

**BMEX Gold Inc.**  
**(Formerly Meridius Resources Limited)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED AUGUST 31, 2020**

This discussion and analysis of the financial position and results of operations are prepared as at December 22, 2020 and should be read in conjunction with the audited financial statements for the period ended August 31, 2020 and 2019 for BMEX Gold Inc. (formerly Meridius Resources Limited) (the "Company"). The audited financial statements for the year ended August 31, 2020, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures, and internal controls to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable.

**Forward Looking Statements**

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: "anticipate," "believe," "plan," "estimate," "expect," "intend" and similar expressions to the extent that they relate to the Company or its management or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including the ability to raise the necessary capital or to be fully able to implement its business strategies.

Forward-looking statements are not historical facts but reflect the Company's current expectations and assumptions regarding future results or events. In particular, fluctuations in the securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations.

All of the Company's public disclosure filings, including its final long-form prospectus, technical reports and other information, may be accessed via [www.sedar.com](http://www.sedar.com) and readers are urged to review these materials.

**Company Overview**

BMEX Gold Inc. (formerly Meridius Resources Limited) is a junior Canadian mining exploration company with the primary objective to acquire, explore, and develop viable gold and base metal projects in the mining-friendly jurisdiction of Quebec, Canada. BMEX is currently fully focused on earning 100% interest in its two projects, both located in the prolific Abitibi greenstone belt: (i) the King Tut Project consists of 120 contiguous claims on 5,206 hectares, (ii) the Dunlop Bay Project consists of 76 mineral claims that cover 4,226 hectares. BMEX common shares trade under the symbol "BMEX" on the TSX-V and under the symbol 8M0 on the Frankfurt Exchange.

The Company is a reporting issuer in British Columbia and Alberta. The Company's principal office is located at 789 – 999 West Hastings Street, Vancouver, BC

## Significant Events

On July 17<sup>th</sup>, 2020, the Company completed a private placement of 12,000,000 units for gross proceeds of \$900,000.

On August 11, 2020, the Company entered into an option agreement with the right to acquire 100 percent ownership of 120 mineral claims and 5,206 hectares in the property known as the “King Tut property” in Quebec, Canada for the aggregate price of \$600,000 cash.

On August 21, 2020, the Company entered into an agreement with the right to acquire 100 percent ownership of 76 mineral claims encompassing 4226 Hectares. of the property known as Dunlop Bay in Quebec Canada, for an aggregate sum of \$600,000 and the issuance of 13,000,000 common shares.

On August 31, 2020, the Company changed its name to BMEX Gold Inc and commenced trading under the symbol “BMEX”.

## Subsequent Events

The Company completed the first of two tranches of financing on Oct 7, 2020 raising \$3,153,000 and issuing 10,510,000 common shares at a price \$0.30 per unit. Each Unit consists of one common share (a "Common Share") of the Company and one-half of one Common Share purchase warrant (each whole warrant, a "Warrant"), with each Warrant entitling the holder thereof to acquire one additional Common Share at a price of \$0.50 for a period of eighteen (18) months from the closing date of the Offering.

The second tranche of financing closed on Oct 23, 2020 pursuant to which the Company issued 6,666,666 flow-through units (a "FT Unit") of the Company at a price of \$0.5325 per FT Unit for gross proceeds of \$3,550,000 and aggregate of 466,667 broker warrants (a "Broker Warrant"). Each Broker Warrant entitles the holder thereof to acquire one Common Share at a price of \$0.30 for a period of eighteen (18) months from the closing date of the Offering.

On October 27, 2020, the Company announced that it had commenced drilling on its 25-hole 4000-meter drill program on the King Tut Property.

## Selected Annual Information

The Company’s Consolidated Financial Statements for the years ended August 31, 2020 and 2019 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The following selected financial information is taken from the annual consolidated financial statements and should be read in conjunction with those statements.

	Year Ended August 31, 2020 \$	Year Ended August 31, 2019 \$	Year Ended August 31, 2018 \$
Cash	567,051	229,605	400,381
Total assets	942,363	246,961	411,070
Total liabilities	134,310	13,734	1,820
Shareholders’ equity	808,053	233,227	409,250
Exploration and Evaluation Assets	236,000	-	-
Deficit	(1,837,324)	(694,137)	(502,014)
Comprehensive Loss	(1,143,187)	(192,123)	(374,795)
Basic and Diluted Loss Per Share	(0.09)	(0.02)	(0.04)

## Results of Operations

### For the years ended August 31, 2020 and 2019.

During the year ended August 31, 2020, the Company incurred a comprehensive loss of \$1,143,187 compared to a comprehensive loss of \$192,123 for the year ended August 31, 2019. The change in comprehensive loss is primarily a result of:

- (i) Accounting and administrative of \$34,850 (2019 - \$24,808) due to increased number of transactions during the year that required accounting and administrative services.
- (ii) Audit of \$11,640 (2019 - \$29,750) due to a more efficient audit as the Company was inactive most of the year.
- (iii) Consulting of \$284,319 (2019 - \$28,500) due to more consulting services required for property acquisition and company development.
- (iv) Executive compensation of \$37,500 (2019 - \$22,000) due to more services required close to the end of the year due to acquisition of new properties.
- (v) Office expenses of \$17,063 (2019 - \$5,990) due to additional office costs required due to the growth of the Company.
- (vi) Professional fees of \$94,202 (2019 - \$9,200) due to increased legal costs associated with the name change, organizational structure, financings, and property acquisitions.
- (vii) Regulatory costs of \$18,341 (2019 - \$ 8,608) due to private placements and the issuance of equity for debt settlement.
- (viii) Rent of \$24,000 (2019 - \$4,439) due to the growth of the Company. The Company increased its operations and required more office space.
- (ix) Share-based compensation of \$249,960 (2019 – \$16,100) due to options granted to management during the year.
- (x) Travel, meal, and related costs of \$5,588(2019 - \$33,166) due to fewer meetings for potential business opportunities during current year due to Covid-19.
- (xi) The basic and diluted loss per common share in the year ended August 31, 2020 was \$0.09 (2019 – \$0.02).

### Summary of Quarterly Results

	August 31, 2020	May 31, 2020	February 29, 2020	November 30, 2019	August 31, 2019	May 31, 2019	February 28, 2019	November 30, 2018
	\$	\$	\$	\$	\$	\$	\$	\$
Cash	430,703	136,348	185,812	209,935	229,605	270,745	321,629	395,186
Total assets	799,104	143,259	193,598	219,128	(37,474)	284,435	336,843	396,479
Total liabilities	113,634	20,676	25,131	17,027	(3,202)	16,936	40,737	14,016
Working capital (deficiency)	450,135	119,735	164,953	197,920	(33,352)	261,732	296,106	382,463
Net comprehensive loss	(1,032,544)	(45,884)	(33,634)	(31,126)	(50,372)	(28,607)	(86,357)	(26,787)
Basic and diluted loss per share	(0.08)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)

### Discussion of Fourth Quarter Operations

During the quarter ended August 31, 2020, the Company incurred a comprehensive loss of \$1,032,544 compared to a comprehensive loss of \$50,372 for the year ended August 31, 2019. The change in comprehensive loss is primarily a result of:

- (i) Consulting of \$266,319,319 (2019 - \$6,000) due to more consulting services required for property acquisition and company development
- (ii) Executive compensation of \$21,750 (2019 - \$5,250) due to more services required close to the end of the year due to acquisition of new properties.
- (iii) Office expenses of \$7,092 (2019 - \$2,622) due to additional office costs required due to the growth of the Company.
- (iv) Professional fees of \$66,702 (2019 –\$3,000) due to increased legal costs associated with the name change,

- organizational structure, and property acquisition.
- (v) Regulatory costs of \$5,992 (2019 - \$nil) due to private placements and the issuance of equity for debt settlement.
  - (vi) Rent of \$19,000 (2019 - \$1,500) due to the growth of the Company. The Company increased its operations and required more office space.
  - (vii) Share-based compensation of \$249,960 (2019 – \$16,100) due to options granted to management during the year.

### **Liquidity and Capital Resources**

To date, the Company has not yet realized profitable operations. The Company will require additional financing to explore and develop its mineral properties and there can be no assurances that such financing will be available, or if available, will be on reasonable terms.

These financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing.

There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company's revenues, if any, are expected to be in large part derived from the mining and sale of minerals and metals or interests related thereto. The economics of developing and producing properties are affected by many factors including the cost of operations and the market price of the mineral resource. Depending on the market price of mineral resources, the Company may determine that it is impractical to continue commercial production.

### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

### **Proposed Transactions**

There are no proposed transactions.

## Related Party Disclosures

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and executive officers.

During the years ended August 31, 2020 and 2019 the Company incurred the following transactions with key management personnel:

	For the year ended August 31,	
	2020	2019
Executive compensation - CEO	\$ 13,500	\$ -
Executive compensation - CFO	24,000	22,000
Share-based compensation	39,994	5,367
	\$ 77,494	\$ 27,367

During the years ended August 31, 2020 and 2019 the Company incurred the following transactions with other related parties:

	For the year ended August 31,	
	2020	2019
Accounting and administrative	\$ 34,000	\$ 20,550
Consulting	41,667	28,500
Professional fees	17,000	9,200
Office	6,800	4,000
Rent	24,000	4,439
Share-based compensation	169,973	10,733
Finder's Fee on E&E	36,000	-
	\$ 329,440	\$ 77,422

Included in accounts payable and accrued liabilities at August 31, 2020 is \$11,451 (2019 - \$212) owed to directors and officers of the Company.

Included in prepaid at August 31, 2020 is \$10,121 (2019 - \$10,662) paid to a company owned by a director and officer of the Company.

## Financial Instruments

### *Fair values*

The Company's financial instruments consist of cash, and accounts payable. Cash is carried at fair value. The fair value of accounts payable approximates its carrying amounts due to its current nature.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable. The three levels of the fair value hierarchy are:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.
- Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.
- Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Cash is measured at fair value, using level 1 inputs.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

### *Credit Risk*

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by depositing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

### *Liquidity Risk*

Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. All of the Company's financial liabilities are classified as current and the Company has a practice of paying their outstanding payables within 30 days.

### *Market Risk*

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

#### (a) Interest Rate Risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure to interest rates for the Company is considered minimal. The Company has no interest bearing borrowings.

#### (b) Foreign Currency Risk

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities that are denominated in a foreign currency. As at August 31, 2020 the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

#### (c) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and evaluation activities is subject to risks associated with fluctuations in the market price of commodities.

## Capital Risk Management

The Company manages, as capital, the components of shareholders' equity. The Company's objectives, when managing capital, are to safeguard its ability to continue as a going concern. The Company manages its capital structure, and makes adjustments to it, in light of changes in economic conditions and the risk of characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue common shares, borrow and acquire or dispose of assets. In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's policy is to invest its excess cash, if any, in highly liquid, short-term, interest bearing investments with maturities of one year or less from the date of acquisition.

## Segmented Information

The Company operates in one reportable operating segment, being exploration and development of mineral properties in Canada.

## Significant Accounting Policies

Please refer to the August 31, 2020 financial statements on [www.sedar.com](http://www.sedar.com) for Significant Accounting Policies details.

## New Accounting Policies Adopted

*IFRS 16 – Leases.* The scope of IFRS 16 includes leases of all assets, with certain exceptions. The Company adopted this standard effective September 1, 2019. IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Right-of-use assets will be measured at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments. Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

On transition, the Company elected to apply the practical expedient to grandfather the determination of which contract is or contains a lease and will apply IFRS 16 to those contracts that were previously identified as leases. As at August 31, 2020, the Company had no leases.

The following is the Company's new accounting policy for leases under IFRS 16:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease by determining whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A right of use asset and lease liability is recognized at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, including periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the implicit interest rate in the lease. If the rate cannot

be readily determined, the Company's incremental rate of borrowing is used. The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

### **Future accounting pronouncements**

A number of new standards, amendments to standards and interpretations are not yet effective as at the date of issuing these statements and have not been applied in preparing these financial statements. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

### **Outstanding Share Data**

The Company's authorized share capital is unlimited common shares without par value.

The following table summarizes information about the share data as at August 31, 2020 and December 22, 2020 :

	August 31, 2020	December 22, 2020
Number of common shares outstanding	25,730,000	51,133,333
Number of options outstanding	2,375,000	2,150,000
Number of warrants outstanding	6,000,000	13,711,666

### **Change in Management**

The Company made a number of changes in management and Directors in 2020 as its operations grew, and key acquisitions were announced.

On January 15, 2020, Messrs. David Sidoo, Jordan Sidoo and Dylan Sidoo stepped down from the Board of Directors. Mr. Dylan Sidoo stepped down as the CEO. On January 15, 2020, Mr. Peter Espig was appointed as the CEO. Mr. Peter Espig stepped down as the CEO on August 20, 2020 but continues to serve as a member of the Board of Directors. On August 21, 2020, the Company announced the appointment of Mr. Amrik S. Virk as the Company's CEO.

Mr. Leon Ho stepped down from the Board of Directors on August 18, 2020 and Dr. R. Marc Bustin was appointed as a director.

On August 20, 2020 Ms. Verlee Webb was appointed to the Board of Directors.

On September 30, 2020 Mr. Leon Ho resigned as CFO, and on Oct 09, 2020, the Company announced the appointment of Mickey Goldstein as Chief Financial Officer.

### **Subsequent Events**

- Subsequent to August 31, 2020, the Company closed its first tranche of a private placement through the issuance of an aggregate of 10,510,000 units of the Company at a price of \$0.30 per unit for gross proceeds of \$3,153,000. Each unit consists of one common share of the Company and one-half of one common share

purchase warrant, with each warrant entitling the holder thereof to acquire one additional common share at a price of \$0.50 for a period of eighteen months from closing. In connection with the closing of the tranche of the offering, the agent received a cash commission of \$220,710, and an aggregate of 735,700 broker warrants. Each broker warrant entitles the holder thereof to acquire one common share at a price of \$0.30 for a period of eighteen months from the closing date.

- Subsequent to year end, the Company closed the second and final tranche of its private placement through the issuance of an aggregate of 6,666,666 flow-through units of the Company at a price of \$0.5325 per unit for gross proceeds of \$3,550,000. Each unit consists of one common share of the Company and one-half of one common share purchase warrant, with each warrant entitling the holder thereof to acquire one additional common share at a price of \$0.50 for a period of eighteen months from the closing date. In connection with the closing of the second tranche, the agent received a cash commission of \$248,500, and an aggregate of 466,667 broker warrants. Each broker warrant entitles the holder thereof to acquire one common share at a price of \$0.30 for a period of eighteen months from the closing date.
  
- During the year ended August 31, 2020, the Company entered into an option agreement to acquire a 100% undivided right, title, and interest in the Dunlop Bay Property, located near Matagami in the Province of Quebec. In order to exercise the option, the Company shall issue an aggregate of 13,000,000 of its common shares and pay an aggregate of \$600,000 in cash as follows:
  - 6,500,000 common shares upon receipt of the TSXV acceptance of the agreement (the “Approval Date”)
  - 6,500,000 common shares within three months of the Approval Date
  - \$200,000 on completion of the Company’s second and final tranche of the private placement discussed above;
  - \$100,000 on the 6 month anniversary of the Approval date;
  - \$100,000 on the 12 month anniversary of the Approval date;
  - \$100,000 on the 18 month anniversary of the Approval date; and
  - \$100,000 on the 24 month anniversary of the Approval date

The Company received approval from the TSXV on November 12, 2020, and issued the 6,500,000 common shares required, as well as made the initial payment of \$200,000.

The Company also issued an additional 625,000 common shares to a former director, as a finder’s fee for the Dunlop property.

- Subsequent to year end, the Company retained First Marketing GmbH to provide marketing services focused on the European markets. The Company agreed to pay First Marketing GmbH up to 500,000 EUR over a twelve month period.
  
- Subsequent to year end, the Company received \$161,500 upon the issuance of 1,101,667 shares from the exercise of options and warrants.