0.110

(Expressed in Canadian Dollars)

10. Share capital (cont'd)

Share options outstanding and exercisable at October 31, 2022 are summarized as follows:

Number of Options	Exercise Price	Expiry Date	Remaining Life (Years)	Exercisable
784,814	0.150	10-Dec-22	0.11	784,814
55,000	0.245	19-Feb-23	0.30	55,000
150,000	0.190	26-Mar-23	0.40	150,000
7,500	0.180	24-May-23	0.56	7,500
5,000	0.120	05-Nov-23	1.01	5,000
1,177,220	0.150	10-Dec-23	1.11	1,177,220
70,000	0.075	17-Jan-24	1.21	70,000
82,500	0.245	19-Feb-24	1.30	82,500
40,000	0.060	28-Feb-24	1.33	40,000
11,250	0.180	24-May-24	1.56	11,250
7,500	0.120	05-Nov-24	2.02	7,500
1,632,440	0.150	10-Dec-24	2.11	-
181,500	0.245	19-Feb-25	2.31	-
60,000	0.060	28-Feb-25	2.33	-
24,750	0.180	24-May-25	2.56	-
16,500	0.120	05-Nov-25	3.02	-
2,077,652	0.150	10-Dec-25	3.11	-
231,000	0.245	19-Feb-26	3.31	-
132,000	0.060	28-Feb-26	3.33	-
31,500	0.180	24-May-26	3.56	-
21,000	0.120	05-Nov-26	4.02	-
168,000	0.060	28-Feb-27	4.33	-
6,967,126	**0.153**		**2.08**	**2,390,784**

Unvested options vest over a period of one to four years.

(e) Warrants

During the Year Ended October 31, 2022, the Company issued the following warrants:

(i) 10,125,000 share purchase warrants at an exercise price of $0.12 per common share until December 31, 2023 in connection to the private placement of 10,125,000 units for total gross proceeds of $810,000 (Note 10(b)(i));

(ii) 4,527,767 share purchase warrants at an exercise price of $0.13 per common share until December 31, 2023 in connection to the flow-through private placement of 9,055,533 units for total gross proceeds of $814,998 (Note 10(b)(ii)); and

(iii) 1,080,137 non-transferable agent's warrants at an exercise price of $0.12 per common share until December 31, 2023 in connection to the flow-through and non flow-through private placements (Note 10(b)(iii)). The Company recorded a fair value of $30,828 (2021 - $245,993) in reserves on the agent's warrants (Note 10(f)).

(Expressed in Canadian Dollars)

10. Share capital (cont'd)

During the Year Ended October 31, 2021, the Company issued the following warrants:

(iv) 7,997,000 share purchase warrants at an exercise price of $0.23 per common share until December 9, 2022 in connection to the flow-through private placement of 15,994,000 units for total gross proceeds of $2,639,010

(v) 12,869,967 share purchase warrants at an exercise price of $0.23 per common share until December 9, 2022 in connection to the private placement of 25,739,934 units for total gross proceeds of $3,860,990

(vi) 3,338,714 non-transferable agents' warrants at an exercise price of $0.15 per common share until December 9, 2022 in connection to the flow-through and non flow-through private placements

The Company recorded $245,993 (2020 - $Nil) in reserves on the Agent's Warrants and

(vii) 8,695,652 share purchase warrants at an exercise price of $0.32 per common share until September 16, 2022 in connection to the private placement of 8,695,652 units for total gross proceeds of $2,000,000

As at October 31, 2022, the following warrants were outstanding:

	Expiry Date	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life
Agent's Warrants	December 9, 2022	3,338,714	$0.15	0.11 years
Agent's Warrants	December 31, 2023	1,080,137	$0.12	1.17 years
Warrants	December 9, 2022	20,866,967	$0.23	0.11 years
Warrants	December 31, 2023	14,652,767	$0.12	1.17 years
		39,938,585	**$0.21**	**0.41 years**

The fair value of the agent's warrants granted was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

year ended October 31,	2022	2021
Risk free rate	0.49%	0.25%
Dividend yield	0%	0%
Weighted average volatility	129.40%	138.23%
Weighted average expected life	2 years	2 years
Weighted average fair value	$ 0.063	$ 0.074

(f) Reserves

Options and agent warrants	**Oct 31, 2022**	October 31, 2021
Balance	$ 787,550	$ -
Agents' warrants (Note 10(e))	30,828	245,993
Options issued (Note 10(d))	300,594	558,107
Options forfeit (Note 10(d))	-176,115	-16,550
Closing balance	**$ 942,857**	$ 787,550

(Expressed in Canadian Dollars)

11. Supplemental disclosure with respect to cash flows

There were no significant non-cash transactions during the Year Ended October 31, 2022.

Significant non-cash transactions for the Year Ended October 31, 2021 included:

- an allocation of $769,628 from share capital to flow-through premium liability on the issuance of the flow-through common shares (Note 9); and
- fair value of agents' warrants of $245,993 recorded as share issuance cost (Note 12(e)).

12. Related party transactions

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. Key management personnel comprise of the directors of the Company, executive and non-executive, and officers.

The remuneration of the key management personnel during the Year Ended October 31, 2022 and 2021 were as follows:

October 31,		2022		2021
Chief Executive Officer	$	200,201	$	166,316
Chief Financial Officer*		197,843		158,805
Total	$	398,044	$	325,121

*Tom Rowcliffe stepped down as Chief Financial Officer on January 25, 2022

*Liam Ruddy stepped down as Chief Financial Officer on May 31, 2022

During the Year Ended October 31, 2022, the Company:

(i) Recognized an aggregate of $300,593 (Oct 31, 2021 - $558,107) in share-based compensation on the vested portion of stock options granted to directors and officers of the Company.

(ii) De-recognized an aggregate of $176,115 (2021 - $16,550) in share-based compensation costs on the unvested and forfeited portion of stock options granted to directors and officers of the Company.

(iii) Paid or accrued $584,831 (2021 - $304,006) for management services provided by Tombill Mines (UK) Limited, a company owned by Adam Horne, a director and officer of the Company. This amount includes $398,044 in the table above.

During the Year Ended October 31, 2021, the Company:

(i) Paid or accrued $42,682 (2020 - $Nil) for consulting services provided by Ian Stalker, a former director and officer of the Company.

(ii) Prior to the completion of the Transaction, 7,236,001 common shares were issued for consulting services at a fair value of $1,085,400 to a Trust in which Adam Horne, a director and officer of the Company.

(iii) Prior to the completion of the Transaction, 4,932,610 common shares were issued for consulting services at a fair value of $739,892 to a company controlled by Ian Stalker, a former director and officer of the Company.

12. Related party transactions (cont'd)

(iv) Recognized an aggregate of $456,661 (2020 - $Nil) in share-based compensation on the vested portion of stock options granted to directors and officers of the Company.

(v) Paid or accrued $304,006 (2020 - $Nil) for management services provided by Tombill Mines (UK) Limited, a company owned by Adam Horne, a director and officer of the Company.

13. Financial and capital risk management objectives and policies and fair value

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure.

These risks include inherent mining risk, liquidity risk, credit risk, market risk, interest rate risk, currency risk, and price risk. Where material, these risks are reviewed and monitored by the Board of Directors.

a) Inherent mining risk

Mining comprises many different risk factors and those which primarily affect the commercial and financial viability of a given mineral deposit include grade, quantity, federal and provincial government regulations, taxes, environmental factors, affected communities, rehabilitation costs and obligations. This is not an exhaustive list but is indicative of the risks mining companies such as Tombill Mines Limited will require to address in the fullness of time and wherein each will have a financial impact.

Not all these risks can be covered by insurance and others which can, will include a penal level of premium. The Company does not carry political or environmental risk insurance, and should such liabilities arise, this could negatively impact on operating costs and a decline in the value of the Company's securities.

b) Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and cash equivalents. As at October 31, 2022, the Company was holding cash and cash equivalent deposits of $503,258 (October 31, 2021 - $2,280,688) to settle current liabilities of $311,348 (October 31, 2021 - $1,481,589). Management believes it has sufficient funds to meet its current obligations as they become due and to fund its exploration projects and administrative costs.

c) 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 cash and cash equivalents.

The Company maintains its cash and cash equivalents with high-credit quality financial institutions, thus limiting its exposure to credit risk on such financial assets.

13. Financial and capital risk management objectives and policies and fair value (cont'd)

The Company's secondary exposure to credit risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government sales taxes and interest accrued on GIC investments.

d) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant and the Company, has exposure to these risks.

e) Interest Rate Risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash and cash equivalents. The Company's practice has been to invest cash at floating rates of interest, in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates and cash as they are generally held with large financial institutions.

f) Currency Risk

The Company operates in Canada and is therefore not exposed to significant foreign exchange risk arising from transactions denominated in a foreign currency.

g) Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors certain commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Fair Value Hierarchy

The statements of financial position carrying amounts for cash and cash equivalents, and trades payable approximate fair value due to their short-term nature.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 - Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 - Inputs that are not based on observable market data.

(Expressed in Canadian Dollars)

13. Financial and capital risk management objectives and policies and fair value (cont'd)

As at October 31, 2022, the Company does not have any financial instruments measured at fair value and that required classification within the fair value hierarchy. As at October 31, 2021, the only financial instruments measured at fair value are cash equivalents, which are guaranteed investment Certificates held with a major bank and which are classified as level 2 within the fair value hierarchy.

The Company's financial instruments at October 31, 2022 are classified as follows:

	FVTPL	Amortized cost
Financial assets		
Cash	$ -	$ 503,258
Cash equivalents	-	-
Financial Liabilities		
Trade payables	-	(311,348)
	$ -	$ 191,910

The Company's financial instruments at October 31, 2021 are classified as follows:

	FVTPL	Amortized cost
Financial assets		
Cash	$ 280,688	$ 280,688
Cash equivalents	2,000,000	-
Financial Liabilities		
Trade payables	-	(1,424,588)
	$ 2,280,688	$ (1,143,900)

Capital Management

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through short-form prospectuses, private placements, sell assets, incur debt, or return capital to shareholders. There were no changes in the Company's approach to capital management during the period. In the management of capital, the Company includes the components of shareholders' equity, as well as cash. As at October 31, 2022, the Company is not subject to externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the period.

(Expressed in Canadian Dollars)

14. Income Taxes

a) Provision for Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2021 26.5%) to the effective tax is as follows:

	2022	**2021**
(Loss) before income taxes	$ (2,690,305)	$ (11,297,362)
Expected income tax recovery based on statutory rate	$ (713,000)	$ (2,994,000)
Adjustment to expected income tax recovery		
Share based compensation	33,000	1,019,000
Flow-through renunciation	216,000	699,000
Change in benefit of tax assets not recognised	464,000	1,276,000
Deferred income tax provision (recovery)	-	-

b) Deferred Income Tax

Deferred taxes are a result of temporary differences that arise due to the differences between the income tax values and carrying amount of assets and liabilities.

<u>Unrecognized deferred tax assets</u>
Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2022	**2021**
Non-capital loss carry-forwards	$2,255,000	$1,662,000
Share issue costs	401,000	535,000
Mineral property costs	2,514,000	2,171,000
Other temporary differences	-	-
Total	**5,170,000**	**4,368,000**

The tax losses expire from 2031 to 2042. The other temporary differences do not expire under current legislation.
Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

15. Reverse Takeover of Tombill Mines Ltd.

In December 2020, the Company's RTO Transaction was done by way of a three-cornered amalgamation among Bluerock Ventures Corp., Tombill Mines Ltd, and Tombill Exploration Ltd., which had been incorporated as a wholly-owned subsidiary of the Company for purposes of facilitating the Transaction. Pursuant to the Agreement, each shareholder of Tombill Mines Ltd. received 1 Resulting Issuer share for each share of Tombill Mines Ltd. held. As a result, pursuant to the Agreement, the shareholders of Tombill Mines Ltd. owned 64% of the Company and the Transaction is considered a reverse acquisition of the Company by Tombill Mines Ltd.

For accounting purposes, the acquisition was considered to be a reverse acquisition as the shareholders of Tombill Mines Ltd. obtained control of the Company. As Bluerock Ventures Corp. does not meet the definition of a business as defined by IFRS 3, the Transaction has been accounted for as

(Expressed in Canadian Dollars)

15. Reverse Takeover of Tombill Mines Ltd. (cont'd)

a share-based payment transaction in accordance with IFRS 2. The accounting for this transaction resulted in the following:

(i) The consolidated financial statements of the combined entity are issued under the legal parent, but are considered a continuation of the financial statements of the legal subsidiary, Tombill Mining Ltd.

(ii) As Tombill Mining Ltd. is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.

(iii) Since the shares allocated to the former shareholders of Bluerock Ventures Corp. on closing the Transaction is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or service received in return for the allocation of the shares, the value in excess of the net identifiable assets or obligations of Bluerock Ventures Corp. acquired on closing was expensed in the consolidated statement of loss as a listing expense.

(iv) The fair value of the 10,113,333 common shares issued to the shareholder of Bluerock Ventures Corp. was determined to be $1,517,000 or $0.15 per common share. Based on the trading price of the Company's common shares at the time the transaction closed.

(v) The fair value of all the consideration given and charged to listing expense comprised:

Fair value of the common shares at Transaction Date	$	1,517,000
Identifiable assets acquired – At December 9, 2020		
Cash	$	81,090
Prepaid		45
Receivables		30
Trade payables		(94,069)
		(12,904)
Unidentified assets acquired		
Listing expense		1,529,904
Total net identifiable assets and transaction costs	$	1,517,000

(vi) The Company incurred additional expenses related to the Transaction of $106,800 which have been recorded in listing expenses.