

**BESSOR MINERALS INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED OCTOBER 31, 2022 AND 2021**

**EXPRESSED IN CANADIAN DOLLARS**



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Bessor Minerals Inc.

### Opinion

We have audited the financial statements of Bessor Minerals Inc. (the "Company"), which comprise the statements of financial position as at October 31, 2022 and 2021, and the statements of loss and comprehensive loss, changes in equity and cash flows for the years ended October 31, 2022 and 2021, and notes to the financial statements, including a summary of significant accounting policies (collectively, 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 ended October 31, 2022 and 2021 in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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

Without qualifying our opinion, we draw attention to Note 2 in the financial statements, which describes events and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

### Other Information

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

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

In connection with our audit of the 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, 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 generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 generally accepted auditing standards, 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.

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 David Goertz.

*DMCL*

**DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS**

Vancouver, BC  
February 27, 2023



An independent firm  
associated with Moore  
Global Network Limited

**BESSOR MINERALS INC.**  
**Statements of Financial Position**  
**As at October 31,**  
**(Expressed in Canadian Dollars)**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents (Note 5)	\$ 395,537	\$ 361,297
Accounts receivable	5,545	1,311
Prepaid expenses	570	654
	401,652	363,262
<b>RECLAMATION ADVANCE (Note 6)</b>	5,000	5,000
<b>MINERAL EXPLORATION AND EVALUATION ASSETS</b> (Notes 7 and 10)	613,580	480,740
<b>MARKETABLE SECURITIES (Note 8)</b>	22,500	1
	\$ 1,042,732	\$ 849,003
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 10)	\$ 60,178	\$ 10,000
<b>EQUITY</b>		
<b>SHARE CAPITAL (Note 9)</b>	9,902,271	9,606,071
<b>RESERVE</b>	1,056,536	1,056,536
<b>DEFICIT</b>	(9,976,253)	(9,823,604)
	982,554	839,003
	\$ 1,042,732	\$ 849,003

**SUBSEQUENT EVENTS (Note 14)**

Approved on behalf of the Board of Directors:

<p><i>"Kieran Downes"</i>  ..... Director  Kieran Downes</p>	<p>.....</p>	<p><i>"Jason Riley"</i>  ..... Director  Jason Riley</p>
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See accompanying notes to the financial statements.

**BESSOR MINERALS INC.**  
**Statements of Loss and Comprehensive Loss**  
**For the Years Ended October 31,**  
**(Expressed in Canadian Dollars)**

	2022	2021
<b>EXPENSES</b>		
Consulting fees (Note 10)	\$ 50,000	\$ -
General and administration	17,173	14,403
Management fees (Note 10)	24,000	24,000
Professional fees	59,802	22,818
Public company costs	25,794	24,720
Travel and related costs	927	441
<b>LOSS BEFORE OTHER INCOME</b>	<b>(177,696)</b>	<b>(86,382)</b>
<b>FINANCE INCOME</b>	<b>2,548</b>	<b>2,219</b>
<b>CHANGE IN FAIR VALUE OF MARKETABLE SECURITIES</b>	<b>22,499</b>	<b>-</b>
<b>NET LOSS AND COMPREHENSIVE LOSS</b>	<b>\$ (152,649)</b>	<b>\$ (84,163)</b>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED</b>	<b>21,058,226</b>	<b>20,444,527</b>
<b>BASIC AND DILUTED LOSS PER SHARE</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>

See accompanying notes to the financial statements.

**BESSOR MINERALS INC.**  
**Statements of Changes in Equity**  
**(Expressed in Canadian Dollars)**

	Number of Common Shares	Share Capital	Reserve	Deficit	Total Equity
Balance, October 31, 2020	20,285,623	\$ 9,571,071	\$ 1,056,536	\$ (9,739,441)	\$ 888,166
Shares issued for mineral exploration and evaluation assets	500,000	35,000	-	-	35,000
Net loss for the year	-	-	-	(84,163)	(84,163)
Balance, October 31, 2021	20,785,623	9,606,071	1,056,536	(9,823,604)	839,003
Private placement	5,000,000	250,000	-	-	250,000
Share issuance costs	-	(13,800)	-	-	(13,800)
Shares issued for mineral exploration and evaluation assets	500,000	60,000	-	-	60,000
Net loss for the year	-	-	-	(152,649)	(152,649)
Balance, October 31, 2022	26,285,623	\$ 9,902,271	\$ 1,056,536	\$ (9,976,253)	\$ 982,554

See accompanying notes to the financial statements.

**BESSOR MINERALS INC.**  
**Statements of Cash Flow**  
**For the Years Ended October 31,**  
**(Expressed in Canadian Dollars)**

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (152,649)	\$ (84,163)
Items not involving cash		
Change in fair value of marketable securities	(22,499)	-
Changes in non-cash working capital		
Accounts receivable	(4,234)	(567)
Prepaid expenses	84	(75)
Accounts payable and accrued liabilities	50,178	(4,034)
<b>CASH USED IN OPERATING ACTIVITIES</b>	<b>(129,120)</b>	<b>(88,839)</b>
<b>INVESTING ACTIVITY</b>		
Investment in mineral exploration and evaluation assets	(72,840)	(30,287)
<b>CASH USED IN INVESTING ACTIVITY</b>	<b>(72,840)</b>	<b>(30,287)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	250,000	-
Share issuance costs	(13,800)	-
<b>CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>236,200</b>	<b>-</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>34,240</b>	<b>(119,126)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>361,297</b>	<b>480,423</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 395,537</b>	<b>\$ 361,297</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Interest received	\$ 2,548	\$ 2,219
Income tax paid	\$ -	\$ -
Shares issued for mineral exploration and evaluation assets	\$ 60,000	\$ 35,000
<b>CASH AND CASH EQUIVALENTS</b>		
Cash	\$ 90,172	\$ 8,478
Guaranteed investment certificates	305,365	352,819
	<b>\$ 395,537</b>	<b>\$ 361,297</b>

See accompanying notes to the financial statements.

**BESSOR MINERALS INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended October 31, 2022 and 2021**  
**(Expressed in Canadian Dollars, unless otherwise stated)**

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**1. NATURE OF OPERATIONS**

Bessor Minerals Inc. (the "Company") of Box 37033 Country Club PO, Nanaimo, British Columbia, V9T 6N4 was incorporated under the *Business Corporations Act* (Alberta) on June 4, 2007. On March 21, 2022, the Company was transferred to the NEX board of the TSX Venture Exchange ("TSX-V") and currently trades under the symbol "BST.H". The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired.

**2. GOING CONCERN**

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company is in the process of exploring and evaluating its mineral exploration and evaluation assets. On the basis of the information to date, it has not yet determined whether these assets contain economically recoverable ore reserves. The underlying value of the mineral exploration and evaluation assets and related deferred costs is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. The amounts shown as mineral exploration and evaluation assets and deferred exploration costs represent net costs to date, less any amounts written off, and do not necessarily represent present or future values.

The Company's ability to continue as a going concern is dependent on accessing capital markets or entering into collaborative agreements that would provide additional financing. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

Realization values may be substantially different from carrying values as shown. These financial statements do not include any adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

**3. BASIS OF PRESENTATION**

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and the International Financial Reporting Issues Committee.

Approval of the financial statements

The financial statements of the Company as at October 31, 2022 and for the year then ended were reviewed by the Audit Committee, and authorized for issue on February 27, 2023 by the Board of Directors of the Company.

Measurement basis

The financial statements are presented in Canadian dollars, which is the functional currency of the Company. The financial statements of the Company have been prepared on an accrual basis, except for cash flow



**BESSOR MINERALS INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended October 31, 2022 and 2021**  
**(Expressed in Canadian Dollars, unless otherwise stated)**

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**3. BASIS OF PRESENTATION (continued)**

information, and are based on historical costs, except for certain financial instruments, which are stated at their fair values.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies of the Company include the following:

**Significant accounting judgments, estimates and assumptions**

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

***Significant accounting estimates***

Significant areas requiring the use of management estimates include the determination of impairment of mineral exploration and evaluation assets, the valuation of the investment in K2 Resources Inc. ("K2"), the recoverability and measurement of deferred income tax assets and liabilities, and the recognition and valuation of provisions for restoration and environmental liabilities. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

***Significant accounting judgments***

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year include the Company's going concern assessment.

**Cash and cash equivalents**

Cash equivalents consist of highly liquid investments that are readily convertible into cash and are subject to an insignificant risk of change in value. Interest from cash is recorded on an accrual basis.

**BESSOR MINERALS INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Mineral exploration and evaluation

Expenditures incurred before the entity has obtained the legal rights to explore a specific area are expensed. Expenditures related to the development of mineral resources are not recognized as exploration and evaluation assets. Expenditures related to development are accounted for as an asset only when technical feasibility and commercial viability of a specific area are demonstrable and when recognition criteria of International Accounting Standard (“IAS”) 16 *Property, Plant and Equipment* or IAS 38 *Intangible Assets* are met.

All costs directly associated with property acquisition and exploration activities are capitalized as exploration and evaluation assets. Costs that are capitalized are limited to costs related to the acquisition and exploration activities that can be associated with finding specific mineral resources, and do not include costs related to production and administrative expenses and other general indirect costs.

Costs related to the acquisition of mineral property interests and to exploration and evaluation expenditures are capitalized until the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. When the technical feasibility and commercial viability of extracting a mineral resource become demonstrable, exploration and evaluation assets will be reclassified as mining assets under development. Exploration and evaluation assets will be assessed for impairment before reclassification, and any impairment loss will then be recognized.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral property interest, as consideration, for an agreement by transferee to meet certain exploration and evaluation expenditures that would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral property interest given up by the Company, with any excess cash accounted for as a gain on disposal.

Impairment of non-financial assets

Exploration and evaluation assets are tested for recoverability whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable and at each reporting date. The recoverability tests are carried out on a property-by-property basis. Impairment of a property is generally considered to have occurred if one of the following factors is present: the rights to explore have expired or are near to expiry with no expectation of renewal, no further substantive expenditures are planned, exploration work is discontinued in an area for which commercially viable quantities have not been discovered, or there are indications in an area with development likely to proceed that the carrying amount is unlikely to be recovered in full by development or sale.

The recoverable amount is the higher of an asset’s fair value less cost to sell or its value in use. An impairment loss is recognized in profit or loss for the amount by which the asset’s carrying amount exceeds its recoverable amount. Value in use is determined using discounted estimated future cash flows of the relevant asset. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows, which are cash-generating units. The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

**BESSOR MINERALS INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the statement of loss and comprehensive loss. Current tax expense (recovery) is the expected tax payable on the taxable loss for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

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 Company intends to settle its current tax assets and liabilities on a net basis.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Changes in closure and reclamation estimates are accounted for as a change in the corresponding capitalized cost. Costs of rehabilitation projects for which a provision has been recorded are recorded directly against the provision as incurred.

At each financial reporting date presented, the Company has not incurred any decommissioning costs related to the mineral exploration and evaluation assets, and accordingly, no provision has been recorded for such site reclamation or abandonment.

Equity issuances

The proceeds from equity issuances are allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to share capital based on the fair value of the common shares, being the closing bid price on announcement date, and any residual value is allocated to common share purchase warrants.

**BESSOR MINERALS INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Share-based compensation

The Company has a stock option plan that is described in Note 9(c).

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument on the date of grant using the Black-Scholes option pricing model. The grant date fair value is recognized in net income (loss) over the vesting period, described as the period during which all the vesting conditions are satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in net loss, unless they are related to the issuances of shares. Amounts related to the issuances of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is determined using the Black-Scholes option pricing model. The fair value of direct awards of stock is determined by the quoted market price of the Company's stock. The amount recognized as expense is adjusted to reflect the number of stock options expected to vest. For both employees and non-employees, where the terms and conditions are modified before they vest, the increase in the fair value of the options, measured immediately before and after modification, is also charged to share-based compensation in net income (loss) over the remaining vesting period.

All equity-settled share-based payments are reflected in reserve until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserve is credited to share capital, adjusted for any consideration paid. Amounts recorded in reserve for unexercised share options remain in reserve upon their expiry or cancellation.

Where a grant of options is cancelled and settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Basic and diluted loss per share

Basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common shares. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method. Diluted amounts are not presented when the effect of the computations is anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share for 2022 and 2021.

**BESSOR MINERALS INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**(Expressed in Canadian Dollars, unless otherwise stated)**

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**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Flow-through shares

The Company finances a portion of its exploration activities through the issue of flow-through shares.

The Company provides certain share subscribers with a flow-through component for tax incentives available on qualifying Canadian exploration expenditures. The shares issued require that the Company make certain qualifying expenditures for tax purposes within two years of issuance, the deduction of which flow through to the shareholders. Accordingly, the Company is not entitled to the related taxable income deductions for such expenditures, giving rise to taxable temporary differences for accounting purposes. A portion of the deferred income tax assets that were not recognized in previous years are recognized as a recovery of income taxes in the statement of loss and comprehensive loss.

The proceeds from issuing flow-through shares are allocated between the offering of shares and the sale of tax benefits. The allocation is based on the difference (“premium”) between the quoted price of the Company’s existing shares and the amount the investor pays for the actual flow-through shares. A liability is recognized for the premium (“other liability”) and is reversed into net loss as a deferred tax recovery when the eligible expenditures are incurred, and the Company has enough available unused non-capital losses. If the flow-through shares are not issued at a premium, a liability is not recorded.

Financial instruments

All financial assets not classified at amortized cost or fair value through other comprehensive income (“FVOCI”) are measured at fair value through profit or loss (“FVTPL”). On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss; and
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in net loss for the period. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method. Financial assets measured at FVOCI are measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statement of loss and comprehensive loss. When the financial instrument is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

**BESSOR MINERALS INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended October 31, 2022 and 2021**  
**(Expressed in Canadian Dollars, unless otherwise stated)**

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**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Financial instruments (continued)

*Fair value hierarchy*

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for assets or liabilities that are not based on observable market data.

**5. CASH AND CASH EQUIVALENTS**

At October 31, 2022, the Company held one cashable guaranteed investment certificate (“GIC”) with a total value of \$205,332, interest bearing at 1.75% and a maturity date of April 28, 2023, and another cashable GIC with a total value of \$100,033, interest bearing at 3% and a maturity date of October 27, 2023.

At October 31, 2021, the Company held one cashable GIC with a total value of \$202,243, interest bearing at 0.3% and a maturity date of April 19, 2022, and another cashable GIC with a total value of \$150,027, interest bearing at 0.3% and a maturity date of April 28, 2022.

Included in the balance of cash and cash equivalents is \$2,101 (2021 - \$549) of accrued interest.

**6. RECLAMATION ADVANCE**

During the year ended October 31, 2015, the Company advanced \$5,000 to the Minister of Finance of British Columbia as a security deposit for exploration work on the Redhill property (Note 7). The amount is without interest.

**BESSOR MINERALS INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended October 31, 2022 and 2021**  
**(Expressed in Canadian Dollars, unless otherwise stated)**

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**7. MINERAL EXPLORATION AND EVALUATION ASSETS**

Redhill

On July 8, 2015, and as amended July 30, 2019, September 15, 2020 and September 22, 2022, the Company entered into an option agreement with Homegold Resources Ltd. ("Homegold"). Under the terms of the option, the Company may acquire a 100% interest in the Redhill property located in British Columbia by making option payments as follows:

- \$5,000 upon signing of the agreement (paid);
- \$5,000 on or before each of July 8, 2016 and July 8, 2017 (paid);
- \$10,000 on or before July 8, 2018 (paid);
- \$7,500 and 300,000 common shares of the Company upon TSX-V acceptance of the July 30, 2019 amendment (paid and issued);
- \$5,000 and 300,000 common shares of the Company upon TSX-V acceptance of the September 15, 2020 amendment (paid and issued);
- \$17,500 and 500,000 common shares of the Company on or before July 8, 2021 (paid and issued);
- \$15,000 and 500,000 common shares of the Company on or before October 7, 2022 (paid and issued);
- \$40,000 on or before each of July 8, 2023 and July 8, 2024; and
- \$255,000 on or before July 8, 2025.

In addition to the option payments, the Company must spend \$650,000 on exploration under the terms of the original agreement as follows:

- \$20,000 on or before the first anniversary of the agreement (spent);
- \$50,000 on or before the second anniversary of the agreement (spent);
- \$150,000 on or before the third anniversary of the agreement (spent);
- \$30,000 on or before the fourth through ninth anniversaries of the agreement (spent);
- As a result of the September 15, 2020 and September 22, 2022 amendments:
  - An additional \$50,000 on an exploration program to commence prior to December 31, 2022 (spent);
  - An additional \$100,000 on or before November 15, 2023; and
- \$100,000 on or before the tenth anniversary of the agreement.

If the Company exercises the option, Homegold will retain a 2% net smelter return royalty, one-half (1%) of which can be purchased by the Company for \$1,000,000 at any time. In the event of commercial production or sale of 100% of the property, Homegold will receive a bonus payment of \$500,000 in cash or shares at the election of Homegold. Expenditures can be accelerated at the Company's election and excess expenditures in any year will be credited towards future years.

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**7. MINERAL EXPLORATION AND EVALUATION ASSETS (continued)**

At October 31, 2022 and 2021, expenditures incurred on mineral exploration and evaluation assets are as follows:

	<b>Redhill</b>
<b>Balance, October 31, 2020</b>	<b>\$ 415,453</b>
<b>Acquisition Costs</b>	52,500
<b>Deferred Exploration Costs</b>	
Drilling	1,200
Geological	11,947
<b>Total Deferred Exploration Costs</b>	13,147
<b>Mineral Exploration Tax Credit</b>	(360)
<b>Balance October 31, 2021</b>	<b>480,740</b>
<b>Acquisition Costs</b>	75,000
<b>Deferred Exploration Costs</b>	
Drilling	56,257
Geological	5,527
<b>Total Deferred Exploration Costs</b>	61,784
<b>Mineral Exploration Tax Credit</b>	(3,944)
<b>Balance, October 31, 2022</b>	<b>\$ 613,580</b>

**8. MARKETABLE SECURITIES**

The Company has an investment in 2,250,000 common shares in K2, representing approximately 2% of the common shares. K2 is a private company with a portfolio of mineral properties.

Subsequent to October 31, 2022, on December 29, 2022, the marketable security was sold to a close family member of a director of the Company for \$22,500. As such the fair value of the marketable as at October 31, 2022 was recorded at \$22,500 (2021 - \$1), and recognized a change in fair value of marketable securities of \$22,499 (2021 - \$Nil).

**9. SHARE CAPITAL**

**a) Authorized**

Unlimited number of common shares without nominal or par value  
 Unlimited number of preferred shares

The preferred shares may be issued in one or more series, and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series.



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**9. SHARE CAPITAL (continued)**

**b) Issued**

Year ended October 31, 2022

On September 19, 2022, the Company closed a non-brokered private placement and issued 5,000,000 common shares at a price of \$0.05 per share for gross proceeds of \$250,000. The Company incurred \$13,800 of share issuance costs.

On October 3, 2022, the Company issued 500,000 common shares (valued at \$60,000) for the Redhill property (Note 7).

Year ended October 31, 2021

On July 7, 2021, the Company issued 500,000 common shares (valued at \$35,000) for the Redhill property (Note 7).

**c) Stock options**

The Company has a stock option plan whereby the Company may grant options to its directors, officers, key employees and consultants for up to 10% of the outstanding common shares of the Company. Options granted may not exceed a term of 10 years from the date of grant. All options vest when granted unless they are otherwise specified by the Board of Directors or if they are granted for investor relations activities. Options granted for investor relations activities vest over a twelve-month period with no more than 25% of the options vesting in any three-month period.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	<b>Year Ended October 31, 2022</b>		<b>Year Ended October 31, 2021</b>	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	440,000	\$ 0.50	440,000	\$ 0.50
Expired	(35,000)	\$ 0.50	-	\$ -
Outstanding, end of year	405,000	\$ 0.50	440,000	\$ 0.50

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**9. SHARE CAPITAL (continued)**

**c) Stock options (continued)**

A summary of options outstanding at October 31, 2022 and 2021 is as follows:

Number of Shares Under Option	Number of Options Exercisable	Exercise Price	Expiry Date
122,500	122,500	\$ 0.50	January 16, 2025
52,500	52,500	\$ 0.50	December 7, 2025
205,000	205,000	\$ 0.50	April 4, 2026
25,000	25,000	\$ 0.50	July 10, 2028
<b>405,000</b>	<b>405,000</b>		

At October 31, 2022, the weighted average remaining life of the options is 3.16 (2021 - 4.14) years.

There was no share-based compensation expense for the years ended October 31, 2022 and 2021.

**10. RELATED PARTY TRANSACTIONS**

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Chief Financial Officer and the Chief Executive Officer.

The Company has paid or accrued fees of \$80,800 (2021 - \$30,500) to companies controlled by officers for management, administrative, accounting and technical services. These amounts are included in consulting fees, management fees and geological fees, as outlined below:

	2022	2021
Short-term compensation:		
Consulting fees	\$ 50,000	\$ -
Management fees	\$ 24,000	\$ 24,000
Geological fees	\$ 6,800	\$ 6,500

Consulting fees consisted of \$50,000 (2021 - \$nil) paid to a company controlled by the Chief Executive Officer. Management fees consisted of \$24,000 (2021 - \$24,000) paid to a company controlled by the Chief Financial Officer. Geological fees, which are included in exploration and evaluation assets, consisted of \$6,800 (2021 - \$6,500) paid to a company controlled by the previous Chief Executive Officer (and current director).

At October 31, 2022, included in accounts payable and accrued liabilities was \$8,412 (2021 - \$nil) due to a company controlled by the previous Chief Executive Officer (and current director) for fees and expense reimbursement and \$4,725 (2021 - \$nil) due to a company controlled by the Chief Financial Officer for fees and expense reimbursement. The balances owing are unsecured, non-interest-bearing and have no specific terms of repayment.

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**11. FINANCIAL INSTRUMENTS**

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash and cash equivalents and marketable securities are classified as FVTPL; accounts receivable and reclamation advance, as amortized cost; and accounts payable and accrued liabilities, as amortized cost. The carrying values of these instruments approximate their fair values due to their short term to maturity.

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy:

<b>October 31, 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash and cash equivalents	\$ 395,537	\$ -	\$ -
Investment in private company	\$ -	\$ -	\$ 22,500

  

<b>October 31, 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash and cash equivalents	\$ 361,297	\$ -	\$ -
Investment in private company	\$ -	\$ -	\$ 1

The Company has exposure to the following risks from its use of financial instruments:

**a) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk is as follows:

	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 395,537	\$ 361,297

All of the Company's operations are conducted in Canada. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty.

The Company limits its exposure to credit risk on cash and cash equivalents by only investing in liquid securities offered by chartered banks. Given the credit rating of the bank and the securities owned, management does not expect significant credit losses on cash and cash equivalents.

The Company's accounts receivable consists primarily of Goods and Services Tax at October 31, 2022 and 2021. As at October 31, 2022 and 2021, the Company's accounts receivable were current (less than 90 days). The Company believes that all outstanding balances are collectible, and therefore, there is no allowance for doubtful accounts at October 31, 2022 and 2021.

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**11. FINANCIAL INSTRUMENTS (continued)**

**b) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as much as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements and the growth and development of its mineral exploration and evaluation assets. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in Note 13. Management has increased its focus on liquidity risk given the impact of the current economic and financial market climate on the availability of equity financing.

The Company's financial liabilities are comprised of accounts payable and accrued liabilities. The financial liabilities at October 31, 2022 are summarized below:

	<b>Carrying Amount</b>	<b>Contractual Cash Flows</b>	<b>Less than One Year</b>	<b>One to Two Years</b>	<b>Two to Five Years</b>	<b>More than Five Years</b>
Non-derivative financial liabilities:						
Accounts payable and accrued liabilities	\$ 60,178	\$ 60,178	\$ 60,178	\$ -	\$ -	\$ -

**c) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

- i) Currency risk* – The Company has nominal funds held in a foreign currency, and as a result, is not exposed to significant currency risk on its financial instruments at year-end.
- ii) Interest rate risk* – Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash and cash equivalents is at nominal interest rates, and therefore, the Company does not consider interest rate risk to be significant. The Company has no interest-bearing financial liabilities.

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**12. MANAGEMENT OF CAPITAL**

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, and to sustain future development of the business. The Company manages its capital structure and makes adjustments to it in light of changes in economic and financial market conditions. The Company considers its capital structure to include shareholders' equity and working capital. In order to maintain or adjust the capital structure, the Company may issue shares and adjust its spending to manage current and projected cash levels.

As the Company is in the exploration stage, it endeavors to manage its capital structure in a manner that provides sufficient funding for operational activities through funds primarily secured through equity capital obtained in private placements. There can be no assurances that the Company will be able to continue raising capital in this manner.

The Company facilitates the management of capital through preparation of annual expenditure budgets and cash forecasts that are updated as necessary. There were no changes in the Company's approach to capital management during the year ended October 31, 2022.

The Company is not exposed to externally imposed capital requirements.

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**13. INCOME TAXES**

The reconciliation of income tax provision computed at statutory rates to the reported income tax provision is as follows:

	2022	2021
Loss before income tax	\$ (152,649)	\$ (84,163)
Expected tax rate	27%	27%
Income tax recovery computed at statutory rates	(41,000)	(23,000)
Unrecognized benefit of deferred income taxes	41,000	23,000
Total deferred income tax recovery	\$ -	\$ -

The tax effected items that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities at October 31, 2022 and 2021 are presented below:

	2022	2021
Deferred income tax assets (liabilities)		
Exploration and evaluation assets	\$ 417,000	\$ 400,000
Non-capital losses carried forward	1,071,000	1,028,000
Capital losses carried forward	386,000	1,004,000
Share issuance costs	1,000	2,000
	1,875,000	2,434,000
Unrecognized deferred income tax assets	(1,875,000)	(2,434,000)
Net deferred income tax liabilities	\$ -	\$ -

As at October 31, 2022, the Company has Canadian non-capital losses of approximately \$3,967,000 available for carry-forward to reduce future years' income for income tax purposes. If not used, these losses will expire commencing in 2029.

**14. SUBSEQUENT EVENTS**

- a) On December 29, 2022, the Company sold the investment in K2 for \$22,500.
- b) Subsequent to October 31, 2022, 82,500 stock options expired unexercised.

# **BESSOR MINERALS INC.**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

This Management Discussion and Analysis (“MD&A”) for the year ended October 31, 2022 was prepared with information available up to February 27, 2023 and should be read in conjunction with the Company’s financial statements and accompanying notes as at October 31, 2022 and for the year then ended.

The financial information presented in this MD&A and referenced above are in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards. The significant accounting policies are set out in Note 4 of the audited financial statements of the Company as at October 31, 2022 and for the year then ended.

Any scientific or technical information, as described in National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (“NI 43-101”), disclosed in this MD&A has been reviewed and approved by Dr. Kieran Downes, P.Geo, a director of Bessor Minerals Inc. and a Qualified Person, as defined by NI 43-101, under whose direction the Company's exploration program is being carried out.

### **Company Overview**

Bessor Minerals Inc. (“Bessor” or the “Company”) was incorporated under the *Business Corporations Act* (Alberta) on June 4, 2007. A Plan of Arrangement between the Company, Signet Minerals Inc. and Cash Minerals Ltd. was completed on August 7, 2007 and the Company became a reporting issuer at that time. The Company was listed on the TSX Venture Exchange (“TSX-V”) on September 20, 2007. On March 21, 2022, the Company was transferred to the NEX board of the TSX-V and currently trades under the symbol “BST.H”. The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired.

The Company is involved in gold and base metal exploration. Bessor’s corporate strategy is to acquire interests in projects that have the potential to host large, high-grade gold and base metal deposits. Currently, all of the Company’s projects are located in British Columbia.

As of the date of this MD&A, Bessor has not earned any production revenue nor found any resources on any of its properties. The Company is a reporting issuer in British Columbia and Alberta.

### **Outlook**

Bessor holds an option to acquire a 100% interest in the 3,689.75-hectare Redhill property, located approximately 80 kilometres west of Kamloops and 10 kilometres south of Ashcroft, British Columbia. Under the terms of the option, the Company may acquire a 100% interest in the Redhill property located in British Columbia by making \$405,000 in option payments, issuing 1,600,000 common shares of the Company and spending \$650,000 in exploration expenditures over a ten-year period. If the Company exercises the option, Homegold Resources Ltd. (“Homegold”) will retain a 2% net smelter return royalty (“NSR”), one-half (1%) of which can be purchased by the Company for \$1,000,000 at any time. Bessor believes there are copper-zinc-gold targets that can be quickly and cost-effectively drill tested on the Redhill property.

Bessor completed the sale of its 100% interest in the Key property to New Gold Inc. (“New Gold”) in December 2013. As part of the transaction, Bessor was granted a 2% NSR on the Key property. During the year ended October 31, 2018, the Company sold one-half of its 2% NSR to New Gold for \$300,000 cash. If a valuation condition in relation to a third-party private company was satisfied before April 9, 2020, the Company would have received an additional \$81,250. The valuation condition was not met. The Company had previously only recognized the \$300,000 received, and accordingly, no adjustments were required when the valuation condition was not met. New Gold can purchase the remaining 1% for \$2,000,000 cash. The third-party private company became a related party subsequent to the transaction.

On June 9, 2020, New Gold announced the sale of the Blackwater Gold project (“Blackwater”) to Artemis Gold Inc. (“Artemis”). The Company’s Key property NSR is contained within the Blackwater project and is now payable by Artemis. On September 13, 2021, Artemis announced the results of a feasibility study based on a revised development approach to the Blackwater project. On October 25, 2021, Artemis filed a NI 43-101 technical report for the Blackwater Feasibility Study.

Bessor also holds a 100% interest in the 8,178-hectare Golden Eagle project, located just south of the Yukon-British Columbia border, 70 kilometres west-northwest of Atlin, British Columbia. The Golden Eagle project is highly prospective for gold and silver mineralization, and also has potential for volcanogenic massive sulfide (“VMS”) mineralization.

In early March 2020, there was a global outbreak of coronavirus (COVID-19) that has resulted in changes in global supply and demand of certain mineral and energy products. These changes, including a potential economic downturn and any potential resulting direct and indirect negative impact to the Company, cannot be fully determined, but they could have a prospective material impact on the Company’s project exploration activities, liquidity and the ability to obtain financing.

As of February 27, 2023, the Company’s day-to-day operations have not been materially affected by COVID-19. The Company has no formal office space and no employees. Management and the Board of Directors, along with the Company’s advisors, have continued to work remotely. The Company continues to monitor the situation. To date, the Company has not applied for any assistance related to COVID-19 from the provincial or federal governments.

### **Going Concern**

The Company is in the process of exploring and evaluating its mineral exploration and evaluation assets. On the basis of the information to date, it has not yet determined whether these assets contain economically recoverable ore reserves. The underlying value of the mineral exploration and evaluation assets and related deferred costs is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. The amounts shown as mineral exploration and evaluation assets and deferred exploration costs represent net costs to date, less any amounts written off, and do not necessarily represent present or future values.

The Company’s ability to continue as a going concern is dependent on accessing capital markets or entering into collaborative agreements that would provide additional financing. The outcome of these matters is materially uncertain at this time.

Realization values may be substantially different from carrying values as shown. The financial statements as at October 31, 2022 and for the year then ended do not include any adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

### **Significant Accounting Estimates**

Significant areas requiring the use of management estimates include the determination of impairment of mineral exploration and evaluation assets, the valuation of the investment in K2 Resources Inc., the recoverability and measurement of deferred income tax assets and liabilities, and the recognition and valuation of provisions for restoration and environmental liabilities. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.



## **Significant Accounting Judgments**

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year include the Company's going concern assessment.

## **Exploration Projects**

Dr. Kieran Downes, P.Geo., President and Chief Executive Officer is the Qualified Person under NI 43-101 who has reviewed the scientific and technical disclosure provided below.

### **Redhill Property – Copper, Gold, Zinc and Silver**

Bessor holds an option to acquire a 100% interest in the 3,689.75-hectare Redhill property, located approximately 80 kilometres west of Kamloops and 10 kilometres south of Ashcroft, British Columbia.

Under the terms of the option, dated July 8, 2015, and as amended July 30, 2019, September 15, 2020 and September 22, 2022, the Company may acquire a 100% interest in the Redhill property located in British Columbia by making option payments as follows:

- \$5,000 upon signing of the agreement (paid);
- \$5,000 on or before each of July 8, 2016 and July 8, 2017 (paid);
- \$10,000 on or before July 8, 2018 (paid);
- \$7,500 and 300,000 common shares of the Company upon TSX-V acceptance of the July 30, 2019 amendment (paid and issued);
- \$5,000 and 300,000 common shares of the Company upon TSX-V acceptance of the September 15, 2020 amendment (paid and issued);
- \$17,500 and 500,000 common shares of the Company on or before July 8, 2021 (paid and issued);
- \$15,000 and 500,000 common shares of the Company on or before October 7, 2022 (paid and issued);
- \$40,000 on or before each of July 8, 2023 and July 8, 2024; and
- \$255,000 on or before July 8, 2025.

In addition to the option payments, the Company must spend \$650,000 on exploration under the terms of the original agreement as follows:

- \$20,000 on or before the first anniversary of the agreement (spent);
- \$50,000 on or before the second anniversary of the agreement (spent);
- \$150,000 on or before the third anniversary of the agreement (spent);
- \$30,000 on or before the fourth through ninth anniversaries of the agreement (spent);
- As a result of the September 15, 2020 and September 22, 2022 amendments:
  - An additional \$50,000 on an exploration program to commence prior to December 31, 2022 (spent);
  - An additional \$100,000 on or before November 15, 2023; and
- \$100,000 on or before the tenth anniversary of the agreement.

If the Company exercises the option, Homegold will retain a 2% NSR, one-half (1%) of which can be purchased by the Company for \$1,000,000 at any time. In the event of commercial production or sale of 100% of the property, Homegold will receive a bonus payment of \$500,000 in cash or shares at the election of Homegold. Expenditures can be accelerated at the Company's election and excess expenditures in any year will be credited towards future years.

Bessor believes there are copper-zinc-gold targets that can be quickly and cost-effectively drill tested in the "Redhill" and "Beta (Feedlot)" zones, as well as in extensions to the south. In its evaluation of the property, Bessor identified potential settings for mineralization in the stratigraphic hanging wall west of the Redhill

zone. Soil geochemistry shows base metal and gold anomalies offset from the Redhill zone that have not been tested and there are also some strong electromagnetic (“EM”) conductors in the Beta zone that have not been drilled. The mineralization in the Redhill zone is a very prominent gossan developed on a VMS exhalative, stockwork feeder zone. Mineralization in the Beta zone appears to be more akin to exhalative iron formation. Past drilling of EM conductors in both zones returned encouraging intersections, including: 7.75 metres (or “m”) with 2.54% copper, 2.78% zinc, 77.0 grams per tonne (“g/t”) silver and 0.37% gold over 7.75 metres; 2.08% copper, 7.5 g/t silver over 1.35 metres; 0.56% copper, 0.79 g/t silver over 2.95 metres; and 0.59% copper, 1.6% zinc, 1.91 g/t silver and 0.39 g/t gold over 2.58 metres (British Columbia Assessment Report Indexing System (“ARIS”) Report #28371).

The volcanic sequence of the Redhill sector is exposed in a five kilometres-wide, NNW-striking, thrust slice over a distance of at least 20 kilometres. The geology is interpreted to be chemically analogous and age equivalent to the Permo-Triassic age Kutcho Assemblage that hosts the Kutcho Creek Cu-Pb-Zn-Ag VMS deposit in northern British Columbia. The potentially analogous Kutcho deposit currently owned by Kutcho Copper Corp. reportedly hosts Probable Mineral Reserve (2017 estimate) of 10.4 Mt at 2.01% Cu, 3.19% Zn, 34.61 g/t Ag and 0.37 g/t Au (see Kutcho Copper Corp.’s website <https://www.kutcho.ca/projects/kutcho-project/>). Management of Bessor is not aware of a NI 43-101 resource on the Redhill project, and analogous deposits, such as the Kutcho deposit, should not be considered an indication that a resource is contained or will be discovered on the Redhill project.

### Alpha Zone

The Alpha zone, approximately 2.0 x 2.5 kilometres, encompasses a sequence of felsic to intermediate volcanics, the historic “Redhill zone”, as well as an extensive area of untested soil anomalies (copper >> zinc >>> silver). The volcanics associated alteration and mineralization are interpreted to represent a stringer zone in the footwall of a VMS exhalative system. A primary target is an untested, strong, off-hole Pulse EM conductor in the vicinity of hole RH-06-25, which intersected 8.97% copper, 4.96 % zinc, 1.27 g/t gold and >30.0 g/t silver over 2.04 metres, including 10.15% copper, 5.45% zinc, 1.41 g/t gold and >30.0 g/t silver over 1.74 metres. Bessor has re-logged and confirmed this mineralized intersection. The untested off-hole Pulse EM conductor indicates extensions to this mineralization (Avalon Ventures Ltd. news release, October 31, 2006).

A 2006 fixed-loop transient EM (“FLTEM”) survey identified 11 EM conductors in an area ~600 x 1,100 metres. The mineralization in hole RH-06-25 is associated with a medium strength, 200-metre-long conductor. Conductors along strike, and other nearby stronger conductors, have not been drill tested (British Columbia ARIS Report #28525).

On December 1, 2015, Bessor reported it had been awarded a British Columbia *Mines Act* multi-year permit for its diamond drilling program on the Alpha and Beta zones of the Redhill project. The permit also authorizes Bessor to conduct induced polarization surveys over the target zones.

In a June 20, 2016 news release, Bessor reported that it received the final results from a Volterra-3DIP (three-dimensional induced polarization) survey over the Alpha zone, Redhill project. While final modelling and interpretation of the data is underway, preliminary results show a domain of high chargeability and resistivity along the west side of the grid at a depth of ~200 metres. This domain is flanked to the east by a domain of low chargeability. While the geology and structures of the different domains remain to be confirmed, it is clear the 3DIP data is mapping previously unrecognized and fundamental geological patterns in the Alpha zone that will guide exploration. The Redhill VMS prospect occurs in a prospective volcanic sequence that tracks the contact of the high/low chargeability domains. This contact will be a focus of future exploration. The VMS prospect is associated with a 200-metre long FLTEM conductor, as well as borehole transient EM conductors. Hole RH-06-25, re-logged, quartered and re-assayed by Bessor, returned: 8.75% copper, 4.75% zinc, 1.22 g/t gold and 61.19 g/t silver over 2.04 metres. The mineralization is open along strike and to depth. The survey also identified a large chargeability anomaly (> 20 milliseconds), over an area of ~280 x 260 metres, just west of the VMS prospect, and another (16-18 milliseconds), over an area ~210 x 100 metres, in the southeast part of the grid. There is no record of drilling or other exploration on either of these targets.

The Volterra-3DIP survey was conducted by SJ Geophysics Ltd. of Vancouver. Nine lines (10.8 kilometres) at a spacing of 150 metres were surveyed.

On July 25, 2016, the Company reported that a program of detailed follow-up soil sampling and prospecting of 3DIP anomalies on the Alpha zone and evaluation of the gold-, copper- and zinc-in-soil anomalies on the Alpha South zone is complete. New drill targets have been identified associated with slumped/mechanically transported sulphides and the area of volcanic stratigraphy prospective for the discovery of VMS deposits has been significantly expanded.

The 3DIP survey mapped previously unrecognized and fundamental geologic patterns in the Alpha zone where the geologic sequence dips steeply west (~75°). The 3DIP shows where sulphides are introduced into the volcanic sequence accompanied by increased silicification, which is mapped by the resistivity. Plentiful breccia boulders, several of which contain massive sulphide blocks, have been found in a prospective volcanic sequence (~100 m wide) that is coincident with the strong, chargeability/resistivity anomaly. The horizon is located ~70 m into the hanging wall of the VMS prospect. The sulphides are dominantly of pyrite with trace to minor chalcopyrite. The boulders represent slump features and/or mechanically transported mineralization, likely the result of brecciation at source, transport down-slope by gravity-driven submarine debris flows and deposition in depressions. What is geologically termed “transported ore” can form substantial bodies of mineralization, as in the Buchans and Boundary VMS deposits in Newfoundland.

The prospective volcanics, chargeability and resistivity anomalies continue to the west beneath the adjacent valley through which the Trans Canada Highway runs. A percussion hole (R87-7) drilled in the valley intersected copper mineralization in volcanics. It demonstrates the potential for the discovery of significant mineralization in this area:

“In the current program the best hole was R87-7 which intersected 1,236 ppm (parts per million) copper from 171 to 204 metres along with 1,694 ppm zinc, 5.7 ppm molybdenum and 2.4 ppm silver. The remainder of the hole was not anomalous. The higher-grade intersection was associated with a relatively high pyrite content of 5% compared with 2% for most of the hole. Here the host rock consisted of interbedded rhyolites and andesites with chlorite-sericite-quartz-pyrite alteration with minor chalcopyrite mineralization.” (1987 British Columbia ARIS Report #17263).

Detailed (100 m x 25 m) soil sampling was undertaken along the ~900 m x ~250 m gold-in-soil anomaly. Anomalous sample sites were also pitted and sampled. Results will be released once received and evaluated. Prospecting identified shearing with local quartz and quartz-carbonate veining along a magnetic low in a diorite intrusive. The gold-in-soil anomalies track this structure.

The strongest gold-, copper- and zinc-in-soil anomalies in the Alpha South zone were prospected and pitted. The copper and zinc anomalies appear to be associated with structures/shearing possibly associated with particular volcanic horizons. Further work is required to confirm this possibility. The gold anomalies appear to be related to rhyolite. Sheared rhyolite in an area of anomalous gold-in-soil, on the south side of the zone, is altered to white clay. The rhyolite contains high levels of mercury (2,500 ppb (parts per billion)) (British Columbia ARIS Report #23423). Further work is required to evaluate the significance of the gold-in-soil anomalies and the implications of the high mercury levels in the rhyolite.

On November 15, 2016, Bessor reported results of its 2016 drill program. Hole RH-16-04 intersected a new, near surface zone of copper mineralization (“Upper Zone”). The hole, drilled from a platform excavated into the side of a hill, intersected mineralization grading 0.72% copper and 6.5 g/t silver over 6.5 metres, starting at a depth of 5.1 metres. The copper mineralization extends upwards an additional 3.8 metres to the base of the casing; however, because of poor recovery in this interval, a reportable mineralized interval cannot be calculated. Secondary copper mineralization (malachite and chrysocolla) is present in the wall of the drill platform. The downhole width of the mineralized zone is estimated to be in excess of 11.5 metres. Bessor plans to strip, map, trench and sample the mineralization prior to further drilling.

Hole RH-16-04 also intersected VMS mineralization grading 0.64% copper and 1.5% zinc over 2.0 metres from 206.3-208.3 metres downhole (“Lower Zone”). This intersection is ~20 metres laterally and ~20 metres higher than the mineralization in hole RH-06-25 (8.75% copper, 4.75% zinc, 1.22 g/t gold and 61.19 g/t silver over 2.04 metres). The mineralization in hole RH-06-25 comprises VMS and stringer zone mineralization. The mineralization in hole RH-16-04 consists only of VMS mineralization with durchbewegung texture. The mineralization is crudely bedded and dips ~65° to the west. The topography also drops off to the west into a prominent valley. The mineralization is open along strike and to depth and lies deeper than was tested by previous drilling in the VMS prospect. Additional drilling is required to explore and delimit this significant area of VMS mineralization.

The Upper and Lower zones are ~195 metres apart downhole. A one-metre band (bed?) of massive pyrite was intersected at 161.8 metres. Centimetre-wide bands of pyrite with trace chalcopyrite occur in the overlying and underlying quartz-eye felsic tuffs along with 5-50% disseminated and irregular concentrations of pyrite. The best assay, 0.15% copper and 1.32 g/t silver over 5.0 metres, together with the geology, indicates the potential for the development of significant copper mineralization, off hole, along this horizon.

Bessor has identified a characteristic tuffaceous subaqueous ash flow unit, commonly with pyroclastic fragmental textures, that is associated with the VMS mineralization. The unit contains prominent blue quartz "eyes" (phenocrysts) in a matrix composed mainly of feldspar and quartz. Mafic minerals are minimal. The recognition of this important unit will guide future exploration.

**Table 1: Drill Hole Intersections**

Hole	From (m)	To (m)	Width (m)	Cu %	Zn %	Ag g/t	Au g/t
RH-16-04	5.10	11.60	6.50	0.72		6.50	
	156.80	160.80	4.00	0.02	0.27		
incl.	157.80	158.80	1.00		0.79		
	160.80	165.80	5.00	0.15		1.32	
incl.	165.30	165.80	0.50		0.46		
	206.30	208.30	2.00	0.64	1.50		
RH-16-03	33.80	34.80	1.00	0.29			1.20

Widths presented in Table 1 are downhole core lengths; true widths cannot be reliably estimated at this time. Core samples were analyzed at ALS Global, Vancouver, British Columbia.

Hole RH-16-03 was drilled, in part, to twin hole RH-05-23 and to test for shallow mineralization. The best intersection (0.29% copper and 1.2 g/t gold over 1.0 metre from 33.8-34.8 metres downhole) was obtained from pyrite stringer mineralization. The high-grade mineralization in hole RH-05-23 (2.08% copper and 7.5 g/t gold) was also obtained from pyrite-chalcopyrite stringers, but from ~45 metres deeper. As in the case of the intersections in holes RH-16-04 and RH-06-25, this indicates the better mineralization lies deeper than was previously tested by drilling on the VMS prospect. A new mineralized horizon of bedded pyrite with felsic clasts (cm) as xenoliths in the sulphide was intersected from 8.9-11.3 metres. In the overlying quartz-eye felsic tuff (6.0-8.9 metres) pyrite veins/veinlets (mm-2 cm) constitute ~30% of the core. Copper (255-405 ppm) and silver (1.33-3.62 g/t) are elevated. Along strike or at depth, this mineralized horizon may host significant copper mineralization in this productive environment.

Hole RH-16-05 tested a newly identified chargeability anomaly (+/- 100 metres depth), and a copper- and zinc-in-soil anomaly, on Horizon 2. The hole, drilled ~100 metres north of the VMS prospect, cut a sequence of quartz-eye felsic tuffs with variably developed pyrite (+ pyrrhotite) as stringers, disseminations and bands to ~30%. While the geology appears to be similar to that in the VMS prospect, no copper, zinc or precious metal mineralization was intersected.

Hole RH-16-01, drilled ~350 metres southwest of the VMS prospect to test a large >20 millisecond chargeability anomaly on Horizon 3, identified pyrite as stringers, disseminations and bands (to ~60%) in intermediate volcanics as the source of the anomaly. The best assay was 0.08% copper over 0.7 metres. This

hole was probed with a Volterra borehole EM survey (“BHEM”); no conductors were identified. Following completion of the drill program, it is now recognized that the favourable and prospective VMS geology occurs stratigraphically below this horizon.

Hole RH-16-02, drilled to test a chargeability anomaly on Horizon 3, intersected pyritic felsic volcanics. Local intervals, up to 7.0 metres in width, contain increased concentrations of pyrite, including bands/seams to 5 cm, which are anomalous in copper (to 0.33% over 1.0 metres), and also carry elevated zinc values (to 621 ppm). This mineralization is interpreted to be distal to more significant accumulations of VMS mineralization. Breccia boulders containing massive sulphide blocks representing slump features and/or mechanically transported mineralization have been found in this locale. Their source has not been found. Further drilling is required to evaluate this area.

On August 17, 2017, Bessor reported positive results from a test gravity survey over the VMS mineralization in the Alpha prospect of the Redhill project. The gravity survey identified strong anomalies associated with the Upper and Lower VMS zones and, unexpectedly, with Horizon 1. The results support Bessor’s belief that significant VMS mineralization likely occurs at depth in the Upper and Lower VMS zones. The unexpectedly strong anomaly associated with Horizon 1 suggests an untested mineralized mass at depth. The single test line was orientated orthogonal the Upper Zone and Lower Zone VMS mineralization, and to the three stacked horizons hosting VMS mineralization. Several gravity highs can be identified on the overall Bouguer Gravity profile. One high is associated with the Upper Zone mineralization (~300 metres). The Lower Zone mineralization may be related to the broad, lower amplitude gravity high from ~340 to 500 metres. However, the Lower Zone dips at ~65° under the Upper Zone with the result that the strong anomaly at ~300 metres is thought to be the result of the superimposition of the two zones. Alternatively, the gravity is indicating a significant sulphide mass associated with the Upper Zone. The best massive sulphide mineralization was intersected in holes RH-16-04 and RH-06-25. Mineralization between these two strong intersections and surface is typically thin and stringer-like as might be expected peripheral to a well-developed VMS deposit. A BHEM of RH-06-25 identified an off-hole response at 30 hertz, with conductivities in the range of 100 to 300 Mhos indicating a potentially large body of mineralization under holes RH-16-04 and RH-06-25. This is the primary drill target in this area.

A second significant high is associated with Horizon 1 and its associated FLTEM conductor. The strong gravity anomaly indicates potential at depth. Horizon 1 has not been drill tested at depth and the FLTEM conductor has not been drill tested along strike. The distribution of sulphides in Horizon 1 may mimic the Lower Zone with the better VMS mineralization occurring at depth. This is an important drill target.

A broad, lower amplitude gravity high occurs within Horizon 3. Gravity anomalies also occur at the start (0 metres) and finish (700 metres) of the survey line. These anomalies have not been delineated. The anomaly at 700 metres occurs with a FLTEM conductor, which is likely mapping a potentially mineralized horizon. This has not been drilled.

The anomaly at 0 metres lies in an overburden covered valley and on the north flank of the induced polarization/magnetic high drill tested by the Company in 2016 (hole RH-16-01). This hole was probed with BHEM; no conductors were identified. Following completion of the 2016 drill program, and with a better understanding of the stratigraphy of the volcanic pile, it was recognized that the favourable and prospective VMS geology occurs stratigraphically below this horizon, to the northeast, towards Horizon 3.

On January 23, 2023, the Company announced diamond drill results on the Alpha zone as follows:

Hole	From (m)	To (m)	Width (m)	Cu (ppm)	Cu (%)	Zn (ppm)	Zn (%)	Geology
RH22-01	142.50	150.23	7.73	672		510		Pyritized siliceous chloritic intermediate tuff
	158.00	168.00	5.50	693		417		Felsic pyritic tuff
incl	166.00	168.00	2.00	1496				Semi-massive sulphide
	<b>211.51</b>	<b>213.83</b>	<b>2.32</b>		<b>0.56</b>	819		Massive sulphide
	<b>216.10</b>	<b>223.00</b>	<b>6.90</b>		<b>0.61</b>		<b>0.55</b>	Massive sulphide

Hole RH22-01, drilled as an undercut to hole RH16-04, was collared 20 meters SW and 10 meters below the collar of RH16-04. Both holes intersected the same zone of mineralization. A borehole DEEPEM survey of RH16-04 had shown an off-hole response at 30 Herz and conductivities from 100 – 200 Mhos, indicating potential for a large body of mineralization. The increased thickness of mineralization in RH22-01 supports this interpretation.

VMS mineralization has been intersected over approximately 100 meters along a northwest trend, and to a depth of approximately 200 meters. Three previous holes, RH05-23, RH06-24 and RH06-25, had also intersected VMS mineralization, however, the intercept in RH22-01 is the most significant with respect to copper and zinc grades, and thickness.

The volcanic sequence on the Redhill project is exposed in a 5 km wide, NNW-striking thrust slice over a distance of at least 20 km. The geology is interpreted to be chemically analogous and age equivalent to the Permo-Triassic age Kutcho Assemblage that hosts the Kutcho Creek Cu-Pb-Zn-Ag VMS deposit in northern British Columbia (MinFile # 091NW042).

### Beta Zone

The Beta zone, approximately 2.5 x 2.5 kilometres, encompasses a sequence of felsic to intermediate volcanics, graphitic sediments, iron formation +/- locally laminated semi-massive to massive sulphides containing pyrrhotite +/- pyrite +/- minor chalcopyrite. Borehole S-83-4 is reported to have intersected stringer zone mineralization grading 2.54% copper, 2.78% zinc, 77.0 g/t Ag and 0.37 g/t Au over 7.75 metres (British Columbia ARIS Report #28371). There is no core extant from this hole for re-logging or confirmatory sampling. The Beta zone appears to stratigraphically overly the Alpha zone in the volcanic sequence. Numerous EM, IP/R (induced polarization/resistivity) and magnetic anomalies are present. Bessor is evaluating the geology, geochemistry, and the EM, IP/R and magnetic anomalies to identify drill targets.

In its November 15, 2016 news release, Bessor reported the 2016 IP survey identified a new, large chargeability anomaly associated with the 40 Mhos Beta target, which is located on a 550-metre-long EM conductor. The Beta target, the chargeability anomaly, and the host conductor have never been drilled. The Company plans to drill test this target as part of the next drill program.

In its September 22, 2020 news release, Bessor reported the Company has been granted a two-year extension to its multi-year area-based (MYAB) exploration permit.

### Delta Zone

The Delta zone covers the historic Spatum gypsum showings along with smaller expressions of alteration along and across strike. In 2021, Bessor conducted a field program in the Delta zone to evaluate the relationships between the airborne data and the alteration zones/anomalies. A selected suite of samples was collected for spectral analysis by short wavelength infrared (SWIR) analysis, using a portable infrared mineral analyzer (“PIMA”) spectrometer.

Historically, the gypsum showings and alteration have been considered as potentially indicative of VMS mineralization. Alternatively, the clay alteration may indicate a subaerial environment. An analysis of the minerals identified by PIMA suggests a leached hydrothermal system as the most likely geological setting. The hydrothermal alteration is structurally controlled along northwest trending structures and intersecting east-west structures, driven by magnetic intrusives.

### **Golden Eagle Project – Gold and Silver**

The 8,178-hectare Golden Eagle project is located just south of the Yukon-British Columbia border, 70 kilometres west-northwest of Atlin, British Columbia. The Company controls a 100% interest in the project subject to a 1% NSR payable to a third-party on certain claims.

Golden Eagle is situated at the southern end of the Tintina Gold Belt, which contains many intrusion-related gold deposits, such as Pogo (Alaska), Fort Knox (Alaska), Dublin Gulch (Yukon) and White Gold (Yukon). The property has the potential to host several deposit types, including bulk tonnage intrusion-related deposits with associated skarn deposits, high-grade gold-silver vein-hosted deposits and VMS deposits. Thirteen separate mineralized zones have been identified to date over the property's 25-kilometre-long extent.

During the year ended October 31, 2015, the Company determined that the Golden Eagle property was impaired. An impairment charge of \$1,782,794 was recognized in net loss for the year ended October 31, 2015, reflecting the exploration expenditures incurred on the property prior to 2009, when the Company moved the exploration target on the property from the Middle Ridge to the Northern Block.

During the year ended October 31, 2017, the Company determined that the Golden Eagle property was further impaired. An impairment charge of \$1,013,603 was recognized in net loss for the year ended October 31, 2017.

Bessor believes the Golden Eagle project continues to have exploration potential and maintains ownership of the project.

Further information on the Golden Eagle project is available in a NI 43-101 technical report entitled *Technical Report, Golden Eagle Property, Atlin Mining Division, British Columbia* by J. Michael Wark, P.Geo., dated July 9, 2012 and filed on SEDAR ([www.sedar.com](http://www.sedar.com)) July 10, 2012.

### **Key Project – Copper, Zinc and Gold**

Bessor completed the sale of its 100% interest in the 8,854-hectare Key property to New Gold in December 2013. The property is located 125 kilometres southwest of Vanderhoof, British Columbia.

In connection with the transaction, New Gold committed to spend \$1,500,000 on the property, with a minimum of \$500,000 of expenditures on or before December 31, 2014 and the balance of \$1,000,000 of expenditures on or before December 31, 2018, subject to certain conditions. New Gold completed the full \$1,500,000 expenditure commitment in calendar 2014.

As part of the transaction, Bessor was granted a 2% NSR on the Key property. In April 2018, the Company sold one-half of its 2% NSR to New Gold for \$300,000 cash. If a valuation condition in relation to a third-party private company was satisfied before April 9, 2020, the Company would have received an additional \$81,250. The valuation condition was not met. The Company had previously only recognized the \$300,000 received, and accordingly, no adjustments were required when the valuation condition was not met. New Gold can purchase the remaining 1% for \$2,000,000 cash. The third-party private company became a related party subsequent to the transaction.

On June 9, 2020, New Gold announced the sale of the Blackwater project to Artemis. The Company's Key property NSR is contained within the Blackwater project and is now payable by Artemis. On September 13, 2021, Artemis announced the results of a feasibility study based on a revised development approach to Blackwater. On October 25, 2021, Artemis filed a NI 43-101 technical report for the Blackwater Feasibility Study.

## Selected Annual Information

	Year Ended October 31, 2022 \$	Year Ended October 31, 2021 \$	Year Ended October 31, 2020 \$
Operating Expenses	177,696	86,382	73,761
Other Income			
Interest	2,548	2,219	4,207
Change in fair value of marketable securities	22,499	-	-
Net Loss	(152,649)	(84,163)	(69,554)
Per Share – Basic and Diluted	(0.01)	(0.00)	(0.00)
Capital Expenditures	72,840	30,287	6,200
Total Assets	1,042,732	849,003	902,200
Total Liabilities	60,178	10,000	14,034

## Results of Operations

### Three Months Ended October 31, 2022

Bessor realized a net loss of \$34,935 (2021 - \$22,789) for the three months ended October 31, 2022.

The expenses for the quarter included general and administration expenses of \$4,387 (2021 - \$3,270), management fees of \$6,000 (2021 - \$6,000), professional fees of \$36,373 (2021 - \$12,137) and public company costs of \$11,535 (2021 - \$1,648).

Professional fees increased due to additional legal expenses and public company costs increased due to higher corporate activity compared to the prior period.

General and administration and management fees were comparable from 2021 to 2022.

There was a reversal of impairment of \$22,499 (2021 - \$nil) as a result of writing up the marketable securities to fair value.

### Year Ended October 31, 2022

Bessor realized a net loss of \$152,649 (2021 - \$84,163) for the year ended October 31, 2022.

The expenses for the quarter included consulting fees of \$50,000 (2021 - \$nil), general and administration expenses of \$17,173 (2021 - \$14,403), management fees of \$24,000 (2021 - \$24,000), professional fees of \$59,802 (2021 - \$22,818), public company costs of \$25,794 (2021 - \$24,720) and travel and related costs of \$927 (2021 - \$441).

Consulting fees were paid to the current Chief Executive Officer of the Company, whereas no amounts were paid in the prior period.

General and administration increased slightly due to increased activity in the current period.

Professional fees were higher due to higher audit fees and additional legal expenses.

Management fees, public company costs, and travel and related costs were comparable from 2021 to 2022.

There was a reversal of impairment of \$22,499 (2021 - \$nil) as a result of writing up the marketable securities to fair value.



## Liquidity and Capital Resources

The Company's practice is to proceed with staged exploration where each stage is dependent on successful results of the preceding stage. Bessor relies on proceeds of equity financings to fund its exploration commitments and discharge its liabilities as they come due.

At October 31, 2022, the Company had a working capital balance of \$341,474 (2021 - \$353,262). Bessor will be required to raise additional financing in order to continue its exploration programs and cover its operating expenditures for fiscal 2023 and beyond. However, there is no assurance that funding will be available on terms acceptable to the Company or at all. If such funds cannot be secured, the Company may be forced to curtail additional exploration and/or property acquisition efforts.

On September 19, 2022, the Company closed a non-brokered private placement and issued 5,000,000 common shares at a price of \$0.05 per share for gross proceeds of \$250,000.

## Capital Expenditures

The Company's primary capital expenditures for the years ended October 31, 2022 and 2021 were on its mineral exploration and evaluation assets as follows:

	<b>Redhill</b>
<b>Balance, October 31, 2020</b>	<b>\$ 415,453</b>
<b>Acquisition Costs</b>	52,500
<b>Deferred Exploration Costs</b>	
Drilling	1,200
Geological	11,947
<b>Total Deferred Exploration Costs</b>	13,147
<b>Mineral Exploration Tax Credit</b>	(360)
<b>Balance October 31, 2021</b>	<b>480,740</b>
<b>Acquisition Costs</b>	75,000
<b>Deferred Exploration Costs</b>	
Drilling	56,257
Geological	5,527
<b>Total Deferred Exploration Costs</b>	61,784
<b>Mineral Exploration Tax Credit</b>	(3,944)
<b>Balance, October 31, 2022</b>	<b>\$ 613,580</b>

## Subsequent Events

- a) On December 29, 2022, the Company sold the investment in K2 to a close family member of a director of the Company for \$22,500.
- b) Subsequent to October 31, 2022, 82,500 stock options expired unexercised.

## Share Information

A summary of the Company's outstanding securities is provided in the table below:

	Report Date	October 31, 2022	October 31, 2021
Common shares	26,285,623	26,285,623	20,785,623
Stock options	322,500	405,000	440,000
Warrants	-	-	-
Fully diluted shares	26,608,123	26,690,623	21,225,623

## Summary of Quarterly Results

A summary of the last eight quarters ended from October 31, 2020 to October 31, 2022 is provided in the table below.

	QIV 31-Oct-22 \$	QIII 31-Jul-22 \$	QII 30-Apr-22 \$	QI 31-Jan-22 \$
Operations				
Finance Income	931	1,159	217	241
Net Loss	(34,935)	(74,398)	(30,811)	(12,505)
Per Share – Basic and Diluted	(0.00)	(0.00)	(0.00)	(0.00)
Statement of Financial Position				
Working Capital	341,474	233,996	304,450	338,733
Total Assets	1,042,732	730,950	796,930	836,498
Capital Expenditures	71,358	(3,944)	3,402	2,024

	QIV 31-Oct-21 \$	QIII 31-Jul-21 \$	QII 30-Apr-21 \$	QI 31-Jan-21 \$
Operations				
Finance Income	266	289	780	884
Net Loss	(22,789)	(12,237)	(26,898)	(22,239)
Per Share – Basic and Diluted	(0.00)	(0.00)	(0.00)	(0.00)
Statement of Financial Position				
Working Capital	353,262	387,638	417,375	444,273
Total Assets	849,003	862,354	854,490	881,369
Capital Expenditures	11,587	17,500	-	1,200

## Transactions with Related Parties

The Company has paid or accrued fees of \$80,800 (2021 - \$30,500) to companies controlled by officers for management, administrative, accounting and technical services. These amounts are included in consulting fees, management fees and geological fees, as outlined below:

	2022	2021
Short-term compensation:		
Consulting fees	\$ 50,000	\$ -
Management fees	\$ 24,000	\$ 24,000
Geological fees	\$ 6,800	\$ 6,500

Consulting fees consisted of \$50,000 (2021 - \$nil) paid to a company controlled by the Chief Executive Officer. Management fees consisted of \$24,000 (2021 - \$24,000) paid to a company controlled by the Chief

Financial Officer. Geological fees, which are included in exploration and evaluation assets, consisted of \$6,800 (2021 - \$6,500) paid to a company controlled by the previous Chief Executive Officer (and current director).

At October 31, 2022, included in accounts payable and accrued liabilities was \$8,412 (2021 - \$nil) due to a company controlled by the previous Chief Executive Officer (and current director) for fees and expense reimbursement and \$4,725 (2021 - \$nil) due to a company controlled by the Chief Financial Officer for fees and expense reimbursement. The balances owing are unsecured, non-interest-bearing and have no specific terms of repayment.

## Financial Instruments

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash and cash equivalents and marketable securities are classified as fair value through profit or loss; accounts receivable and reclamation advance, as amortized cost; and accounts payable and accrued liabilities, as amortized cost. The carrying values of these instruments approximate their fair values due to their short term to maturity.

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy:

<b>October 31, 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash and cash equivalents	\$ 395,537	\$ -	\$ -
Investment in private company	\$ -	\$ -	\$ 22,500

  

<b>October 31, 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash and cash equivalents	\$ 361,297	\$ -	\$ -
Investment in private company	\$ -	\$ -	\$ 1

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

### a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk is as follows:

	<b>October 31, 2022</b>	<b>October 31, 2021</b>
Cash and cash equivalents	\$ 395,537	\$ 361,297

All of the Company's operations are conducted in Canada. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty.

The Company limits its exposure to credit risk on cash and cash equivalents by only investing in liquid securities offered by chartered banks. Given the credit rating of the bank and the securities owned, management does not expect significant credit losses on cash and cash equivalents.

The Company's accounts receivable consists primarily of Goods and Services Tax at October 31, 2022 and 2021. As at October 31, 2022 and 2021, the Company's accounts receivable were current (less than

90 days). The Company believes that all outstanding balances are collectible, and therefore, there is no allowance for doubtful accounts at October 31, 2022 and 2021.

## b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as much as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements and the growth and development of its mineral exploration and evaluation assets. The Company coordinates this planning and budgeting process with its financing activities through the capital management process, as described in Note 13 in the financial statements. Management has increased its focus on liquidity risk given the impact of the current economic and financial market climate on the availability of equity financing.

The Company's financial liabilities are comprised of accounts payable and accrued liabilities. The financial liabilities at October 31, 2022 are summarized below:

	Carrying Amount	Contractual Cash Flows	Less than One Year	One to Two Years	Two to Five Years	More than Five Years
Non-derivative financial liabilities:						
Accounts payable and accrued liabilities	\$ 60,178	\$ 60,178	\$ 60,178	\$ -	\$ -	\$ -

## c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

- i) *Currency risk* – The Company has nominal funds held in a foreign currency, and as a result, is not exposed to significant currency risk on its financial instruments at year-end.
- ii) *Interest rate risk* – Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash and cash equivalents is at nominal interest rates, and therefore, the Company does not consider interest rate risk to be significant. The Company has no interest-bearing financial liabilities.

## Risks and Uncertainties

Bessor competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral properties, claims and other interests, as well as for the recruitment and retention of qualified personnel.

All of the properties in which Bessor has an interest, or the right to acquire an interest, are in the early exploration stage and are without a known body of commercial ore. Development of Bessor's mineral properties will only follow upon obtaining satisfactory exploration results. Exploration for and the development of mineral resources involve a high degree of risk and few properties that are explored are ultimately developed into producing properties. There is no assurance that Bessor's exploration and development activities will result in any discoveries of commercial bodies of ore.

Existing and possible future environmental legislation, regulations and actions could cause additional expenses, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in government regulations has the potential to reduce the profitability of operations.

Aboriginal peoples have claimed aboriginal title and rights to resources and various properties in western Canada, including Bessor's properties. Such claims, in relation to Bessor's lands, if successful, could have an adverse effect on Bessor or its respective operations.

Bessor will require additional financing to continue its business plan and there is no assurance that financing will be available or, if available, will be on reasonable terms. To the extent that financing is not available, Bessor may have to reduce exploration activities and work commitments may not be satisfied resulting in a loss of property ownership by Bessor.

### **Disclosure Controls and Procedures**

Management has ensured that there are disclosure controls and procedures that provide reasonable assurance that material information relating to the Company is disclosed on a timely basis, particularly information relevant to the period in which annual filings are being prepared. Management believes these disclosure controls and procedures have been effective during the year ended October 31, 2022.

### **Transactions not Reflected on the Statement of Financial Position**

The Company did not enter into any transactions that were not reflected on the statement of financial position as at October 31, 2022.

### **Forward-Looking Statements**

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included herein may be forward-looking information. Generally, forward-looking information may be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "proposed", "is expected", "budgets", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or by the use of words or phrases that state that certain actions, events or results may, could, would, or might occur or be achieved. In particular, this MD&A contains forward-looking information in respect of: the corporate strategy of the Company in relation to pursuing acquisitions and the ability of the Company to add new properties to its portfolio of projects; future exploration and development plans of the Company for its projects; the size and timing of exploration programs by Bessor or its partners, including obtaining permits for such future exploration; the exploration and discovery potential of its projects and the potential deposits or targets that may be contained on its projects; future drilling and the timing for future drilling on its projects; potential acquisitions by the Company of mineral projects; future expenditures on the Company's projects; the potential completion of the 20 for 1 share consolidation by the Company in conjunction with an acquisition or a potential transaction; and the ability of the Company to attract additional funds if required. This forward-looking information reflects the Company's current beliefs and is based on information currently available to the Company and on assumptions the Company believes are reasonable. Certain assumptions can be found in the Company's disclosure documents on SEDAR at [www.sedar.com](http://www.sedar.com). In addition, assumptions include, but are not limited to: the actual results of exploration on projects being equivalent to or better than estimated results in technical reports or prior exploration results; assumptions in respect of commodity prices; the ability of the Company to seek out and negotiate favourable acquisitions; market acceptance of the Company's corporate strategy and acquisition strategies; the ability of the Company to obtain financing on acceptable terms; and future costs and expenses of the Company being based on historical costs and expenses, adjusted for inflation. Forward-looking information is subject to known

and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: the early stage development of the Company and its projects; market acceptance of mineral exploration companies and the junior exploration company model; general business, economic, competitive, political and social uncertainties; commodity prices; the actual results of current exploration and development or operational activities; competition; changes in project parameters as plans continue to be refined; accidents and other risks inherent in the mining industry; lack of insurance; delay or failure to receive board or regulatory approvals; changes in legislation, including environmental legislation, affecting the Company; timing and availability of external financing on acceptable terms; conclusions of economic evaluations; and lack of qualified, skilled labour or loss of key individuals. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

### **Other**

Additional information relating to Bessor's business and activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

# **BESSOR MINERALS INC.**

## **CORPORATE INFORMATION**

### **Directors**

Kieran M. J. Downes, Ph.D., P.Geo.  
Nanaimo, British Columbia

Ronald H. McMillan, Ph.D., P.Eng.  
Victoria, British Columbia

Jason Riley, B.Comm.  
Vancouver, British Columbia

Vic Jang  
Vancouver, British Columbia

Arif Merali, CSC, CPH  
Vancouver, British Columbia

### **Management**

Jason Riley, B.Comm.  
President & CEO

Joseph Meagher, CPA, CA, C.Dir.  
Chief Financial Officer

### **Mailing Address**

1680 – 200 Burrard Street  
Vancouver, BC V6C 3L6

Telephone: 604-678-5308

### **Auditors**

Dale Matheson Carr-Hilton Labonte LLP  
Vancouver, British Columbia

### **Bank**

Scotiabank

### **Legal Counsel**

DLA Piper (Canada) LLP  
Calgary, Alberta

### **Transfer Agent**

Computershare Trust Company of Canada

### **Share Listing**

NEX board of the TSX Venture Exchange  
Symbol: BST.H