

**BESSOR MINERALS INC.**  
**(FORMERLY TROYMET EXPLORATION CORP.)**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**NINE MONTHS ENDED JULY 31, 2019**  
**(UNAUDITED)**

**EXPRESSED IN CANADIAN DOLLARS**

Notice to Reader

The accompanying unaudited condensed consolidated interim financial statements of Bessor Minerals Inc. (formerly Troymet Exploration Corp.) for the quarter ended July 31, 2019 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These statements have not been reviewed by the Company's external auditors.

Dated September 26, 2019

“Kieran Downes”

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Kieran Downes  
President and Chief Executive Officer

“Joseph Meagher”

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Joseph Meagher  
Chief Financial Officer

**BESSOR MINERALS INC.**  
**(formerly Troymet Exploration Corp.)**  
**Condensed Consolidated Interim Statements of Financial Position**  
**(Unaudited – Expressed in Canadian Dollars)**

	<b>July 31 2019</b>	October 31 2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents (Note 5)	\$ 584,787	\$ 336,662
Accounts receivable	1,944	2,397
Prepaid expenses	3,158	759
	<b>589,889</b>	339,818
<b>RECLAMATION ADVANCES (Note 6)</b>	<b>5,000</b>	22,424
<b>MINERAL EXPLORATION AND EVALUATION ASSETS (Note 7)</b>	<b>361,613</b>	365,761
<b>INVESTMENT IN PRIVATE COMPANY (Note 8)</b>	<b>1</b>	1
	<b>\$ 956,503</b>	\$ 728,004
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 11)	\$ 7,791	\$ 41,197
<b>EQUITY</b>		
<b>SHARE CAPITAL (Note 9)</b>	<b>9,530,571</b>	9,184,714
<b>RESERVE (Note 10)</b>	<b>1,056,536</b>	1,056,536
<b>DEFICIT</b>	<b>(9,638,395)</b>	(9,554,443)
	<b>948,712</b>	686,807
	<b>\$ 956,503</b>	\$ 728,004

Approved on behalf of the Board of Directors:

<p><i>"Kieran Downes"</i>  ..... Director  Kieran Downes</p>	<p><i>"David Billard"</i>  ..... Director  David Billard</p>
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See accompanying notes to condensed consolidated interim financial statements.

**BESSOR MINERALS INC.**  
**(formerly Troymet Exploration Corp.)**  
**Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)**  
**For the Three and Nine Months Ended**  
**(Unaudited – Expressed in Canadian Dollars)**

	<b>Three Months Ended July 31, 2019</b>	<b>Three Months Ended July 31, 2018</b>	<b>Nine Months Ended July 31, 2019</b>	<b>Nine Months Ended July 31, 2018</b>
<b>EXPENSES</b>				
Foreign exchange loss (gain)	\$ 21	\$ (83)	\$ (3,071)	\$ (31)
General and administration	4,621	3,779	12,316	17,956
Management fees (Note 11)	6,000	33,000	22,000	90,000
Professional fees	3,523	16,572	23,025	64,732
Public company costs	10,145	4,253	26,342	40,094
Share-based compensation (Note 9)	-	2,480	-	2,480
Travel and related costs	1,428	2,305	6,159	16,329
	<b>25,738</b>	<b>62,306</b>	<b>86,771</b>	<b>231,560</b>
<b>LOSS BEFORE OTHER INCOME</b>	<b>(25,738)</b>	<b>(62,306)</b>	<b>(86,771)</b>	<b>(231,560)</b>
<b>FINANCE INCOME</b>	<b>563</b>	<b>1,169</b>	<b>2,819</b>	<b>1,732</b>
SALE OF NET SMELTER ROYALTY (Note 7)	-	-	-	300,000
GAIN ON SALE OF McCLARTY LAKE (Note 8)	-	75,000	-	75,000
<b>NET INCOME (LOSS)</b>	<b>(25,175)</b>	<b>13,863</b>	<b>(83,952)</b>	<b>145,172</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Exchange difference on translating foreign operations	-	240	-	164
<b>COMPREHENSIVE INCOME (LOSS)</b>	<b>\$ (25,175)</b>	<b>\$ 14,103</b>	<b>\$ (83,952)</b>	<b>\$ 145,336</b>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED</b>				
	<b>17,057,052</b>	<b>12,242,399</b>	<b>13,976,099</b>	<b>12,242,399</b>
<b>BASIC AND DILUTED EARNINGS (LOSS) PER SHARE</b>				
	<b>\$ (0.00)</b>	<b>\$ 0.00</b>	<b>\$ (0.01)</b>	<b>\$ 0.01</b>

See accompanying notes to condensed consolidated interim financial statements.

**BESSOR MINERALS INC.**  
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**Condensed Consolidated Interim Statements of Changes in Equity**  
**(Unaudited – Expressed in Canadian Dollars)**

	Number of Common Shares	Share Capital	Reserve	Deficit	Accumulated Other Comprehensive Income (Loss)	Total Equity
Balance, October 31, 2017	12,185,623	\$ 9,159,714	\$ 1,054,056	\$ (9,646,775)	\$ 1,134	\$ 568,129
Stock options granted	-	-	2,480	-	-	2,480
Shares issued on sale of McClarty Lake	250,000	25,000	-	-	-	25,000
Net income for the period	-	-	-	145,172	-	145,172
Exchange difference on translating foreign operations	-	-	-	-	164	164
Balance, July 31, 2018	12,435,623	9,184,714	1,056,536	(9,501,603)	1,298	740,945
Net loss for the period	-	-	-	(52,840)	-	(52,840)
Exchange difference on translating foreign operations	-	-	-	-	(1,298)	(1,298)
Balance, October 31, 2018	12,435,623	9,184,714	1,056,536	(9,554,443)	-	686,807
Private placements	7,250,000	362,500	-	-	-	362,500
Share issue costs	-	(16,643)	-	-	-	(16,643)
Net loss for the period	-	-	-	(83,952)	-	(83,952)
Balance, July 31, 2019	19,685,623	\$ 9,530,571	\$ 1,056,536	\$ (9,638,395)	-	\$ 948,712

See accompanying notes to condensed consolidated interim financial statements.

**BESSOR MINERALS INC.**  
**(formerly Troymet Exploration Corp.)**  
**Condensed Consolidated Interim Statements of Cash Flow**  
**For the Nine Months Ended**  
**(Unaudited – Expressed in Canadian Dollars)**

	<b>July 31, 2019</b>	<b>July 31, 2018</b>
<b>OPERATING ACTIVITIES</b>		
Net income (loss)	\$ (83,952)	\$ 145,172
Items not involving cash		
Share-based compensation	-	2,480
Sale of net smelter royalty	(16,643)	(300,000)
Gain on sale of McClarty Lake	-	(75,000)
	<b>(100,595)</b>	<b>(227,348)</b>
Changes in non-cash working capital		
Accounts receivable	453	(1,368)
Prepaid expenses	(2,399)	(3,296)
Accounts payable and accrued liabilities	(33,406)	(1,966)
<b>CASH USED IN OPERATING ACTIVITIES</b>	<b>(135,947)</b>	<b>(233,978)</b>
<b>INVESTING ACTIVITIES</b>		
Investment in mineral exploration and evaluation assets	(1,200)	(17,767)
Refund of Mineral Exploration Tax Credit	5,348	28,503
Sale of net smelter royalty	16,643	300,000
Proceeds on sale of McClarty Lake	-	100,000
Reclamation advances refunded	17,424	-
<b>CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>38,215</b>	<b>410,736</b>
<b>FINANCING ACTIVITIES</b>		
Common shares issued for cash	362,500	-
Share issue costs	(16,643)	-
<b>CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>345,857</b>	<b>-</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>248,125</b>	<b>176,758</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>336,662</b>	<b>179,365</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 584,787</b>	<b>\$ 356,123</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Interest received	\$ 2,819	\$ 1,732
Income tax paid	\$ -	\$ -
<b>CASH AND CASH EQUIVALENTS</b>		
Cash	\$ 353,659	\$ 103,983
Guaranteed investment certificate	231,128	252,140
	<b>\$ 584,787</b>	<b>\$ 356,123</b>

See accompanying notes to condensed consolidated interim financial statements.

**BESSOR MINERALS INC.**  
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the Nine Months Ended July 31, 2019**  
**(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)**

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**1. NATURE OF OPERATIONS**

Bessor Minerals Inc. (formerly Troymet Exploration Corp. (“Troymet”)) (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. A Plan of Arrangement between the Company, Signet Minerals Inc. and Cash Minerals Ltd. was completed on August 7, 2007. The Company was listed on the TSX Venture Exchange (“TSX-V”) on September 20, 2007. The Company trades under the symbol "BST". The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired.

On April 11, 2019, the Company changed its name to Bessor Minerals Inc. and completed a consolidation of its common shares on the basis of one new common share for every existing ten common shares.

**2. GOING CONCERN**

These condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

The condensed consolidated interim financial statements of the Company should be read in conjunction with the Company’s 2018 annual consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board.

**BESSOR MINERALS INC.**  
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the Nine Months Ended July 31, 2019**  
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**3. BASIS OF PRESENTATION (continued)**

Approval of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements of the Company for the nine months ended July 31, 2019 were authorized for issue on September 26, 2019 by the Board of Directors of the Company.

Measurement basis

The condensed consolidated interim financial statements are presented in Canadian dollars. The condensed consolidated interim financial statements of the Company have been prepared on an accrual basis, except for cash flow information, and are based on historical costs, except for certain financial instruments, which are stated at their fair values.

Principles of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary, Troymet USA LLC ("Troymet USA"), which was incorporated in the USA during the year ended October 31, 2015. All intercompany transactions and balances have been eliminated. Troymet USA was wound-up during the year ended October 31, 2018.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The condensed consolidated interim financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in Note 4 to the audited consolidated financial statements for the year ended October 31, 2018.

Significant accounting judgments, estimates and assumptions

The preparation of these condensed consolidated interim 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 condensed consolidated interim 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 recoverability and measurement of deferred income tax assets and liabilities, the recognition and valuation of provisions for restoration and environmental liabilities and assumptions used in valuing options in share-based compensation calculations. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

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

*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 consolidated financial statements within the next financial year include the Company's going concern assessment.

New accounting standard adopted during the period

***IFRS 9 Financial Instruments***

IFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities. Additional amendments include introduction of a new hedge accounting model and a new expected-loss impairment model. This standard is effective for annual periods beginning on or after January 1, 2018.

The Company adopted IFRS 9 during the nine months ended July 31, 2019 with no significant impact on its condensed consolidated interim financial statements as a result of adoption of IFRS 9. Cash and cash equivalents continued to be classified as fair value through profit or loss ("FVTPL"), reclamation advance changed from loans and receivables to amortized cost, investment in private company changed from available-for-sale to FVTPL, and accounts payable and accrued liabilities changed from other financial liabilities to amortized cost.

**5. CASH AND CASH EQUIVALENTS**

At July 31, 2019, the Company held a guaranteed investment certificate ("GIC") with a total value of \$231,128 (October 31, 2018 - \$253,309).

The GIC at July 31, 2019 is cashable, has a principal amount of \$230,336 (October 31, 2018 - \$250,716), bears interest at 1.12% (October 31, 2018 - 1.85%) and matures April 10, 2020 (October 31, 2018 - April 10, 2019).

Included in the balance of cash and cash equivalents is \$792 (October 31, 2018 - \$2,593) of accrued interest.

**6. RECLAMATION ADVANCES**

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(a)). The amount is without interest.

At October 31, 2018, the Company had US \$13,258 held by the Utah Department of Natural Resources as surety for work on a former exploration project. During the nine months ended July 31, 2019, a refund of US \$13,258 was received.

**BESSOR MINERALS INC.**  
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**7. MINERAL EXPLORATION AND EVALUATION ASSETS**

**a) Redhill**

On July 8, 2015, and as amended July 30, 2019, 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 the first and second anniversaries of the agreement (paid);
- \$10,000 on the third anniversary of the agreement (paid);
- \$7,500 and 300,000 common shares of the Company upon TSX-V acceptance of the amendment (paid and issued subsequent to July 31, 2019);
- \$12,500 and 500,000 common shares of the Company on the fifth anniversary of the agreement;
- \$40,000 on the sixth through ninth anniversaries of the agreement; and
- \$255,000 on the tenth anniversary of the agreement.

In addition to the option payments, the Company must spend \$600,000 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);
- An additional \$100,000 on or before the fifth anniversary of the agreement, as a result of the July 30, 2019 amendment; 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 ("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.

**b) Golden Eagle**

Pursuant to an option agreement dated September 24, 2001, the Company acquired a 100% interest in the Golden Eagle property located in British Columbia. The Company has granted the optionor a 1% NSR.

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

**BESSOR MINERALS INC.**  
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**7. MINERAL EXPLORATION AND EVALUATION ASSETS (continued)**

**c) Key property**

Troymet was granted a 2% NSR when it sold the Key property to New Gold Inc. (“New Gold”) in December 2013. 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 private company is satisfied before April 9, 2020, the Company will receive an additional \$81,250. As the valuation condition is uncertain, the Company has only recognized the \$300,000 received to date. The private company became a related party with common control subsequent to the transaction. New Gold can purchase the remaining 1% NSR for \$2,000,000 cash.

At July 31, 2019, expenditures incurred on mineral exploration and evaluation assets are as follows:

	<b>Redhill</b>
<b>Balance, October 31, 2017</b>	<b>\$ 376,497</b>
<b>Acquisition Costs</b>	15,000
<b>Deferred Exploration Costs</b>	
Drilling	1,200
Geological	1,567
<b>Total Deferred Exploration Costs</b>	2,767
<b>Mineral Exploration Tax Credit</b>	(28,503)
<b>Balance, October 31, 2018</b>	<b>365,761</b>
<b>Deferred Exploration Costs</b>	
Drilling	1,200
<b>Total Deferred Exploration Costs</b>	1,200
<b>Mineral Exploration Tax Credit</b>	(5,348)
<b>Balance, July 31, 2019</b>	<b>\$ 361,613</b>

**8. INVESTMENT IN McCLARTY LAKE**

The McClarty Lake property is comprised of five contiguous mineral claims totaling 596 hectares. The Company owns 100% of three of the claims that were staked in 2000. Pursuant to an option agreement between the Company and Hudson Bay Exploration and Development Company Limited (“HBED”), dated February 15, 2000, and amended September 28, 2000, August 31, 2001, August 31, 2005 and June 28, 2007, the Company had an option to acquire a 60% interest in two claims comprising 252 hectares. As consideration, the Company made option payments totaling \$125,000 to HBED. No further option payments are required.

**BESSOR MINERALS INC.**  
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**8. INVESTMENT IN McCLARTY LAKE (continued)**

The Company has fulfilled the expenditure requirements and completed the earn-in requirements of the option agreement by incurring \$800,000 of exploration expenditures on or before August 15, 2008. Pursuant to the option agreement, HBED incurred sufficient expenditures to earn back a 20% interest in the two claims covered by the option agreement by spending \$750,000 on exploration and development. This earn-back was completed in June 2011.

On July 30, 2012, the Company signed an agreement with HBED for joint exploration of the McClarty Lake property. Both companies, having previously incurred expenditures on the McClarty Lake property, agreed to combine their interests and jointly explore the property going forward, with the Company incurring 40% of the expenditures and HBED incurring 60% of the expenditures. No new entity was created upon signing of the agreement. The Company's contribution to the McClarty Lake agreement was its exploration expenditures on the McClarty Lake property of \$1,557,428. Under terms of the agreement, HBED must contribute \$1,151,052 in joint venture expenditures before the Company is required to fund its participating interest.

During the year ended October 31, 2016, the Company recorded an impairment of \$1,565,117 related to the investment in McClarty Lake as a result of no exploration plan for the foreseeable future by either HBED or the Company, bringing the value to \$1.

During the year ended October 31, 2018, the Company sold its investment in McClarty Lake to an arm's length private purchaser for \$100,000 cash and 2,250,000 common shares of the private purchaser (recorded at a value of \$1). The Company issued 250,000 common shares (valued at \$25,000) to the purchaser as part of the sale agreement. As a result, the Company recognized a gain on sale of McClarty Lake of \$75,000.

The arm's length private company became a related party with common control subsequent to the transaction.

**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.

**b) Issued**

On April 11, 2019, the Company completed a consolidation of its common shares on the basis of one new common share for every existing ten common shares.

On May 30, 2018, the Company issued 250,000 common shares (valued at \$25,000) to the purchaser of the investment in McClarty Lake (Note 8) as part of the sale agreement.

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**9. SHARE CAPITAL (continued)**

**b) Issued (continued)**

On May 31, 2019 and June 14, 2019, the Company closed a private placement in two tranches. The Company issued 7,250,000 common shares at a price of \$0.05 for gross proceeds of \$362,500. The Company incurred share issue costs of \$16,643 in relation to the private placement.

**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. The Company has issued stock options to acquire common shares as follows:

	Options Outstanding	Weighted Average Exercise Price
Balance at October 31, 2017	415,000	\$ 0.50
Granted on July 10, 2018	25,000	\$ 0.50
Balance at October 31, 2018 and July 31, 2019	440,000	\$ 0.50

**Options outstanding**

A summary of options outstanding at July 31, 2019 is as follows:

Number of Shares Under Option	Number of Options Exercisable	Exercise Price	Expiry Date
135,000	135,000	\$ 0.50	January 16, 2025
60,000	60,000	\$ 0.50	December 7, 2025
220,000	220,000	\$ 0.50	April 4, 2026
25,000	25,000	\$ 0.50	July 10, 2028
440,000	440,000		

At July 31, 2019, the weighted average remaining life of the options is 6.39 (October 31, 2018 – 7.14) years.

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**9. SHARE CAPITAL (continued)**

**c) Stock options (continued)**

Share-based compensation

During the year ended October 31, 2018, the Company recognized a share-based compensation expense of \$2,480 on the grant and vesting of 25,000 stock options to a director of the Company. The Company used the Black-Scholes option pricing model with the following assumptions:

	<b>2019</b>		<b>2018</b>
Share price on date of grant	N/A	\$	0.10
Exercise price	N/A	\$	0.50
Expected life in years	N/A		10.00
Expected annualized share price volatility	N/A		182%
Dividend yield	N/A		-
Risk-free interest rate	N/A		2.16%
Grant date fair value	N/A	\$	0.10

Option pricing models require the input of highly subjective assumptions regarding volatility. The Company has used historical volatility to estimate the volatility of the share price.

**d) Share purchase warrants**

The Company had no share purchase warrants outstanding during the nine months ended July 31, 2019 or the year ended October 31, 2018.

**10. RESERVE**

The share-based payment reserve records stock options recognized as share-based payments expense until such time that the stock options are exercised, at which time the corresponding amount is transferred to share capital.

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**11. RELATED PARTY TRANSACTIONS**

Key management personal compensation

The Company has paid or accrued fees of \$22,000 (2018 - \$90,000) to companies controlled by officers for management, administrative, accounting and technical services. These amounts are included in general and administration expenses as outlined below:

	<b>July 31, 2019</b>	July 31, 2018
Short-term compensation:		
Management fees	\$ 22,000	\$ 90,000

Management fees consisted of \$18,000 (2018 - \$18,000) paid to a company controlled by the Chief Financial Officer and \$4,000 (2018 - \$72,000) paid to a company controlled by the President and Chief Executive Officer.

At July 31, 2019, included in accounts payable and accrued liabilities was \$nil (October 31, 2018 - \$28,350) due to a company controlled by the President and Chief Executive Officer for fees and expense reimbursements. The balances owing are unsecured, non-interest-bearing and have no specific terms of repayment.

**12. FINANCIAL RISK MANAGEMENT**

**a) Overview**

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, development and financing activities, such as credit risk, liquidity risk and market risk.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management guidelines. The Company's risk management guidelines are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

**b) 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 at period-end is as follows:

	<b>July 31, 2019</b>	October 31, 2018
Cash and cash equivalents	\$ 584,787	\$ 336,662
Accounts receivable	1,944	2,397
	<b>\$ 586,731</b>	<b>\$ 339,059</b>

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**12. FINANCIAL RISK MANAGEMENT (continued)**

**b) Credit risk (continued)**

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 entirely of Goods and Services Tax at July 31, 2019 and October 31, 2018.

As at July 31, 2019 and October 31, 2018, 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 July 31, 2019 and October 31, 2018.

**c) 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 July 31, 2019 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						
Trade and other payables	\$ 7,791	\$ -	\$ 7,791	\$ -	\$ -	\$ -
	<b>\$ 7,791</b>	<b>\$ -</b>	<b>\$ 7,791</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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**12. FINANCIAL RISK MANAGEMENT (continued)**

**d) Interest rate risk**

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company expects fluctuations in finance income as a result of interest rate fluctuations to be minimal.

**e) Commodity price risk**

The Company's ability to raise the capital required to fund exploration or development activities is subject to risk associated with the market price of gold and base metals and the outlook for these commodities.

**f) Fair value**

Financial instruments recorded at fair value on the condensed consolidated interim statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The following table presents the financial instruments recorded at fair value in the condensed consolidated interim statements of financial position, classified using the fair value hierarchy described above:

<b>July 31, 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash and cash equivalents	\$ 584,787	\$ -	\$ -
<b>October 31, 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash and cash equivalents	\$ 336,662	\$ -	\$ -

Due to the short-term maturity of the Company's existing financial assets and liabilities, the carrying value approximates the fair value.

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**13. 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 nine months ended July 31, 2019.

The Company is not exposed to externally imposed capital requirements.

**14. SEGMENTED INFORMATION**

The Company currently operates in a single reportable operating segment, mineral exploration and development. The Company's reportable segments are summarized as follows:

Geographical segment

<b>July 31, 2019</b>	<b>Canada</b>	<b>USA</b>	<b>Total</b>
Non-current assets	\$ 366,614	\$ -	\$ 366,614

  

<b>October 31, 2018</b>	<b>Canada</b>	<b>USA</b>	<b>Total</b>
Non-current assets	\$ 370,762	\$ 17,424	\$ 388,186

**15. SUBSEQUENT EVENT**

On August 16, 2019, the Company received TSX-V acceptance of the amendment on the Redhill property (Note 7(a)). The Company paid the \$7,500 in cash and issued 300,000 common shares of the Company.