

# **TOMBILL MINES LIMITED.**

MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED OCTOBER 31, 2022 AND 2021

# **TOMBILL MINES LIMITED**

Management Discussion & Analysis  
For the years ended October 31, 2022 and 2021

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This Management Discussion and Analysis (“MD&A”) of Tombill Mines Limited has been prepared by management as of December 16, 2022 and should be read in conjunction with the consolidated financial statements and related notes thereto of the Company for the years ended October 31, 2022 and 2021, which were prepared in accordance with International Accounting Standards using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board and International Financial Reporting Interpretations Committee .

## **Forward Looking Statements**

This MD&A contains forward-looking information which reflects management's expectations regarding the Company's growth, results of operation, performance and business prospects and opportunities. The use of words such as “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe”, “outlook”, “forecast” and similar expressions are intended to identify forward-looking statements.

Forward-looking statements in this MD&A include, but are not limited to, the Company's expectation of future activities and results, of its working capital needs and its ability to identify, evaluate and pursue suitable business opportunity. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results of events to differ materially from those anticipated in these forward-looking statements. Readers should not put undue reliance on forward-looking information.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

The outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. This outbreak may also cause resource shortages, increased difficulty in raising capital, and increased government regulations or interventions, all of which may negatively impact the business, financial condition or results of operations of the Company. The duration and impact of the COVID-19 outbreak are unknown at this time and it is not possible to reliably estimate the length and severity of these developments.

## **Company Background**

The Company was incorporated under the Canada Business Corporations Act on October 19, 2018 and on September 9, 2021 the Company was authorized to continue under the laws of the Province of Ontario.

On December 9, 2020, the Company completed a reverse takeover (RTO) transaction (the “Transaction”) with Bluerock Ventures Corp. The Company acquired 100% of the issued and outstanding common shares of Tombill Mines Ltd. in exchange for the issuance of common shares of the Company pursuant to an Amalgamation Agreement (the “Agreement”) dated December 4, 2020. The Company completed a name change from “Bluerock Ventures Corp.” to “Tombill Mines Limited” and will continue the business which was previously conducted by Tombill Mines Ltd. (the “Resulting Issuer”). Tombill commenced trading on the TSX Venture Exchange (the “TSXV”) under the trading symbol “TBLL” on December 15, 2020, the Resulting Issuer is a Tier 2 resource Issuer.

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. Accordingly, an aggregate of 93,220,000 Resulting Issuer shares were issued to the shareholders of Tombill Mines Ltd. As a result, pursuant to the Agreement, the shareholders of

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Tombill Mines Ltd. owned 64% of the Company and, the Transaction is considered a reverse acquisition of the Company by Tombill Mines Ltd. Following the Transaction, the Reporting Issuer will continue Tombill Mines Ltd's business whose name was changed to "Tombill Mines Limited", with the Amalco operating under the name "Tombill Exploration Ltd."

Upon completion of the Transaction, the Company owns various mineral exploration and past-producing gold properties in the Geraldton and Beardmore region, Ontario. Tombill Mines' primary business is mineral exploration, primarily gold. It has 74 claims; of which 60 are owned and patented; 5 leased; and 9 where it owns the mineral rights. Of these, Tombill Mines Main Group (the "Property") comprises 54 owned patents, and 4 mineral rights.

On September 23, 2021 the Company announced that its common shares were approved for trading on the OTCQB in the United States under the symbol TBLLF. Tombill commenced trading on the OTCQB on September 23, 2021 while continuing to trade on the TSX Venture Exchange in Canada.

On June 15, 2022 the Company announced the appointment of Athanasios Pythagoras as its new chief financial officer.

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 (Hardrock Project) 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.

## Recent Developments

### 2021 Exploration Program

On January 11, 2021, the Company started its drilling program at the Property to undertake drilling and exploration. The program focuses on defining extension and continuity and additional zones that may continue onto the Tombill Main group property. The initial drill holes are directly adjacent to the Hardrock Project claim border.

### Exploration and Drilling Highlights from 2021 Exploration Program

- Drilling exploration at Tombill Main Group started early January 2021 The drilling program consists of 17 drill holes (8 hub-holes and 9 daughter holes) campaign over 12,520m
- Unmanned Aerial Vehicle-Magnetometer Survey ("UAV-MAG Survey") carried out in February 2021 to cover high priority targets on the Tombill Main Group
- Surface exploration program
- Near surface drilling program consisted of three diamond drill holes totalling 1,146 meters of core drilling and was targeted to test the area around the Talmora vein (also referred to as the Elmos vein in some historic records).

### 2022 Exploration Program

The Company started its second phase drilling campaign and awarded its diamond drilling contract to Forage FTE Drilling, Quebec. This phase comprised 8 shallow drill holes to a maximum drill length of 3,000 meters. The objective was to test and define a new gold resource. The program commenced on April 12, 2022 and concluded the operations in June 2022. The holes have been strategically chosen in

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areas of interest due to their geological structures and in areas where little drilling has been undertaken in the past.

## Exploration and Drilling Highlights from 2022 Exploration Program

The best assay results produced by the Phase 2A drilling program were obtained from drill-hole TB22-008. A 30-centimeter (cm) long sample from 288.8 m down-hole returned an assay of 2.61 grams per tonne (g/t) gold (Au), while another core sample from 292.1 m to 293.0 m (length of 90 cm) assayed 4.17 g/t Au. Six of the eight holes that constitute the Phase 2A program were distributed across the northern sector of Tombill's Main Group, with the TransCanada Highway giving good access to the drill-sites. Together, these drill-holes were designed to investigate the gold potential of the Ellis Syncline exploration target. Overall, assay results produced by these boreholes were not significant. Hole TB22-002 intersected a zone of weak gold mineralization from 155.0 m to 161.0 m, with the maximum gold assay from this zone being 0.406 g/t Au. Two other zones of weak mineralization were intersected between 199 m and 218 m in the hole, with maximum gold assays for 1 m long core samples from these zones being 0.428 g/t Au and 0.396 g/t Au.

No significant assay results were generated by drill-holes TB22-003 through TB22-007.

- Tombill Original Mine

Hole TB22-008, which is in the central part of the 6-patented claim Original property, yielded two core samples that assayed 2.61 g/t Au and 4.17 g/t Au. This drill-hole was designed to test for the eastward continuation of the Key Lake-Jellicoe Gold Corridor that in past decades was extensively drilled.

- Ellis Syncline on Main Group

The Ellis Syncline exploration target that was investigated on the Main Group by drill-holes TB22-002 through TB22-007 consists of an isoclinally folded package of Archean rocks dominated by greywacke, magnetite iron formation and quartz-albite porphyry.

## Care & Maintenance

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.

## Exploration costs incurred

The following table summarizes the Company's exploration and evaluation expenditures with respect to its project for the year ended October 31, 2022 and 2021 and these costs are split between Tombill's Phase 1 drilling campaign and Phase 2A drilling campaign. No further costs are expected to be incurred.

	Year ended	Year ended	Costs incurred	Total costs
	2022	2021	Phase 2A	Phase 1
<b>Exploration costs:</b>				
Drilling	\$ 809,403	\$ 3,790,671	\$ 634,235	\$ 3,965,839
Geological	357,188	589,788	234,796	712,180
Geochemical	133,540	129,492	92,681	170,351
Geophysical	25,013	82,196	0	107,209
Other costs	56,767	74,093	50,043	80,817
Travel	74,405	103,026	55,449	121,982
Camp	106,270	79,713	85,667	100,316
	<b>1,562,585</b>	<b>4,848,979</b>	<b>1,152,871</b>	<b>5,258,694</b>

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## Selected Annual Information

		October 31, 2022	October 31, 2021	October 31, 2020	October 31, 2019
Net Loss*	\$	(2,690,305)	(10,527,734)	(253,505)	(53,517)
Loss per share	\$	(0.017)	(0.074)	(0.004)	(0.00)
Total assets	\$	541,245	3,101,051	58,345	50,924
Total long term liabilities	\$	Nil	Nil	Nil	Nil
Cash dividends declared per share for each class of share	\$	Nil	Nil	Nil	Nil

\* The increase in net loss for fiscal year 2022 was due to exploration costs in connection with the Company starting its drilling program and also share based payments and listing expense.

## Results of Operations

### Year ended October 31, 2022 and 2021

During the year ended October 31, 2022, the Company reported a net loss of \$2,690,305 or \$0.017 per share as compared to a net loss of \$10,527,734 or \$0.074 per share during the same year in fiscal 2021, a decrease in net loss of \$7,565,763. The decrease in net loss was primarily due to exploration costs of \$ (3,286,394); share-based payments valued at \$(3,305,075) issued to management and directors for service rendered and; shared based compensation of \$(417,018).

During the year ended October 31, 2022, the Company reported accrued interest income earned on the Company's cash deposits and short-term investment of \$4,828 (2021 - \$8,744)

### Three months ended October 31, 2022 and 2021

During the three months ended October 31, 2022, the Company reported a net loss of \$24,993 or \$0.002 per share as compared to a net loss of \$1,970,879 or \$0.015 per share during the same quarter in fiscal 2021, a decrease in net loss of \$1,946,886.

The decrease in net loss was primarily due to decrease in operating expenses as the Company was actively drilling during the comparative period in October 31, 2021.

The following expense categories contributed to the decrease in operating expense by \$2,355,951 in the three months ended October 31, 2022:

- exploration expense of \$78,393 against \$1,815,268 in 2021 incurred in connection to the company's drilling program;
- share-based compensation of \$47,456 against \$130,186 in 2021 recorded on the vested portion of options granted to certain directors, officers, and consultants of the Company.
- Rent & office expenses of \$15,706 against \$155,160
- Consulting & professional fees of \$96,799 against \$398,389 in 2021 that includes management salaries.

## Summary of Quarterly Results

The following is a summary of financial information concerning the Company for each of the eight last reported quarters.

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Quarter ended	Interest and other Income	Loss	Loss per share
October 31, 2022	\$ (444)	(24,993)	(0.00)
July 31, 2022	1,964	(925,818)	(0.01)
April 30, 2022	2,274	(731,581)	(0.01)
January 31, 2022	1,034	(958,689)	(0.01)
October 31, 2021*	2,275	(5,102,454)	(0.04)
July 31, 2021*	2,448	(393,061)	(0.00)
April 30, 2021*	2,622	(395,751)	(0.00)
January 31, 2021*	751,399	(4,636,468)	(0.04)

\*During Q4, 2021 the Company changed its accounting policy to expense all exploration and evaluation expenditures. Here the amounts were NOT restated

Over the past eight fiscal quarters, the areas of significant expenditures or income contributing to the Company's Net Losses were as follows:

Significant influence*	2022				2021			
	Q4	Q3	Q2	Q1	Q4**	Q3**	Q2**	Q1**
<b>Items of a cost nature</b>	\$	\$	\$	\$	\$	\$	\$	\$
Exploration costs**	78,393	587,561	448,918	447,713	1,815,268	1,685,071	1,184,640	
Consulting costs	118,988	197,370	206,583	176,825		88,341	212,556	
Professional fees				137,616				
Share based compensation	47,456			111,944				
Share based payments								3,305,075
Listing expenses								1,771,098
<b>Items of an income nature</b>								
Other income								750,000
<b>Net Loss for the quarter</b>	<b>(24,993)</b>	<b>(925,818)</b>	<b>(731,581)</b>	<b>(958,689)</b>	<b>(1,970,879)</b>	<b>(2,028,306)</b>	<b>(1,627,623)</b>	<b>(4,900,926)</b>

\*Significant influence means any item of income or expenditure which contributes 10% or more to the Net Loss incurred in the specific quarter.

\*\* During Q4, 2021 the Company changed its accounting policy to expense all exploration and evaluation expenditures. The three previous quarters' results in 2021 have been restated on this basis.

## Liquidity and Capital Resources

The Company reported a working capital of \$220,511 at October 31, 2022 compared to a working capital deficiency of \$1,563,405 at October 31, 2021, representing a decrease in working capital of \$1,342,894, as a result of funds raised from its flow-through and non-flow-through private placements. As at October 31, 2022, the Company had cash and cash equivalents of \$ 503,258 compared to \$2,280,688 as at October 31, 2021. Management believes that the Company has sufficient funds to meet its current obligations through to the end of the calendar year 2023 as they become due but additional funds will be required to undertake any further exploration works.

During the year ended October 31, 2022, the Company utilized its cash and cash equivalents as follows:

- the Company used \$3,249,690 (2021 \$5,617,578) of its cash in operating activities;
- the Company purchased (disposed) equipment for \$(24,333) during the current period compared to \$62,121 for the comparative period last year;
- the Company received net proceeds of \$1,447,927 from its flow-through and non flow-through private placements;

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The Company's current assets excluding cash consisted of the following:

	October 31, 2022	October 31, 2021
Government sales tax credits	13,590	652,058
Accrued interest on GIC investments	-	7,880
Prepaid expenses	-	104,368

The Company's cash balance as of October 31, 2022 comprises of cash on hand of \$503,258

Current liabilities as at October 31, 2022 consisted of trade payables and accrued liabilities of \$311,348 (October 31, 2021 - \$1,481,589);

Other sources of funds potentially available to the Company are through the exercise of outstanding convertible securities as discussed in 1.15 – *Other Requirements – Summary of Outstanding Share Data*. There can be no assurance, whatsoever, that any or all these outstanding exercisable securities will be exercised.

## Risk Factors

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

These risks include liquidity risk, credit risk, interest rate risk, currency 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 equivalents 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 investments. The Company maintains its cash with high-credit quality financial institutions, thus limiting its exposure to credit risk on such financial assets.

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The Company's secondary exposure to credit risk is on its receivables. This risk is minimal as receivables consist of refundable government sales taxes.

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 investments. 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.

## Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

## 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



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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 forfeit 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.
- (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.

## **Proposed Transactions**

The Company does not currently have any proposed transactions approved by the Board of directors. All current transactions are fully disclosed in the condensed consolidated interim financial statements for the period ended October 31, 2022.

## **Critical Accounting Estimates**

Significant estimates are used when accounting for items and matters such as accrued liabilities, deferred income taxes, fair value of share-based compensation expense or other amounts pursuant to the Company's significant accounting policies that are disclosed in Note 2 of the consolidated financial statements for the years ended October 31, 2022 and 2021

## **Changes in Accounting Policies including Initial Adoption**

The financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards. Our significant account policies are set out in Note 2 of the consolidated financial statements for the years ended October 31, 2022 and 2021.

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## Financial Instruments and Other Instruments

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

	FVTPL	Amortized cost
<b>Financial assets</b>		
Cash and cash equivalents	\$ -	\$ 503,258
<b>Financial Liabilities</b>		
Trade payables	-	(311,348)
	\$ -	\$ 191,910

## Other Information

Summary of Outstanding Share Data as of December 16, 2022:

Authorized:	Unlimited number of common shares without par value.	
Issued and outstanding:	172,943,452	(Including 42,299,998 held in escrow);
Stock options:	6,967,126	
Stock Warrants:	35,519,734	
Agents' warrants:	4,418,851	

Additional disclosures pertaining to the Company's material change reports, press releases and other information are available on the SEDAR website at [www.sedar.com](http://www.sedar.com)

On behalf of the Board of Directors, thank you for your continued support.

*"Athanasios Pythagoras"*

**Athanasios Pythagoras**  
CFO