Northcliff Resources Ltd.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED
OCTOBER 31, 2022 AND 2021

(Expressed in Canadian Dollars)

Deloitte LLP
410 West Georgia Street
Vancouver, BC V6B 0S7
Canada

Tel: (604) 669-4466
Fax: (778) 374-0496
www.deloitte.ca

Independent Auditor's Report

To the Shareholders of
Northcliff Resources Ltd.

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2022 and 2021, and its financial performance and its 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 ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 financial statements in Canada, and 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 financial statements, which indicates that the Company incurred a total comprehensive loss of $1,951,293 during the year ended October 31, 2022. In addition, Northcliff Resources Ltd.'s current project is a development stage enterprise that does not currently earn revenue. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended October 31, 2022. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our auditor's report.

Mineral Property and Equipment — Assessment of whether indicators of impairment of Mineral Property and Equipment exist — Refer to Notes 2(c), 2(h) and 3 to the financial statements

Key Audit Matter Description

At each reporting date, the Company assesses its Cash Generating Units ("CGUs") to determine whether there is an any indication of impairment, and this requires significant management judgment.

While there are several inputs required to determine whether an indication of impairment exists for the Sisson Project CGU, the estimates and assumptions with the highest degree of subjectivity and judgment relate to the identification of comparable companies and transactions used to determine the in-situ multiples of the reserves. Performing audit procedures to evaluate the reasonableness of such estimates and assumptions required a high degree of auditor judgment and an increased extent of audit effort, including the involvement of fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

With the assistance of fair value specialists, our audit procedures related to the identification of comparable companies and transactions used to determine the in-situ multiples of the reserves included the following, among others:

- Obtained third party information surrounding comparable companies and transactions, evaluated their comparability and determined in-situ multiples assigned to the potential reserves, including the consideration of contradictory evidence obtained in other areas of the audit.
- Developed a range of independent estimates of in-situ multiples using multiple valuation techniques and comparing those to the in-situ multiples selected by management.

Other Information

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

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the 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 on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the 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 to 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 risk 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.

- 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 on the audit resulting in this independent auditor's report is Brenton Francis.

/s/ Deloitte LLP

Chartered Professional Accountants
Vancouver, British Columbia
January 27, 2023

Northcliff Resources Ltd.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note		October 31, 2022		October 31, 2021
ASSETS					
Non-current assets					
Mineral property and equipment	3	$	27,393,646	$	26,840,557
Investment	4		6,053		12,863
			27,399,699		26,853,420
Current assets					
Amounts receivable and prepaid expenses	6		103,192		49,449
Cash and cash equivalent	5		4,930,832		1,440,014
			5,034,024		1,489,463
TOTAL ASSETS		$	32,433,723	$	28,342,883
EQUITY					
Equity attributable to shareholders of the Company					
Share capital	10	$	60,349,000	$	58,901,466
Reserves	11		4,586,395		4,484,610
Accumulated deficit			(42,614,497)		(40,732,004)
			22,320,898		22,654,072
Non-controlling interests	7		3,543,099		3,143,821
TOTAL EQUITY			25,863,997		25,797,893
LIABILITIES					
Current liabilities					
Amounts payable and other liabilities	8		151,405		107,627
Amounts payable to related parties	12		1,969,516		1,097,044
Loans payable	9		4,448,805		1,340,319
			6,569,726		2,544,990
TOTAL EQUITY AND LIABILITIES		$	32,433,723	$	28,342,883

Nature and continuance of operations (note 1)
Events after the reporting period (note 16)

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

These consolidated financial statements are approved for issuance on Janurary 26, 2023 by the Board of Directors and are signed on the Company's behalf by the following:

/s/ Peter Mitchell

Peter Mitchell
Director

/s/ Scott Cousens

Scott.Cousens
Director

Northcliff Resources Ltd.

Consolidated Statements of Comprehensive Loss

(Expressed in Canadian Dollars, except for weighted average number of shares)

	Note		Year ended October 31, 2022		2021
Expenses					
Project management and financing			381,339		210,473
General and administration			1,210,979		876,598
Equity-settled share-based payments	11		118,682		114,155
Loss from operations			(1,711,000)		(1,201,226)
Interest income			27,292		10,752
Finance expense	9		(259,835)		(116,071)
Foreign exchange loss			(940)		(2)
Loss before income tax			(1,944,483)		(1,306,547)
Income tax	13		–		–
Net loss		$	(1,944,483)	$	(1,306,547)
Other comprehensive loss					
Items that may not be reclassified subsequently to net loss:					
Revaluation of marketable securities			(6,810)		(6,053)
Other comprehensive loss			(6,810)		(6,053)
Total comprehensive loss		$	(1,951,293)	$	(1,312,600)
Net loss attributable to:					
Shareholders of the Company		$	(1,882,493)	$	(1,266,761)
Non-controlling interests			(61,990)		(39,786)
Total net loss		$	(1,944,483)	$	(1,306,547)
Total comprehensive loss attributable to:					
Shareholders of the Company		$	(1,889,303)	$	(1,272,814)
Non-controlling interests			(61,990)		(39,786)
Total comprehensive loss		$	(1,951,293)	$	(1,312,600)
Loss per share					
Basic and diluted loss per share attributable to shareholders of the Company		$	(0.01)	$	(0.01)
Weighted average number of common shares outstanding			207,616,365		191,131,829

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

Northcliff Resources Ltd.

Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars, except for share information)

		Attributable to shareholders of the Company							
		Share capital		Reserves					
	Note	Number of shares	Amount	Equity-settled share-based payments	Revaluation	Deficit	Total equity attributable to shareholders of the Company	Non-controlling interests	Total equity
Balance at November 1, 2020		191,131,829	$ 58,901,466	$ 4,645,658	$ (231,084)	$ (39,465,243)	$ 23,850,797	$ 3,156,507	$ 27,007,304
Net Loss		–	–	–	–	(1,266,761)	(1,266,761)	(39,786)	(1,306,547)
Other comprehensive loss		–	–	–	(6,053)	–	(6,053)	–	(6,053)
Total comprehensive loss		–	–	–	(6,053)	(1,266,761)	(1,272,814)	(39,786)	(1,312,600)
Capital contributions from non-controlling interests	7	–	–	–	–	–	–	27,100	27,100
Equity-settled share-based payments	11	–	–	114,155	–	–	114,155	–	114,155
Settlement of Restricted Share Units	11	–	–	(38,066)	–	–	(38,066)	–	(38,066)
Balance at October 31, 2021		191,131,829	$ 58,901,466	$ 4,721,747	$ (237,137)	$ (40,732,004)	$ 22,654,072	$ 3,143,821	$ 25,797,893
Balance at November 1, 2021		191,131,829	$ 58,901,466	$ 4,721,747	$ (237,137)	$ (40,732,004)	$ 22,654,072	$ 3,143,821	$ 25,797,893
Net Loss		–	–	–	–	(1,882,493)	(1,882,493)	(61,990)	(1,944,483)
Other comprehensive loss		–	–	–	(6,810)	–	(6,810)	–	(6,810)
Total comprehensive loss		–	–	–	(6,810)	(1,882,493)	(1,889,303)	(61,990)	(1,951,293)
Capital contributions from non-controlling interests	7	–	–	–	–	–	–	461,268	461,268
Issuance of common shares upon conversion of October-2020 Loan (as amended)	9(a)	23,421,971	895,891	–	–	–	895,891	–	895,891
Issuance of common shares upon conversion of August-2021 Loan	9(b)	17,512,503	551,643	–	–	–	551,643	–	551,643
Equity-settled share-based payments	11	–	–	118,682	–	–	118,682	–	118,682
Settlement of Restricted Share Units	11	–	–	(10,087)	–	–	(10,087)	–	(10,087)
Balance at October 31, 2022		232,066,303	$ 60,349,000	$ 4,830,342	$ (243,947)	$ (42,614,497)	$ 22,320,898	$ 3,543,099	$ 25,863,997

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

Northcliff Resources Ltd.

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	Note	Year ended October 31, 2022	2021
Operating activities			
Net loss		$ (1,944,483)	$ (1,306,547)
Adjustments for:			
Amortization	3	214	658
Equity-settled share-based payments	11	118,682	114,155
Interest income		(27,292)	(10,752)
Finance expense		259,835	116,071
Foreign exchange loss		646	3
Changes in non-cash operating working capital:			
Amounts receivable and prepaid expenses		(53,742)	(21,734)
Amounts payable and other liabilities		46,133	(4,994)
Amounts payable to related parties		872,472	436,691
Cash used in operating activities		(727,535)	(676,449)
Investing activities			
Deferred mineral development costs	3	(555,659)	(317,651)
Interest received		27,292	10,752
Cash used in investing activities		(528,367)	(306,899)
Financing activities			
Net proceeds from borrowings	9	5,060,774	842,936
Repayment of principal sum of loan in cash	9(c)	(750,000)	–
Loan interest paid in cash	9(c)	(14,589)	–
Capital contributions from non-controlling interests	7	461,268	27,100
Settlement of Restricted Share Units (RSUs)	11	(10,087)	(38,066)
Cash provided by financing activities		4,747,366	831,970
Increase (decrease) in cash		3,491,464	(151,378)
Foreign exchange translation difference on cash held		(646)	(3)
Cash, beginning balance		1,440,014	1,591,395
Cash, ending balance		$ 4,930,832	$ 1,440,014

Supplementary cash flow information: (Note 5)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Northcliff Resources Ltd. ("Northcliff" or the "Company") is a public company listed on the Toronto Stock Exchange under the symbol "NCF" and was incorporated on May 18, 2010 under the laws of the Province of British Columbia, Canada. The address of the Company's corporate office is 14th Floor, 1040 West Georgia Street, Vancouver, BC, V6E 4H1.

The Company is primarily engaged in the acquisition and development of mineral properties. The Company holds an 88.5% economic interest in the Sisson Tungsten and Molybdenum Project (the "Sisson Project" or the "Property"), located in New Brunswick, Canada. Todd Minerals Ltd. (the "Todd Group") holds the remaining 11.5% interest in the Sisson Project.

These consolidated financial statements (the "Financial Statements") are comprised of the Company and its subsidiaries (together referred to as the "Group").

The Group is in the process of advancing and developing the Sisson Project. The Group's continuing operations and the underlying value and recoverability of the amount shown for the mineral property interest, consisting entirely of the Sisson Project, is dependent upon the ability of the Group to obtain the necessary financing to fund working capital requirements and complete the development and construction of the Sisson Project, obtaining the necessary permits to mine, and the future profitable production from the mine or proceeds from the disposition of its mineral property interest.

These Financial Statements are prepared on the basis that the Group will continue as a going concern which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. The Group's current sources of funding consist of proceeds from the issuance of common shares of the Company, short term loans (note 9), and contributions by the Todd Group to the Sisson Project Limited Partnership (the "Partnership") to be used to develop the Sisson Project. Todd Group is the ultimate parent of the Group and holds majority voting rights in Northcliff.

Any change in the commitment or timing of debt and equity funding from existing or new shareholders of Northcliff, alternative capital providers, or existing or new limited partners to the Partnership may require Northcliff and the Partnership to curtail planned development activities or seek alternative sources of funding. The recoverability of the carrying value of its mineral property interest is dependent on ongoing access to financing and the successful development and commercial exploitation, or alternatively, the sale of the Sisson Project or the Company's interest in the Partnership. As such, there is material uncertainty that casts significant doubt on the Company's ability to continue as a going concern. Management has concluded that presentation as a going concern is appropriate in these Financial Statements based on the Company's current financial position, and current plans for the Sisson Project for 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Financial Statements are described below. These policies have been consistently applied for all years presented, unless otherwise stated.

(a) *Statement of Compliance*

These Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), effective for the Group's reporting year ended October 31, 2022.

(b) *Basis of Presentation and Consolidation*

These Financial Statements have been prepared on a historical cost basis, except for financial instruments classified as available-for-sale which are stated at fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

Name of Entity	Country In Incorporation	Principal Activity	Ownership Interest
Sisson Resources Ltd.	Canada	Holding company. Wholly-owned subsidiary of Northcliff.	100%
Northcliff Holdings (Canada) Ltd.	Canada	Holding company. Wholly-owned subsidiary of Sisson Resources Ltd.	100% (indirect)
Sisson Services Ltd.	Canada	Management and services company to Sisson Mines Ltd. Wholly-owned	100% (indirect)
Sisson Mines Ltd.	Canada	General partner of Sisson Project Limited Partnership holding a 0.01%	88.50% (indirect)
Sisson Project Limited Partnership	Canada	Owns the Sisson Project. Limited Partnership interest held by Northcliff	88.50% (indirect)

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect its returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

Intercompany balances and transactions, including any unrealized income and expenses arising from intercompany transactions, are eliminated in full on consolidation. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests.

(c) *Significant Accounting Estimates and Judgements*

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. The impact of such estimates are pervasive throughout the Financial Statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Changes in subjective inputs and assumptions can materially affect accounting estimates.

The critical judgements and estimates applied in the preparation of these Financial Statements are consistent with those applied in the Group's audited consolidated financial statements as at and for the year ended October 31, 2021.

Specific areas where significant estimates or judgements exist are:

Estimates:

• At each reporting date, the Group reviews the carrying amounts of its mineral property interest to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. To the extent the estimation of the recoverable amount is required, management considers several inputs including geological information, estimated market values of reserves and resources, current and future prices of tungsten and molybdenum, feasibility studies, permitting, infrastructure and development costs.

• Inputs used in the valuation of share-based payments. The Group uses the Black-Scholes Option Pricing Model to calculate the fair value of share purchase options granted. Inputs used in this model require assumptions including the expected price volatility. Changes in the input assumptions can materially affect the fair value estimate.

Judgements:

• Assessment of the Group's ability to continue as a going concern (note 1);

• Developing and applying its accounting policy relating to mineral property development costs. Expenditures relating to these assets have been capitalized; and

• The recoverability of the carrying value of the Group's mineral property interest. Management determines whether there is any indication that the Group's mineral property interest may be impaired.

(d) *Foreign currency*

The functional and presentation currency of the Group is the Canadian Dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Gains and losses arising on translation are included in profit or loss for the year.

(e) *Financial Instruments*

Financial assets

A financial asset is classified as measured at: amortized cost; Fair Value through Other Comprehensive Income ("FVTOCI") (debt / equity investment); or Fair Value through Profit or Loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
• it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
• its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:
• it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

• its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

• Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
• Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

• Equity investments at FVTOCI are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Non-derivative financial liabilities

The Company classifies its non-derivative financial liabilities into the following category:

Financial liabilities measured at amortized cost

Such financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities measured at amortized cost comprise of amounts payable and other liabilities, amounts payable to related parties, and loan payable.

(f) Exploration and evaluation expenditures

Exploration and evaluation expenditures are those related to the search for and evaluation of mineral resources incurred after the Group has obtained legal rights to explore a specific area and before the technical feasibility and commercial viability of a mineral reserve are demonstrable.

Mineral property acquisition costs incurred that result in the outright ownership of a mineral property interest are capitalized and include the cash paid and the estimated fair market value of the consideration of financial instruments on the date of issue.

Exploration and evaluation expenditures, including payments made pursuant to option agreements, are expensed in the period incurred. Administrative expenditures related to exploration and development activities are expensed in the period incurred.

For presentation purposes, exploration and evaluation assets are presented as part of mineral property and equipment in the consolidated statements of financial position.

(g) Mineral property interest and equipment

Mineral property and equipment are carried at cost, less accumulated amortization and accumulated impairment losses.

The cost of mineral property and equipment consists of the acquisition costs transferred from exploration and evaluation assets, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use including costs to further delineate the ore body, development and construction costs, removal of overburden to initially expose the ore body, an initial estimate of the costs of dismantling, removing the item and restoring the site on which it is located and, if applicable, borrowing costs. Costs are capitalized until saleable minerals are extracted from a mine.

Mineral property acquisition and development costs are not currently amortized as the Sisson Project is still in the development stage and no saleable minerals are being produced.

Amortization of equipment is provided at rates calculated to write off the cost of equipment, less their estimated residual value using either the diminishing balance or straight-line method.

The amortization rate and method for the current and prior years are as follows:
• Equipment – 30%, diminishing balance

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of equipment consists of major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Residual values and estimated useful lives are reviewed at least annually

(h) *Impairment of non-financial assets*

At the end of each reporting period, the carrying amounts of the Group's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is the price that would be received when selling an asset or paid when transferring a liability in an orderly transaction between market participants at the measurement date. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the reporting period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(i) *Share capital*

Common shares are classified as equity. Transaction costs directly attributable to the issuance of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

(j) *Loss per share*

Loss per share is computed by dividing losses attributable to common shareholders by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share is determined by adjusting the losses attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, such as options granted to employees. The dilutive effect of options assumes that the proceeds to be received on the exercise of share purchase options are applied to repurchase common shares at the average market price for the reporting period. Share purchase options are included in the calculation of dilutive earnings per share only to the extent that the market price of the common shares exceeds the exercise price of the share purchase options.

The effect of anti–dilutive factors is not considered when computing diluted loss per share. The Company's outstanding share purchase options, RSUs (note 11(b)), DSUs (note 11(c)), and warrants are anti–dilutive and are therefore excluded from the calculation of the weighted number of common shares for the purposes of diluted loss per share.

(k) *Share-based payments*

Share purchase options granted to the Company's employees and consultants

The share purchase option plan allows Group employees and consultants to acquire shares of the Company. The fair value of share options granted is recognized as an employee or consultant expense with a corresponding increase in the equity-settled share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

For employees the fair value is measured at the grant date and each tranche is recognized on a straight-line basis over the period during which the share options vest. The fair value of the share purchase options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share purchase options were granted. At the end of each financial reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest.

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Group obtains the goods or the counterparty renders the service.

Restricted Share Unit ("RSU") Plan and Deferred Share Unit ("DSU") Plan

The Company adopted and operates an RSU plan for its employees, executive directors and eligible consultants and a DSU plan for its non-executive directors. At grant date, the fair value of RSUs or DSUs is estimated using the quoted market price of the underlying common shares of the Company and expensed over the vesting period as share-based payment in the Statement of Comprehensive Loss, with a corresponding increase in equity for an equity-settled award or with a corresponding recognition of liability for a cash-settled award; and in the case of the latter, the liability is marked to market using quoted market price of the underlying common shares at the end of each reporting period.

(l) *Income taxes*

Income taxes on the consolidated statements of comprehensive loss for the years presented comprise current and deferred taxes. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for:

• goodwill not deductible for tax purposes;
• the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and
• differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(Expressed in Canadian Dollars, unless otherwise stated)

(m) *Restoration, rehabilitation and environmental costs*

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability at the time the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the project or asset, the conditions imposed by the relevant permits and, when applicable, the jurisdiction in which the project or asset is located.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value, where applicable. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds, creating an expense recognized in profit or loss.

Restoration, rehabilitation and environmental costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Group may be affected in the future in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect on the Group are not predictable.

The Group has no material restoration, rehabilitation or environmental obligations as at October 31, 2022.

(n) *Operating Segments*

As Northcliff operates the Sisson Project as a single segment, the Financial Statements should be read as a whole for the results of this single reporting segment.

(o) *Leases*

At inception of a contract, the Group lessee assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and leases of low-value assets. For these leases, the Group recognizes the lease payments as an expense in loss on a straight-line basis over the term of the lease.

At October 31, 2022 and 2021, there was no right-of-use asset or lease liability recognized in these Financial Statements.

3. MINERAL PROPERTY AND EQUIPMENT

Year ended October 31, 2022	Mineral property acquisition and development costs	Equipment	Total
Cost			
Balance at November 1, 2021	$ 26,840,343	$ 46,287	$ 26,886,630
Additions during the period	553,302	–	553,302
Balance at October 31, 2022	$ 27,393,645	$ 46,287	$ 27,439,932
Accumulated amortization			
Balance at November 1, 2021	$ –	$ 46,072	$ 46,072
Amortization for the period	–	214	214
Balance at October 31, 2022	$ –	$ 46,286	$ 46,286
Carrying amount			
Net carrying amount at October 31, 2022	$ 27,393,645	$ 1	$ 27,393,646

(Expressed in Canadian Dollars, unless otherwise stated)

The Company's mineral property interest on the consolidated statement of financial position represents the 100% economic interest in the Sisson Project, located in New Brunswick, Canada.

The following deferred mineral development costs were recorded by the Group as additions to mineral property interest:

	Year ended October 31, 2022	Year ended October 31, 2021
Engineering and design	$ 70,760	$ 142,955
Environmental and permitting	289,733	32,181
Community and sustainability	192,809	192,393
Total	$ 553,302	$ 367,529

Year ended October 31, 2021	Mineral property acquisition and development costs	Equipment	Total
Cost			
Balance at November 1, 2020	$ 26,472,814	$ 46,287	$ 26,519,101
Additions during the period	367,529	–	367,529
Balance at October 31, 2021	$ 26,840,343	$ 46,287	$ 26,886,630
Accumulated amortization			
Balance at November 1, 2020	$ –	$ 45,415	$ 45,415
Amortization for the period	–	658	658
Balance at October 31, 2021	$ –	$ 46,073	$ 46,073
Carrying amount			
Net carrying amount at October 31, 2021	$ 26,840,343	$ 214	$ 26,840,557

4 . INVESTMENT

At October 31, 2022 and October 31, 2021, the Group's investment represented shares of a public company, listed on the TSX Venture Exchange.

5 . CASH

	October 31, 2022	October 31, 2021
Cash at hand	$ 4,930,832	$ 1,440,014
Cash held in the Partnership included in the total cash balance above:		
Cash available for use by the Partnership	$ 2,921,178	$ 326,109
Cash not available for use by the Partnership:		
Cash held as collateral against a standby letter of credit	874,000	874,000
Total cash held in the Partnership	$ 3,795,178	$ 1,200,109

6 . AMOUNTS RECEIVABLE AND PREPAID EXPENSES

	October 31, 2022	October 31, 2021
Prepaid expenses	$ 52,761	$ 32,176
Sales tax receivable	50,431	17,273
Total	$ 103,192	$ 49,449

(Expressed in Canadian Dollars, unless otherwise stated)

7. NON-CONTROLLING INTERESTS

Sisson Project Limited Partnership

Capital contributions from the Todd Group have been recorded to non-controlling interests.

Up to the date that the Todd Group's initial earn-in contribution for its 11.5% interest totaling $14 million unconditionally vested (October 15, 2014), non-controlling interest capital contributions were recognized as the Todd Group's proportionate share of cash contributions to the Partnership. The difference between each instalment and the amount recorded as non-controlling interest capital contributions were recognized in the statement of financial position within equity.

The following financial data pertains to the Partnership for the years ended October 31, 2022 and 2021:

		October 31, 2022		October 31, 2021
Non-current assets	$	27,393,646	$	26,840,557
Current assets		3,830,693		1,214,516
Current liabilities		395,919		398,491
Equity attributable to shareholders of the Company		27,285,321		24,512,761
Non-controlling interests		3,543,099		3,143,821

		Year ended October 31, 2022		2021
Net loss	$	539,186	$	346,034
Net loss and total comprehensive loss for the year	$	539,186	$	346,034
Net loss and total comprehensive loss attributable to shareholders of the Company	$	477,180	$	306,240
Net loss and total comprehensive loss attributable to non-controlling interests		62,006		39,794
Net loss and comprehensive loss for the year	$	539,186	$	346,034

		Year ended October 31, 2022		2021
Net cash used in operating activities	$	(448,024)	$	(316,601)
Net cash used in investing activities		(609,007)		(309,315)
Net cash provided by financing activities		3,652,100		911,200
Net cash inflow for the year	$	2,595,069	$	285,284

8. AMOUNTS PAYABLE AND OTHER LIABILITIES

Due within 12 months		October 31, 2022		October 31, 2021
Amounts payable	$	123,039	$	24,329
Accrued liabilities		23,898		81,927
Sales tax payable		4,468		1,371
Total	$	151,405	$	107,627

9. LOANS PAYABLE

(a) October-2020 Loan (as amended)

In October 2020, the Company entered into a convertible loan agreement (the "Convertible Loan Agreement") to borrow $400,000 ("October-2020 Loan") from Todd Sisson (NZ) Limited ("Todd Sisson"), a subsidiary of the Todd Corporation, which is the Company's largest shareholder and an insider of the Company. October-2020 Loan has an initial term of 12 months, which term was subsequently extended by approximately five months to March 2022 as announced by the Company in December 2021.

In March 2021, the Company and Todd Sisson entered into an amendment and restatement of the Convertible Loan Agreement, pursuant to which Todd Sisson agreed to provide an additional advance in the amount of $400,000 ("March-2021 Loan") with a 12-month term.

In March 2022, pursuant to the Convertible Loan Agreement, as amended, the Company settled October-2020 Loan and March-2021 Loan for an aggregate principal sum of $800,000, plus accrued interest of $95,891 calculated at the rate of 10% per annum, by issuing 23,421,971 of its common shares to Todd Sisson.

The conversion price ("Conversion Price") used for the Share Settlement or Partnership Settlement was the higher of the 5-day or 30-day volume weighted average share price of the Company on the Toronto Stock Exchange ("TSX") at the maturity date.

(b) *August -2021 Loan*

In August 2021, the Company entered into an agreement with Todd Sisson for a loan facility ("August-2021 Loan") of up to $1,000,000 that was drawn down in two equal cash advances of $500,000 each on September 1, 2021 and January 10, 2022, respectively.

Each cash advance under August-2021 Loan is secured, will bear interest at a rate of 10% per annum and has a term of 12 months from the date of the advance with the interest payable at maturity. The principal sum of August-2021 Loan, together with any interest accrued thereon, is repayable at any time by the Company without penalty, or can be settled at any time prior to maturity, either through issuances of shares in the Company ("Share Settlement") or transfer of part of the Company's interest in the Sisson Project Limited Partnership and its general partner, Sisson Mines Ltd. ("Partnership Settlement"), at the election of Todd Sisson. The conversion price used for the Share Settlement or Partnership Settlement of August-2021 Loan will be the higher of the 5-day or 30-day volume weighted average share price (VWAP) of the Company on the TSX at the maturity date.

For the Share Settlement, the maximum discount (currently 25%) allowed under the TSX rules will be applied to the Conversion Price. Disinterested shareholder approval to issue any shares in excess of 10% of currently issued and outstanding common shares was obtained at the annual general meeting held on May 6, 2022. For the Partnership Settlement, the general and limited partnership interest to be transferred will be determined as the percentage that the August-2021 outstanding principal plus accrued interest represents of the implied value of the Sisson Partnership based on the Conversion Price.

In September 2022, the Company settled the first advance received under August-2021 Loan for an aggregate principal sum of $500,000, plus accrued interest of $51,643, by issuing 17,512,503 of its common shares to Todd Sisson.

(c) *June -2022 Loan*

In June 2022, the Company entered into two additional secured loan agreements with Todd Sisson for a loan facility ("Loan 1" and "Loan 2" or the "Loan Funding") for an aggregate amount of up to $5.95 million with Todd Sisson. In July 2022, the Company received $750,000 in cash advance against Loan 1, which cash advance was repaid in full in September 2022, along with accrued interest of $14,589. As of October 31, 2022, the Company had received an aggregate amount of $4,000,000 as cash advances against Loan 2. The remaining balance of the Loan Facility was drawn down in December 2022.

Loan 1 was a secured loan facility in the amount of $750,000, bore interest at a rate of 10% per annum, and had a term of up to 6 months with the interest payable at maturity. The loan and accrued interest were repayable at any time by the Company without penalty, but must be settled at the earlier of a) maturity or b) from the proceeds of Tranche 1 of Loan 2.

Loan 2 is a secured loan facility in the amount of $5.2 million, and will bear interest at a rate of 10% per annum. Each cash advance under June-2022 Loan has a term of 12 months with the interest payable at maturity. The loan and accrued interest are repayable at any time by the Company without penalty, or can be settled at any time prior to maturity, either through Share Settlement or Partnership Settlement, at the election of Todd. The conversion price used for the Share Settlement or Partnership Settlement will be the 30-day volume weighted average share price of the Company on the Toronto Stock Exchange, ending on and including the date of the conversion notice with a 35% discount applied, in the case of a Share Settlement. Disinterested shareholders of the Company have approved the transaction involving June-2022 Loan at the Company's extraordinary general meeting held on August 25, 2022.

(Expressed in Canadian Dollars, unless otherwise stated)

Loans Payable – Continuity Schedule

	Year ended October 31, 2022	2021
Beginning balance	$ 1,340,319	$ 381,312
Cash advance received (March-2021 Loan)	–	400,000
Cash advance received (August-2021 Loan)	500,000	500,000
Aggregate amount of cash advances received (June-2022 Loan)	4,750,000	–
Settlement of loans, including accrued interest, in cash	(764,589)	–
Settlement of loans, including accrued interest, in shares	(1,447,534)	–
Financing Costs	(189,177)	(57,001)
Accrued interest	153,030	74,026
Amortization of financing costs	106,756	41,982
Total	$ 4,448,805	$ 1,340,319

10. SHARE CAPITAL

(a) Authorized share capital

As at October 31, 2022 and 2021, the authorized share capital was comprised of an unlimited number of common shares ("Common Shares") without par value. All issued shares are fully paid.

(b) Reserves

Equity-settled share-based payments reserve

The equity-settled share-based payments reserve relates to equity-settled share-based payments described in Note 11.

Revaluation reserve

The investment revaluation reserve represents the cumulative gains and losses arising on the revaluation of the marketable securities (note 4) that have been recognized in other comprehensive income.

11. EQUITY-SETTLED SHARE-BASED PAYMENTS

The share-based payment expense recorded in these Financial Statements included the following:

	Year ended October 31, 2022	2021
Option-based award (note 11(a))	$ 105,992	$ 3,666
Share-based award – RSUs (note 11(b))	12,690	58,739
Share-based award – DSUs (note 11(c))	–	51,750
	$ 118,682	$ 114,155

(Expressed in Canadian Dollars, unless otherwise stated)

(a) Share purchase options (the "Options")

The following summarizes the changes in the Options:

Continuity of Options	Year ended October 31, 2022		Year ended October 31, 2021	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Outstanding – beginning balance	3,535,000	$ 0.07	4,185,000	$ 0.07
Granted	3,646,500	$ 0.05	–	–
Cancelled	–	–	–	–
Expired	(1,915,000)	$ 0.07	(650,000)	$ 0.09
Outstanding – ending balance	5,266,500	$ 0.06	3,535,000	$ 0.07
Exercisable – ending balance	2,835,503	$ 0.06	3,535,000	$ 0.07

Awards vest in several tranches ranging from 6 months to 18 months.

The following table summarizes information on the Options outstanding as at the following reporting dates:

Options outstanding	October 31, 2022		October 31, 2021	
Exercise price	Number of Options outstanding	Weighted average remaining contractual life (years)	Number of Options outstanding	Weighted average remaining contractual life (years)
$ 0.045	3,646,500	3.04	–	–
$ 0.065	1,620,000	1.61	3,535,000	1.53
	5,266,500	2.60	3,535,000	1.53

(b) Restricted Share Units ("RSU")

The Company's RSU plan, as approved by its shareholders, allows the Board to grant employees, executive directors and consultants RSUs from time to time. The RSUs are granted conditionally and entitle the recipient to receive one common share (or the cash equivalent) upon attainment of a time-based vesting period. RSUs can be settled by the Group at its discretion in Common Shares issued from treasury, in Common Shares purchased by the Group in the open market, in cash or in any combination thereof.

The following summarizes the changes in the Company's RSUs:

Number of RSUs	Year ended October 31, 2022	2021
Outstanding – beginning balance	3,780,845	3,389,251
Granted	–	1,181,642
Expired	(1,642,485)	–
Settlement	(278,033)	(790,048)
Outstanding – ending balance	1,860,327	3,780,845
Vested – ending balance	–	–

(Expressed in Canadian Dollars, unless otherwise stated)

(c) Deferred Share Units ("DSU")

The Company has a DSU plan approved by its shareholders that allows the Board, at its discretion, to award DSUs to non-executive directors for services rendered to the Company. DSUs are payable when the non-executive director ceases to be a director. DSUs may be settled in Common Shares issued from treasury, in Common Shares purchased by the Group in the open market, in cash, or any combination thereof, at the discretion of the Group.

The following summarizes the changes in the Company's DSUs:

Number of DSUs	Year ended October 31, 2022	2021
Outstanding – beginning balance	4,005,296	2,927,170
Granted	–	1,078,126
Outstanding – ending balance	4,005,296	4,005,296
Vested – ending balance	4,005,296	4,005,296

12 . RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

Note 9 includes disclosures relating to various financing arrangements with a subsidiary of Todd Corporation, which is the Company's largest shareholder and an insider. Amounts payable to other related parties are comprised of the following:

Amounts payable to related parties are comprised of the following:

		October 31, 2022		October 31, 2021
Unpaid directors' fees	$	683,698	$	450,219
Amount owing to Hunter Dickinson Services Inc.		1,285,818		646,825
Total	$	1,969,516	$	1,097,044

(a) *Transactions with Key Management Personnel*

Key management personnel ("KMP") are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly, and by definition include the directors of the Company.

To conserve cash, the Company ceased to make cash payments for directors' fees commencing November 1, 2020 and accrued the unpaid amount of directors' fees in these Financial Statements.

Transactions with KMP were as follows:

		Year ended October 31, 2022		2021
Remuneration for services of KMP employed under contract with HDSI (i)	$	781,220	$	269,000
Remuneration of KMP directly paid by the Group (ii)		–		–
Share-based compensation		67,491		113,000
	$	848,711	$	382,000

(i) Certain of the Company's executive directors and senior management are employed by the Company through Hunter Dickinson Services Inc. ("HDSI").

(ii) These payments represent fees paid to independent directors.

(Expressed in Canadian Dollars, unless otherwise stated)

(b) Balances and transactions with related entities

Certain directors and employees of Hunter Dickinson Services Inc. ("HDSI") are KMP of the Company. Pursuant to certain services agreements between the Company and HDSI, the Group receives geological, engineering, corporate development, administrative, management and shareholder communication services from HDSI. The Group determines the nature, timing and extent of services received from HDSI. HDSI also incurs third party costs on behalf of the Group that are reimbursed by the Group at cost with no markup.

The following is a summary of transactions with HDSI:

	Year ended October 31, 2022	2021
Services requested from HDSI and received based on annually set rates:		
Accounting	$ 151,000	$ 160,000
Legal	41,000	19,000
Administration	20,000	9,000
Corporate communications and stakeholder affairs	16,000	7,000
Corporate development	11,000	–
Engineering	139,000	4,000
Geology	10,000	3,000
Project management and financing	324,300	119,000
Management and directors' fees	105,700	52,000
	$ 818,000	$ 373,000
Reimbursement of third party costs incurred by HDSI on behalf of the Group	$ 190,000	$ 130,000

13 . TAXATION

(a) Provision for current tax

No provision has been made for current income taxes, as the Group has no taxable income.

(b) Provision for deferred tax

As future taxable profits of the Group are uncertain, no deferred tax asset has been recognized.

The Group unused tax loss carry forwards and expenditure pools are summarized below:

	October 31, 2022	October 31, 2021
Unused tax loss carry forwards in Canada	$ 27,852,000	$ 26,113,000
Expenditures tax pools available to the Group:		
Expenditures tax pools available in Canada which may be carried forward and utilized to reduce future taxes related to certain income	47,872,000	47,553,000
Deductible temporary difference relating to above	20,477,000	20,711,000

(Expressed in Canadian Dollars, unless otherwise stated)

Reconciliation of effective tax rate		Year ended October 31, 2022		2021
Loss for the year	$	(1,944,483)	$	(1,306,547)
Total income tax expense		–		–
Loss excluding income tax	$	(1,944,483)	$	(1,306,547)
Income tax recovery using the Group's domestic tax rate	$	(525,000)	$	(353,000)
Difference in tax rates		–		–
Non-deductible expenses and other		76,000		54,000
Change in unrecognized temporary differences		449,000		299,000
	$	–	$	–
Domestic tax rate of the Group		27%		27%
Effective tax rate of the Group		–		–

As at October 31, 2022, the Group had the following temporary differences in respect of which no deferred tax asset was recognized:

Expiry		Tax Losses		Expenditures Pools		Investment Tax Credits		Other
Within one year	$	–	$	–	$	–	$	–
One to five years		–		–		–		185,000
After five years		27,852,000		–		803,000		–
No expiry date		–		20,477,000		–		–
Total	$	27,852,000	$	20,477,000	$	803,000	$	185,000

(c) The Group has taxable temporary differences totalling $17.7M in relation to investments in subsidiaries or branches for which deferred tax liabilities have not been recognized.

14 . EMPLOYMENT COSTS

Employees' salaries[i] and benefits, included in various expenses were as follows:

		Year ended October 31, 2022		2021
Project management and financing	$	316,817	$	120,250
General and administration expenses		696,964		531,645
Equity-settled share-based payments		118,682		114,155
Total	$	1,132,463	$	766,050

(i) Salaries include remuneration of KMPs and amounts paid to HDSI for services (note12(a)).

15 . FINANCIAL RISK MANAGEMENT

(a) Capital management objectives

The Group's primary objectives when managing capital are to have sufficient funds on hand for business opportunities as they arise and to pay liabilities as they come due. The capital structure of the Group consists of equity, comprising share capital, net of accumulated deficit. In order to facilitate the management of its capital requirements, the Group prepares annual expenditure budgets that are approved by the Board of Directors. The Group ensures, as far as reasonably possible, that it will have sufficient capital in order to meet short-term business requirements, after taking into account the cash flows from operations and the Group's holdings of cash and cash equivalents.

The Group's investment policy is to invest its cash in highly liquid short-term interest-bearing investments, typically having maturity dates of three months or less from the date of acquisition, that are readily convertible to known amounts of cash.

(Expressed in Canadian Dollars, unless otherwise stated)

There were no changes to the Group's approach to capital management during the year ended October 31, 2022.

(b) Carrying amounts and fair values of financial instruments

At October 31, 2022 and 2021, the fair values of the Group's financial assets and financial liabilities approximate their carrying amounts.

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.

The Group's marketable securities are classified under Level 1 of the hierarchy.

(c) Financial instrument risk exposure and risk management

The Group is exposed in varying degrees to a variety of financial instrument-related risks. The Board of Directors approves and monitors the risk management processes, inclusive of counterparty limits, and controlling and reporting structures and related documented policies. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk of potential loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations. The Group's credit risk is primarily attributable to its liquid financial assets, including cash and cash equivalents, and amounts receivable. The carrying values of these financial assets represent the maximum exposure to credit risk.

The Group limits the exposure to credit risk by only investing its cash and cash equivalents with high-credit quality financial institutions in business and savings accounts, guaranteed investment certificates, and in government treasury bills which are available on demand by the Group for its programs. Amounts receivable consists of sales taxes recoverable from governments in the jurisdictions in which the Group operates.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

The Group's liabilities at October 31, 2022 and 2021 as presented in the Financial Statements are due within 12 months of the respective reporting dates.

	Carrying Amount	Contractual Obligation	Less than 12 months	Between 1 - 3 years	Between 4 - 5 years
Amounts payable and other liabilities	$ 151,405	$ 151,405	$ 151,405	$ –	$ –
Amounts payable to related parties	1,969,516	1,969,516	1,969,516	–	–
Loans payable (i)	4,448,805	4,448,805	4,448,805	–	–
Leases (ii)	–	107,768	34,219	58,848	14,701
	$ 6,569,726	$ 6,677,494	$ 6,603,945	$ 58,848	$ 14,701

(i) The Company has no obligation to repay these loans in cash (note 9).
(ii) The Company has certain leases for office and warehouse spaces that do no meet the criteria for recognition of related lease liabilities under relevant accounting standard (note 2(o)).

Foreign exchange risk

The Group is exposed to foreign exchange risk as some of its cash and cash equivalents are denominated in United States Dollars to pay for obligations incurred in foreign currency in the normal course of business. The fluctuation of the United States Dollar in relation to the Canadian Dollar will consequently have an impact upon the losses incurred by the Group and may also affect the value of the Group's assets, liabilities and the amount of shareholders' equity.

As at October 31, 2022 and 2021, the Group's exposure to foreign exchange risk was nominal.

Interest rate risk

The Group is subject to interest rate risk with respect to its investments in cash and cash equivalents. The Group's policy is to invest cash at variable rates of interest and cash reserves are to be maintained in cash and cash equivalents in order to maintain liquidity, while achieving a satisfactory return for shareholders. Fluctuations in interest rates when cash and cash equivalents mature impact interest income earned.

As at October 31, 2022 and 2021, the Group's exposure to interest rate risk was nominal as the Company did not have interest bearing obligations subject to variable interest rates.

Price risk

Equity price risk is defined as the potential adverse impact on the Group's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Group is subject to price risk in respect of its investment in marketable securities.

The objective of price risk management is to eliminate or limit emerging risk exposures to within acceptable parameters, while optimizing return and meeting strategic goals.

As at October 31, 2022 and 2021, the Group's exposure to price risk was nominal.

16 . EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) Cash advances received against June-2022 Loan (note 9(c))

In December 2022, the Company received $1.2 million in cash advance against June-2022 Loan.

(b) August-2021 Loan Settlment (note 9(b))

In January 2023, after the end of the reporting period, the Company settled the second advance received under August-2021 Loan for an aggregate principal sum of $500,000, plus accrued interest of $50,000, by issuing 23,655,914 of its common shares to Todd Sisson.