
BMEX Gold Inc.
(Formerly Meridius Resources Limited)

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MAY 31, 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor

BMEX GOLD INC.
(Formerly Meridius Resources Limited.)
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT MAY 31, 2021 and AUGUST 31 2020
(Expressed in Canadian Dollars)
(Unaudited)

	May 31, 2021	August 31, 2020
ASSETS		
Current assets		
Cash	\$ 2,750,924	\$ 567,051
GST receivable	155,282	11,873
Prepaid expenses (Notes 4 & 8)	294,401	125,257
Total current assets	3,200,607	704,181
Non-current assets		
Prepaid exploration and evaluation deposit	175,000	-
Exploration and evaluation assets (Note 5)	10,632,080	236,000
Equipment (Note 6)	1,832	2,182
TOTAL ASSETS	\$ 14,009,519	\$ 942,363
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 201,036	\$ 134,310
Total current liabilities	201,036	134,310
SHAREHOLDERS' EQUITY		
Share capital	16,755,792	2,285,317
Share-based payment reserve	947,265	360,060
Accumulated deficit	(3,894,574)	(1,837,324)
TOTAL SHAREHOLDERS' EQUITY	13,808,483	808,053
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 14,009,519	\$ 942,363

Nature of operations and going concern (Note 1)

Subsequent events (Note 12)

These condensed interim financial statements were approved for issue by the Board of Directors on July 30, 2021 and are signed on its behalf by:

On behalf of the Board:

“Warner Uhl” Director

“Verlee Webb” Director

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

BMEX GOLD INC.**(Formerly Meridius Resources Limited.)****CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE PERIODS ENDED MAY 31, 2021 and MAY 31, 2020***(Expressed in Canadian dollars)**(Unaudited)*

	Three months ended		Nine months ended	
	May 31, 2021	May 31, 2020	May 31, 2021	May 31, 2020
EXPENSES				
Accounting and administrative (Note 8)	\$ -	\$ 9,000	\$ 2,620	\$ 27,000
Advertising and marketing	214,518	-	555,745	-
Amortization (Note 6)	686	666	1,286	1,999
Audit	4,500	3,250	14,177	8,390
Directors' fees (Note 8)	18,000	-	56,000	-
Consulting (Note 8)	135,298	6,000	470,424	18,000
Executive compensation (Note 8)	99,425	5,250	234,175	15,750
Office (Note 8)	3,600	13,565	27,295	24,472
Insurance	2,787	-	8,759	-
Management fees (Note 8)	69,000	-	207,000	-
Professional fees (Note 8)	60,034	-	117,073	-
Regulatory costs	21,189	6,736	96,950	12,349
Rent (Note 8)	22,500	-	67,500	-
Share-based compensation (Notes 7 & 8)	122,742	-	146,220	-
Transfer agent and regulatory fees	3,240	-	25,972	-
Travel, meals and related costs	22,753	1,417	25,436	2,684
	(800,271)	(45,884)	(2,056,632)	(110,644)
Loss on foreign exchange	-	-	(618)	-
Loss and comprehensive loss for the period	\$ (800,271)	\$ (45,884)	\$ (2,057,250)	\$ (110,664)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.00)	\$ (0.06)	\$ (0.01)
Weighted average number of common shares outstanding	58,422,242	11,750,000	36,006,153	11,750,000

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

BMEX GOLD INC.
(Formerly Meridius Resources Limited.)
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)
(unaudited)

	Number of shares	Share capita	Share-based payment reserve	Deficit	Total shareholders' equity
August 31, 2019	11,750,000	\$ 817,264	\$ 110,100	\$ (694,137)	\$ 233,227
Loss and comprehensive loss for the period	-	-	-	(110,644)	(110,644)
May 31, 2020	11,750,000	\$ 817,264	\$ 110,100	\$ (804,781)	\$ 122,583
	Number of shares	Share capital	Share-based payment reserve	Deficit	Total shareholders' equity
August 31, 2020	25,730,000	\$ 2,285,317	\$ 360,060	\$ (1,837,324)	\$ 808,053
Private placement	10,510,000	3,153,000	-	-	3,153,000
Share issuance costs - cash	-	(277,904)	-	-	(277,904)
Share issuance costs - warrants	-	(270,529)	270,529	-	-
Private placement - flow through shares	6,666,666	3,550,000	-	-	3,550,000
Share issuance costs - cash	-	(422,304)	-	-	(422,304)
Share issuance costs - warrants	-	(216,127)	216,127	-	-
Shares issued for exploration and evaluation assets	13,000,000	8,060,000	-	-	8,060,000
Shares issued as finder's fee	625,000	468,750	-	-	468,750
Stock option exercises	225,000	30,000	-	-	30,000
Fair value of stock options exercised	-	22,100	(22,100)	-	-
Warrants exercised	1,671,350	349,918	-	-	349,918
Fair value of warrants exercised	-	23,571	(23,571)	-	-
Share-based compensation	-	-	146,220	-	146,220
Loss and comprehensive loss for the period	-	-	-	(2,057,250)	(2,057,250)
May 31, 2021	58,428,016	\$ 16,755,792	\$ 947,265	\$ (3,894,574)	\$ 13,808,483

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

BMEX GOLD INC.
(Formerly Meridius Resources Limited.)
CONDENSED STATEMENTS OF CASH FLOW
FOR THE PERIODS ENDED MAY 31, 2021 and MAY 31, 2020
(Expressed in Canadian dollars)
(Unaudited)

	May 31, 2021	May 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (2,057,250)	\$ (110,644)
Items not involving cash:		
Amortization	1,286	1,999
Share Based Compensation	146,220	-
Changes in non-cash operating working capital:		
GST receivable	(143,409)	46
Prepaid expenses	(169,144)	8,400
Accounts payable and accrued liabilities	(24,122)	6,942
Net cash used in operating activities	(2,246,419)	(93,257)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(1,776,482)	-
Prepaid exploration and evaluation assets deposit	(175,000)	-
Acquisition of equipment	(936)	-
Net cash used in investing activities	(1,952,418)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Private placements	6,703,000	-
Share issuance costs	(700,208)	-
Warrant exercises	349,918	-
Stock option exercises	30,000	-
Net cash provided by financing activities	6,382,710	-
Change in cash during the year	2,183,873	(93,257)
Cash, beginning of year	567,051	229,605
Cash, end of year	\$ 2,750,924	\$ 136,348
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

During the period ended May 31, 2021, the Company had the following non-cash transactions affecting cash flows from investing and financing activities:

- The Company issued 13,000,000 shares valued at \$8,060,000 for the acquisition of exploration and evaluation assets.
- The Company issued 625,000 shares valued at \$468,750 as a finder's fee for the acquisition of exploration and evaluation assets.
- The Company issued 1,202,367 broker warrants valued at \$486,656 as share issuance costs.
- 225,000 options were exercised with a fair value of \$22,100.
- 1,671,350 warrants were exercised with a fair value of \$23,571.
- Included in accounts payable and accrued liabilities as at May 31, 2021 is \$90,848 for exploration and evaluation assets (August 31, 2020 - \$Nil).

There were no non-cash transactions during the period ended May 31, 2021 affecting cash flows from investing and financing activities:

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

BMEX GOLD INC.
(Formerly Meridius Resources Limited.)
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021
(Expressed in Canadian Dollars)
(Unaudited)

1. Nature of Operations and Going Concern

BMEX Gold Inc. (formerly Meridius Resources Limited.) (the “Company”) was incorporated on July 10, 2017 under the Business Corporations Act (British Columbia). On February 22, 2018 the Company’s common shares were listed on TSX Venture Exchange (“TSXV”) as a Tier 2 resource company under the trading symbol “MRI”. On August 31, 2020, the Company’s trading symbol changed to “BMEX”. The Company’s principal office is located at 789 – 999 West Hastings Street, Vancouver, B.C.

The Company had working capital of \$2,999,571 and an accumulated deficit of \$3,894,574 as at May 31, 2021.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

Management considers that the Company has adequate resources to maintain its ongoing levels of operations for the next twelve months, however, the Company may require additional financing for future operations. While the Company has been successful in securing financing in the past there can be no assurance that it will be able to do so in the future. These factors indicate the existence of material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. These financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. These adjustments could be material.

2. Basis of Preparation

Statement of Compliance

These condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting (“IAS 34”), as issued by the International Accounting Standards Board (“IASB”), and its interpretations, using accounting policies consistent with International Financial Reporting Standards (“IFRS”). The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended August 31, 2020, which have been prepared in accordance with IFRS as issued by the IASB and interpretations of the IFRS Interpretations Committee (“IFRIC”). The accounting policies followed in these condensed interim financial statements are consistent with those applied in the Company’s financial statements for the year ended August 31, 2020.

Basis of Measurement

The Company’s financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. The financial statements are presented in Canadian dollars unless otherwise stated.

BMEX GOLD INC.
(Formerly Meridius Resources Limited.)
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021
(Expressed in Canadian Dollars)
(Unaudited)

3. Significant Accounting Policies

The accounting policies set out in the audited consolidated financial statements for the year ended August 31, 2020 have been applied consistently to all periods presented in these condensed interim consolidated financial statements except for the following new standard adopted in these condensed interim consolidated financial statements:

(a) Flow-through Shares

The Company considers that the issue of flow-through shares is in substance an issue of common shares and the sale of tax deductions to the benefit of investors. The proceeds received of flow-through placements are allocated between share capital and other liability using the residual method. At the time the flow-through shares are issued, the sale of tax deductions is deferred and presented as other liability in the statement of financial position. When eligible expenditures are incurred (as long as there is the intention to renounce them), the sale of tax deductions is recognized in the income statement as a reduction of deferred tax expense and a deferred tax liability is recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position and its tax base.

(b) Critical Judgments and Sources of Estimation Uncertainty

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- (i) The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.
- (ii) Management is required to assess the functional currency of each entity of the Company. In concluding that the Canadian dollar is the functional currency of the Company, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates.
- (iii) Management is required to assess whether there is evidence of impairment in respect of exploration and evaluation assets. The triggering events for an impairment test are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods.
- (iv) Although the Company takes steps to verify title to exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.
- (v) The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimate of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized to the extent of the amount expected to be utilized. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

BMEX GOLD INC.
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NOTES TO THE FINANCIAL STATEMENTS
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3. Significant Accounting Policies (continued...)

(b) Critical Judgments and Sources of Estimation Uncertainty (continued...)

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

- (i) Amortization expense is allocated based on assumed useful life of property, plant and equipment. Should the useful life differ from the initial estimate, an adjustment would be made in the statement of operations and comprehensive loss.
- (ii) The cost estimates are updated periodically during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.
- (iii) Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.
- (iv) The assessment of any impairment of non-current assets is dependent upon estimates of the recoverable amount that take into account factors such as reserves, economic and market conditions, recoverability of value added taxes and the useful lives of assets.
- (v) Estimating the fair value for granted stock options and compensatory warrants requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate model including the expected life of the option or warrant, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

BMEX GOLD INC.
(Formerly Meridius Resources Limited.)
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021
(Expressed in Canadian Dollars)
(Unaudited)

4. Prepaid Expenses

Prepaid expenses as at May 31, 2021 consist of the following:

	May 31, 2021	August 31, 2020
Prepaid management fees (Note 8)	\$ -	\$ 10,121
Prepaid consulting fees (Note 8)	-	10,434
Prepaid advertising and marketing	290,009	104,702
Prepaid insurance	4,392	-
	\$ 294,401	\$ 125,257

5. Exploration and Evaluation Assets

King Tut Property, Ligneris and Celoron Townships in the Province of Quebec

On August 11, 2020 (the "Agreement Date"), the Company and Greg Exploration Inc. reached an agreement to option the King Tut Property located in the Ligneris and Celoron townships in the Province of Quebec. Under the option agreement, the Company has the right to acquire 100% ownership in certain mineral claims, for an aggregate of \$600,000 in cash payable as follows:

- (i) \$200,000 on signing of the agreement (paid);
- (ii) \$100,000 on the 6 month anniversary of the Agreement Date (paid);
- (iii) \$100,000 on the 12 month anniversary of the Agreement Date;
- (iv) \$100,000 on the 18 month anniversary of the Agreement Date; and
- (v) \$100,000 on the 24 month anniversary of the Agreement Date.

Greg Exploration Inc. will retain a 2% net smelter returns royalty.

Globex Mining Enterprises Inc. will retain 1% net smelter returns royalty on a subset of claims which may be purchased by the Company for \$1,000,000 at any time.

In addition to the payments above, the Company paid a cash finders fee of \$36,000 for this property.

Dunlop Bay Property, Matagami in the Province of Quebec

On November 12, 2020 (the "Agreement Date"), the Company and six arm's-length optionors, namely 9219-8845 QC Inc., Anna-Rosa Giglio, Tony Perron, Steve LaBranche, Serge Robert, and Alain Theberge (collectively, the "Optionors") reached an agreement to option the Dunlop Bay Property located in the near Matagami in the Province of Quebec. Under the option agreement, the Company has the right to acquire 100% ownership in 76 mineral claims, for an aggregate of 13,000,000 of its common shares and pay an aggregate \$600,000 in cash as follows:

- (i) 6,500,000 common shares of the Company upon receipt of TSX Venture Exchange acceptance of the Agreement (the "Approval Date") (issued);
- (ii) 6,500,000 common shares of the Company within three months of the Approval Date (issued);
- (iii) \$200,000 on completion of the Optionee's next equity financing; (Paid)
- (iv) \$100,000 on the 6 month anniversary of the Approval Date; (Paid)
- (v) \$100,000 on the 12 month anniversary of the Approval Date;
- (vi) \$100,000 on the 18 month anniversary of the Approval Date; and
- (vii) \$100,000 on the 24 month anniversary of the Approval Date.

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NOTES TO THE FINANCIAL STATEMENTS
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5. Exploration and Evaluation Assets (continued...)

Dunlop Bay Property, Matagami in the Province of Quebec (continued...)

Optionors will retain a 2% net smelter returns royalty.

The Optionee also agrees to make the following milestone payments to the 2 Optionors: Canadian Mining House and Anna-Rosa Giglio:

- Upon receipt by the Optionee of an independent technical report prepared in accordance with National Instrument 43-101 confirming the existence of a mineral resource on the Property containing at least 500,000 ounces of gold in the measured and indicated categories, the Optionee shall pay to the 2 Optionors a payment of \$500,000 in cash, or, at the option of the Optionee, in common shares of the Optionee.
- Upon completion and delivery of a positive pre-feasibility study on the Property, the Optionee shall also pay to the 2 Optionors \$500,000, in cash, or, at the option of the Optionee, in common shares of the Optionee.

In addition to the payments above, the Company paid a cash finders fee of \$43,500 and issued 625,000 shares, valued at \$468,750 for this property (Note 7).

The following is a summary of exploration and evaluation assets as at May 31, 2021 and August 31, 2020:

	King Tut Property	Dunlop Bay Property	Total
August 31, 2020			
Acquisition costs			
Option payments	\$ 200,000	\$ -	\$ 200,000
Finders fees	36,000	-	36,000
Total at August 31, 2020	\$ 236,000	\$ -	\$ 236,000
Additions:			
Acquisition costs			
Option payments	\$ 100,000	\$ 8,360,000	\$ 8,460,000
Finders fees	-	512,250	512,250
	100,000	8,872,250	8,972,250
Exploration and evaluation costs			
Consulting	127,741	127,741	255,482
Drilling	738,415	-	738,415
Geological core logging	183,439	-	183,439
Geological modelling	10,733	-	10,733
Geological reports	-	30,793	30,793
Survey	12,428	-	12,428
Transportation and roads	35,512	37,878	73,389
Laboratory sampling	119,150	-	119,150
	1,227,418	196,412	1,423,830
Total additions for the period	\$ 1,327,418	\$ 9,068,662	\$ 10,396,080
At May 31, 2021:			
Total acquisition costs	\$ 336,000	\$ 8,872,250	\$ 9,208,250
Total exploration and evaluation costs	1,227,418	196,412	1,423,830
Balance, May 31, 2021	\$ 1,563,418	\$ 9,068,662	\$ 10,632,080

BMEX GOLD INC.
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NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021
(Expressed in Canadian Dollars)
(Unaudited)

6. Equipment

Equipment is carried at cost less accumulated amortization. Details are as follows:

	Equipment	
Cost		
Balance, August 31, 2019 and 2020	\$	6,686
Additions		936
Balance May 31, 2021		<u>7,622</u>
Accumulated amortization		
Balance, August 31, 2019	\$	1,839
Additions		2,665
Balance, August 31, 2020	\$	4,504
Additions		1,286
Balance, May 31, 2021	\$	<u>5,790</u>
Net book value		
Balance, August 31, 2020	\$	2,182
Balance, May 31, 2021	\$	<u>1,832</u>

7. Share Capital

(a) *Authorized Share Capital*

The Company's authorized share capital consists of an unlimited number of common shares without par value and unlimited preferred shares without par value. All issued common shares are fully paid.

(b) *Equity Financings*

During the period ended May 31, 2021:

- The Company closed its first tranche of a private placement through the issuance 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, the Company paid \$277,904 share issuance costs to the agent, 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. The broker warrants were determined to have a fair value of \$270,529, using the Black-Scholes Option Pricing Model, with a volatility of 106.61%, expected life of 18 months, and risk free interest rate of 0.23%.
- The Company closed the second and final tranche of its private placement through the issuance 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. The Company determined that the flow-through premium associated with this issuance was \$Nil. 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, the Company incurred \$422,304 of share issuance costs. In addition, the agent received 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. The broker warrants were determined to have a fair value of \$216,127, using the Black-Scholes Option Pricing Model, with a volatility of 111,22%, expected life of 18 months, and risk free interest rate of 0.23%.

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MAY 31, 2021
(Expressed in Canadian Dollars)
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7. Share Capital (continued...)

(b) Equity Financings (continued...)

- The Company received \$30,000 upon the issuance of 225,000 shares from the exercise of stock options. The fair value of the stock options exercised was \$22,100.
- The Company received \$349,918 upon the issuance of 1,671,350 shares from the exercise of warrants. The fair value of the warrants exercised was \$23,571.
- The Company issued 13,000,000 shares valued at \$8,060,000, as acquisition costs for the Dunlop Bay Property. (Note 5).
- The Company issued 625,000 shares valued at \$468,750 as a finder's fees for the Dunlop Bay Property. (Note 5).

During the year ended August 31, 2020, the Company completed the following equity financings:

- The Company completed a private placement financing of 12,000,000 units, at a price of \$0.075 per share, for gross proceeds of \$900,000. Each unit consisted of one common share and one-half of one common share purchase warrant, with each full warrant entitling the holder to acquire one common share of the issuer at a price of \$0.15 for a period of one year from closing. The fair value of the warrants was determined to be \$Nil, using the residual value method. The Company paid \$5,200 filing costs associated with the private placement.
- The Company entered into consulting agreements totalling \$237,000, which were later settled for 1,980,000 shares. When the shares were issued, they had a fair value of \$594,000, which resulted in a loss of \$356,400 recorded on the statement of loss and comprehensive loss.

(c) Stock Options

The Company has established a rolling share option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of ten years.

During the period ended May 31, 2021, the Company granted 850,000 stock options, with a weighted average fair value of \$0.21 per option. The compensation expense recorded during the period ended May 31, 2021 for the options which had vested was \$146,220.

The fair value of share options granted was estimated using the Black-Scholes option pricing model using the following assumptions:

	Period ended May 31, 2021	Period ended May 31, 2020
Risk-free interest rate	0.89%	N/A
Estimated volatility	98.34%	N/A
Expected life	5 years	N/A
Expected dividend yield	0%	N/A
Estimated forfeiture rate	0%	N/A

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide a reliable measure of the fair value of the Company's share options.

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(Expressed in Canadian Dollars)
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7. **Share Capital (continued...)**

(c) **Stock Options (continued...)**

A summary of changes in the Company's stock options is as follows:

	Number of options	Weighted average exercise price
Balance, August 31, 2019	1,125,000	\$0.11
Granted	1,250,000	\$0.30
Balance, August 31, 2020	2,375,000	\$0.21
Granted	850,000	\$0.27
Exercised	(225,000)	\$0.13
Balance, May 31, 2021	3,000,000	\$0.23

The following table summarizes information about the share options outstanding and exercisable at May 31, 2021:

Number of options outstanding	Number of options exercisable	Exercise price	Remaining life (years)	Expiry date
900,000	900,000	\$0.10	1.73	February 22, 2023
1,250,000	1,250,000	\$0.30	3.23	August 21, 2024
50,000	50,000	\$0.71	4.40	October 23, 2025
300,000	300,000	\$0.24	4.82	March 25, 2026
500,000	200,000	\$0.25	4.87	April 13, 2026
3,000,000	2,700,000	\$0.23	3.23	

(d) **Warrants**

A summary of changes in the Company's warrants is as follows:

	Number of warrants	Weighted average exercise price
Balance, August 31, 2019	-	\$-
Finance warrants issued	6,000,000	\$0.15
Balance, August 31, 2020	6,000,000	\$0.15
Finance warrants issued	8,588,333	\$0.50
Broker warrants issued	1,202,367	\$0.30
Exercised	(1,671,350)	\$0.15
Balance, May 31, 2021	14,119,350	\$0.37

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7. Share Capital (continued...)

(d) **Warrants (continued...)**

The following table summarizes information about the warrant outstanding and exercisable at May 31, 2021:

Number of warrants outstanding and exercisable	Exercise price	Remaining life (years)	Expiry date
4,648,750	\$0.15	0.17	July 31, 2021
5,255,000	\$0.50	0.85	April 7, 2022
671,600 ⁽¹⁾	\$0.30	0.85	April 7, 2022
3,077,333	\$0.50	0.90	April 23, 2022
466,667 ⁽¹⁾	\$0.30	0.90	April 23, 2022
14,119,350	\$0.37	0.64	

⁽¹⁾Broker warrants

8. Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that its key management personnel are the members of the Company's current and former Board of Directors and its executive officers.

During the periods ended May 31, 2021 and 2020 the Company incurred the following transactions with key management personnel:

	Three months ended May 31, 2021	Three months ended May 31, 2020	Nine months ended May 31, 2021	Nine months ended May 31, 2020
Executive compensation - CEO	\$ 84,425	\$ 5,250	\$ 174,425	\$ 15,750
Executive compensation - CFO	15,000	-	59,750	-
Share-based compensation to CFO and CEO	63,485	-	86,963	-
Directors' fees	18,000	-	56,000	-
	\$ 180,910	\$ 5,250	\$ 377,138	\$ 15,750

During the periods ended May 31, 2021 and 2020 the Company incurred the following transactions with related parties, other than key management personnel:

	Three months ended May 31, 2021	Three months ended May 31, 2020	Nine months ended May 31, 2021	Nine months ended May 31, 2020
Accounting and administrative	\$ -	\$ 9,000	\$ 2,620	\$ 27,000
Consulting	22,500	6,000	94,333	18,000
Management fees	69,000	-	207,000	-
Office	-	6,100	-	16,000
Rent	22,500	-	67,500	-
	\$ 114,000	\$ 21,100	\$ 371,453	\$ 61,000

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8. Related Party Disclosures (continued...)

Included in accounts payable and accrued liabilities at May 31, 2021 is \$12,000 (August 31, 2020 - \$11,451) owed to directors, officers, and former directors and officers of the Company.

Included in prepaid expenses at May 31, 2021 is \$Nil (August 31, 2020 - \$10,121) paid to a company with directors in common with the Company, and to a director of the Company.

9. 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.

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9. Financial Instruments (continued...)

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

10. 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.

11. Segmented Information

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

12. Subsequent Events

- Subsequent to period end, 4,268,749 warrants were exercised for proceeds of \$640,312.
- Subsequent to period end, the Company granted 1,100,000 stock options to consultants.
- Subsequent to period end, the Company approved and adopted at its AGM, a Performance and Restricted Share Unit Plan, under which the Company granted 2,960,000 restricted share units (RSUs) to management, directors, and consultants. The RSUs will vest when certain conditions and milestones are achieved.