

# **BMEX Gold Inc.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **FOR THE YEAR ENDED AUGUST 31, 2022**

This discussion and analysis of the financial position and results of operations are prepared as at December 19, 2022 and should be read in conjunction with the audited financial statements for the year ended August 31, 2022 and 2021 for BMEX Gold Inc. (the "Company"). The audited financial statements for the year ended August 31, 2022, including comparatives, have been prepared in accordance 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. 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 has earned 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 Suite 904 – 409 Granville Street, Vancouver, B.C. V6C 1T2

## Significant Events

The Company completed the first of two tranches of financing on Oct 7, 2020 raising \$3,153,000 and issuing 10,510,000 units 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.

In November 2020, the Company commenced drilling activities on the King Tut Property. In November 2021, the Company continued drilling activities on the King Tut Property and announced a 25-hole 3,000-meter drill program which was completed on budget December 16, 2021. The results of the King Tut phase two program were announced April 26, 2022 and were encouraging with the discovery of a new Gold bearing occurrence at Luxor. Results of this program were encouraging enough to conduct further geological mapping, sampling and prospecting in the summer of 2022. Integration of the two drilling programs at King Tut and the results of the Geological Field program were integrated with these datasets and new targets have been tentatively identified. The Company also initiated a desk top study of the Dunlop Bay area claims in late August of 2021 order to determine the prospectively of the region for Gold and other metals. This study was completed in February of 2022 in which a recommendation to conduct an EM survey on the Dunlop Bay area. The EM survey ultimately completed in June 2022 did in fact define a significant EM anomaly approximately 900m in strike length.

## Selected Annual Information

The Company's Financial Statements for the years ended August 31, 2022, 2021 and 2020 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, 2022 \$	Year Ended August 31, 2021 \$	Year Ended August 31, 2020 \$
Cash	1,418,839	2,757,978	567,051
Total assets	14,196,909	14,160,590	942,363
Total liabilities	588,834	1,173,524	134,310
Shareholders' equity	13,608,075	12,987,066	808,053
Exploration and Evaluation Assets	12,615,469	10,954,239	236,000
Deficit	(4,466,381)	(4,054,749)	(1,837,324)
Comprehensive Loss	(411,632)	(2,217,425)	(1,143,187)
Basic and Diluted Loss Per Share	(0.01)	(0.04)	(0.09)

## Results of Operations

### For the years ended August 31, 2022 and 2021.

During the year ended August 31, 2022, the Company incurred a comprehensive loss of \$411,632 compared to a comprehensive loss of \$2,217,425 for the year ended August 31, 2021. The change in comprehensive loss is primarily a result of:

- (i) Advertising and marketing of \$105,740 (2021 - \$772,085) due to advertising and marketing services required in the prior year to raise awareness about the Company and attract potential investors.
- (ii) Directors' fees of \$132,768 (2021 - \$74,000) due to the Company granting directors restricted share units in lieu of cash fees starting in the second quarter of 2022, compared to a fee of \$1,500 per month for services, and an additional \$1,000 for the audit committee members during the year ended August 31, 2021.
- (iii) Consulting of \$192,689 (2021 - \$581,811) due to the Company's effort to reduce its expenses during the year ended August 31, 2022.
- (iv) Executive compensation of \$134,001 (2021 - \$406,197). During the year ended August 31, 2021, the Company incurred a severance payout to its former CEO.
- (v) Management fees of \$43,500 (2021 - \$245,500), due to the Company's effort to reduce its expenses during the year ended August 31, 2022.
- (vi) Office and general of \$29,869 (2021 - \$74,450) due to the Company's effort to reduce its expenses during the year ended August 31, 2022.
- (vii) Professional fees of \$83,374 (2021 - \$158,248). The higher amount for the year ended August 31, 2021 is due to increased legal costs associated with the increased operations for the year ended August 31, 2021.
- (viii) Transfer agent and regulatory costs of \$50,120 (2021 - \$134,834) due to more private placements and equity transactions for the year ended August 31, 2021.
- (ix) Rent of \$37,500 (2021 - \$90,000) due to the Company relinquishing an office in Vancouver during the year ended August 31, 2022.
- (x) Share-based compensation of \$53,183 (2021 - \$134,834) due to options granted during the year.
- (xi) Travel, meal, and related costs of \$10,854 (2021 - \$45,633) due to less travel required in the current year.
- (xii) Other income of \$463,354 (2021 - \$762,333) due to the draw-down of the Company's flow-through premium liability as eligible mineral property expenditures are made.

### Summary of Quarterly Results

	August 31, 2022	May 31,2022	February 28, 2022	November 30, 2021	August 31, 2021	May 31, 2021	February 28, 2021	November 30, 2020
	\$	\$	\$	\$	\$	\$	\$	\$
Cash	1,418,839	1,307,236	1,468,887	2,147,104	2,757,978	2,750,924	4,046,633	5,416,093
Total assets	14,196,909	13,941,278	14,064,032	14,784,858	14,160,590	14,009,519	14,900,760	12,246,020
Total liabilities	588,834	561,242	602,467	1,190,325	1,173,524	201,036	419,436	613,221
Working capital (deficiency)	856,974	758,160	888,753	1,060,989	2,644,090	2,999,571	4,250,037	5,310,616
Net comprehensive loss	(74,557)	(124,126)	(220,414)	7,467	(160,175)	(800,271)	(680,205)	(576,744)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	0.00	(0.00)	(0.01)	(0.02)	(0.03)

## Discussion of Fourth Quarter Operations

During the quarter ended August 31, 2022, the Company incurred a comprehensive loss of \$74,557 compared to a comprehensive loss of \$160,175 for the quarter ended August 31, 2021. The change in comprehensive loss is primarily a result of:

- (i) Advertising and marketing of \$16,575 (2021 - \$216,340) due to advertising and marketing services required to raise awareness about the Company and attract potential investors in the prior year.
- (ii) Consulting of \$17,277 (2021 - \$111,387) due to less consulting services required for property acquisition and Company development.
- (xiii) Directors' fees of \$39,320 (2021 - \$18,000) due to the Company granting directors restricted share units in lieu of cash fees in the fourth quarter of 2022, compared to a fee of \$1,500 per month for services during the fourth quarter of 2021.
- (iii) Executive compensation of \$24,001 (2021 - \$172,022) due to a severance package paid out to the former CEO in the fourth quarter of 2021.
- (iv) Management fees of \$Nil (2021 - \$38,500), as the Company has ended its agreement with a management company in order to reduce expenditures.
- (v) Office and general of \$6,224 (2021 - \$35,776) due to the Company's effort to reduce its expenses during the year ended August 31, 2022.
- (vi) Rent of \$Nil (2021 - \$22,500) due to the Company relinquishing an office in Vancouver during the year ended August 31, 2022.
- (vii) Share-based compensation of \$Nil (2021 - \$248,446) as no options were granted or vested during the 3 months ended August 31, 2022.
- (viii) Travel expenses of \$2,607 (2021 - \$20,197) due to less travel required during the fourth quarter of 2022.
- (ix) Other income of \$56,506 (2021 - \$762,333) due to the draw-down of the Company's flow-through premium liability as eligible mineral property expenditures are made.

## 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 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 years ended August 31, 2021 and 2020 the Company incurred entered into the following transactions with key management personnel:

	For the year ended August 31,	
	2022	2021
Executive compensation – former CEO (Amrik Virk)	\$ -	\$ 110,000
Executive compensation – former CEO (Warner Uhl)	-	241,447
Executive compensation –CEO (Robert Pryde)	84,000	-
Executive compensation – former CFO (Leon Ho)	-	2,000
Executive compensation – CFO (Mickey Goldstein)	50,000	72,750
Share-based compensation	53,183	115,840
Director's fees	132,768	74,000
	\$ 319,951	\$ 616,037

During the years ended August 31, 2022 and 2021 the Company entered into the following transactions with other related parties:

	For the year ended August 31,	
	2022	2021
Office and general (Makena Management Group Ltd.)	\$ -	\$ 2,620
Consulting (Dylan Sidoo)	-	116,833
Management fees (Makena Management Group Ltd.)	-	245,500
Rent (Makena Management Group Inc.)	-	90,000
	\$ -	\$ 454,953

Included in accounts payable and accrued liabilities at August 31, 2022 is \$76,650 (2021 - \$58,763) owed to directors, officers, and former directors and officers 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, 2022 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, 2022 financial statements on [www.sedar.com](http://www.sedar.com) for Significant Accounting Policies details.

## New Accounting Policies Adopted

During the year ended August 31, 2022, the Company did not adopt any new accounting policies.

## 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, 2022 and December 19, 2022 :

	August 31, 2022	December 19, 2022
Number of common shares outstanding	66,696,765	66,696,765,
Number of options outstanding	3,300,000	3,300,000
Number of warrants outstanding	Nil	Nil
Number of restricted share units	1,300,000	1,300,000

## Subsequent Events

On December 16, 2022, 1,300,000 RSU's vested.