

---

**BMEX Gold Inc.**

CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIODS ENDED MAY 31, 2022 AND 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.**  
**CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**FOR THE NINE MONTHS ENDED MAY 31, 2022 and MAY 31, 2021**  
*(Expressed in Canadian dollars)*  
*(Unaudited)*

	Three months ended		Nine months ended	
	May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
<b>EXPENSES</b>				
Advertising and marketing	\$ 2,868	\$ 214,518	\$ 89,165	\$ 555,745
Amortization (Note 5)	193	686	579	1,286
Consulting (Notes 7 & 8)	38,276	135,298	175,412	470,424
Directors' fees (Note 8)	39,321	18,000	93,448	56,000
Executive compensation (Notes 7 & 8)	31,000	99,425	110,000	234,175
Management fees (Note 8)	-	69,000	43,500	207,000
Office and administration (Note 8)	6,959	6,387	23,645	38,674
Professional fees	22,352	64,534	62,631	131,250
Rent (Note 8)	-	22,500	37,500	67,500
Share-based compensation (Notes 7 & 8)	-	122,742	53,183	146,220
Transfer agent and regulatory fees	4,070	24,428	45,995	122,922
Travel, meals and related costs	594	22,753	8,247	25,436
	(145,633)	(800,271)	(743,305)	(2,056,632)
Other Income (Note 7)	21,507	-	406,848	-
Loss on foreign exchange	-	-	(616)	(618)
<b>Loss and comprehensive loss for the period</b>	<b>\$ (124,126)</b>	<b>\$ (800,271)</b>	<b>(337,073)</b>	<b>(2,057,250)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.06)</b>
<b>Weighted average number of common shares outstanding</b>	<b>66,696,765</b>	<b>58,422,242</b>	<b>66,242,553</b>	<b>36,006,153</b>

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

**BMEX GOLD INC.**  
**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
<b>August 31, 2020</b>	<b>25,730,000</b>	<b>\$ 2,285,317</b>	<b>\$ 360,060</b>	<b>\$ (1,837,324)</b>	<b>\$ 808,053</b>
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)
<b>May 31, 2021</b>	<b>58,428,016</b>	<b>\$ 16,755,792</b>	<b>\$ 947,265</b>	<b>\$ (3,894,574)</b>	<b>\$ 13,808,483</b>
<b>August 31, 2021</b>	<b>62,696,765</b>	<b>\$ 15,846,104</b>	<b>\$ 1,195,711</b>	<b>\$ (4,054,749)</b>	<b>\$ 12,987,066</b>
Shares issued for exploration and evaluation assets	4,000,000	600,000	-	-	600,000
RSUs issued for consulting and directors fees	-	-	76,860	-	76,860
Share-based compensation	-	-	53,183	-	53,183
Net loss for the period	-	-	-	(337,073)	(337,073)
<b>May 31, 2022</b>	<b>66,696,765</b>	<b>\$ 16,446,104</b>	<b>\$ 1,325,754</b>	<b>\$ (4,391,822)</b>	<b>\$ 13,380,036</b>

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

**BMEX GOLD INC.**  
**CONDENSED STATEMENTS OF CASH FLOW**  
**FOR THE NINE MONTHS ENDED MAY 31, 2022 and MAY 31, 2021**  
*(Expressed in Canadian dollars)*  
*(Unaudited)*

	May 31, 2022	May 31, 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss) for the period	\$ (337,073)	\$ (2,057,250)
Items not involving cash:		
Amortization	579	1,286
Share Based Compensation	53,183	146,220
RSUs issued for directors' fees	70,948	-
RSUs issued for consulting fees	5,912	-
Other Income	(406,848)	-
Changes in non-cash operating working capital:		
GST receivable	189,819	(143,409)
Prepaid	69,984	(169,144)
Accounts payable and accrued liabilities	(28,254)	(24,122)
<b>Net cash used in operating activities</b>	<b>(381,750)</b>	<b>(2,246,419)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Prepayment of exploration and evaluation	-	(175,000)
Exploration and evaluation assets	(1,068,992)	(1,776,482)
Acquisition of equipment		(936)
<b>Net cash used in investing activities</b>	<b>(1,068,992)</b>	<b>(1,952,418)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Private placements	-	6,703,000
Share issuance costs	-	(700,208)
Shares issued from warrant exercises	-	349,918
Shares issued from stock option exercises	-	30,000
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>6,382,710</b>
<b>Change in cash during the period</b>	<b>(1,450,742)</b>	<b>2,183,873</b>
<b>Cash, beginning of period</b>	<b>2,757,978</b>	<b>567,051</b>
<b>Cash, end of period</b>	<b>\$ 1,307,236</b>	<b>\$ 2,750,924</b>

Cash paid for interest	\$	-	\$	-
Cash paid for income taxes	\$	-	\$	-

During the period ended May 31, 2022, the Company had the following non-cash transactions affecting cash flows from investing and financing activities:

- The Company issued 4,000,000 shares valued at \$600,000 for the acquisition of exploration and evaluation assets
- Included in accounts payable and accrued liabilities as at May 31, 2022 is \$51,497 for exploration and evaluation assets (August 31, 2021 - \$228,677).

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).

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

**BMEX GOLD INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED MAY 31, 2022 AND 2021**  
*(Expressed in Canadian Dollars)*  
*(Unaudited)*

---

**1. Nature of Operations and Going Concern**

BMEX Gold Inc. (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 Suite 904 – 409 Granville Street, Vancouver, B.C. V6C 1T2.

The Company had working capital of \$758,160 and an accumulated deficit of \$4,391,822 as at May 31, 2022.

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, 2021, 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, 2021.

*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.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED MAY 31, 2022 AND 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, 2021 have been applied consistently to all periods presented in these condensed interim consolidated financial statements.

***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) 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.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED MAY 31, 2022 AND 2021**  
*(Expressed in Canadian Dollars)*  
*(Unaudited)*

**3. Significant Accounting Policies (continued...)**

*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) 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.
- (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.

**4. Prepaid Expenses**

Prepaid expenses as at May 31, 2022 consist of the following:

	<b>May 31, 2022</b>	<b>August 31, 2021</b>
Prepaid advertising and marketing	\$ -	\$ 74,397
Prepaid insurance	6,018	1,605
	<b>\$ 6,018</b>	<b>\$ 76,002</b>

**BMEX GOLD INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED MAY 31, 2022 AND 2021**  
*(Expressed in Canadian Dollars)*  
*(Unaudited)*

---

**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. (the “Optionor”) reached an agreement to option the King Tut Property located in the Ligneris and Celoron townships in the Province of Quebec. The Company entered into an amended agreement on August 1, 2021. Under the terms of the option agreement and the amended agreement, the Company has the right to acquire 100% ownership in certain mineral claims, for the following consideration:

- (i) Pay \$200,000 on signing of the agreement (paid);
- (ii) Pay \$100,000 on the 6 month anniversary of the Agreement Date (paid);
- (iii) Issue 2,000,000 common shares within five business days of TSXV approval of the amended agreement. (issued).

Greg Exploration Inc. will retain a 2% net smelter returns royalty, with an additional 1% net smelter returns royalty on a subset of claims. The Company may purchase the 1% net smelter royalty on the subset of claims for \$1,000,000 at any time.

The Company also agreed to make the following milestone payments to the Optionor:

- Upon receipt by the Company 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 Company shall pay to the two Optionors a payment of \$500,000 in cash, or, at the option of the Optionee, in common shares of the Company.
- Upon completion and delivery of a positive pre-feasibility study on the property, the Company shall also pay to the Optionor \$500,000, in cash, or, at the option of the Company, in common shares of the Company.

In addition to the payments above, the Company paid a cash finders fee of \$36,000 for this property during the year ended August 31, 2021.

**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 near Matagami in the Province of Quebec. The Company entered into an amended agreement on August 1, 2021. Under the option agreement and the amended agreement, the Company has the right to acquire 100% ownership in 76 mineral claims, for an aggregate of 15,000,000 of its common shares and payment of an aggregate \$300,000 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) Issue 2,000,000 common shares within five business days of TSXV approval of the amended agreement. (issued).

Optionors will retain a 2% net smelter returns royalty.

The Company also agreed to make the following milestone payments to two Optionors:

- Upon receipt by the Company 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 Company shall pay to the two Optionors a payment of \$500,000 in cash, or, at the option of the Optionee, in common shares of the Company.
- Upon completion and delivery of a positive pre-feasibility study on the property, the Company shall also pay to the two Optionors \$500,000, in cash, or, at the option of the Company, in common shares of the Company.

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

**BMEX GOLD INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED MAY 31, 2022 AND 2021**  
*(Expressed in Canadian Dollars)*  
*(Unaudited)*

**5. Exploration and Evaluation Assets (continued...)**

The following is a summary of exploration and evaluation assets as at May 31, 2022:

	King Tut Property		Dunlop Bay Property	Total
<b>Acquisition costs</b>				
<b>Balance, August 30, 2020</b>	\$ 236,000	\$ -	\$ -	\$ 236,000
Option payments	100,000	-	8,360,000	8,460,000
Finders fees	-	-	512,250	512,250
<b>Balance, August 31, 2021</b>	<u>336,000</u>	<u>-</u>	<u>8,872,250</u>	<u>9,208,250</u>
Option payments	300,000	-	300,000	600,000
<b>Balance, May 31, 2022</b>	<u>\$ 636,000</u>	<u>\$ -</u>	<u>\$ 9,172,250</u>	<u>\$ 9,808,250</u>
<b>Exploration and evaluation costs</b>				
<b>Balance, August 31, 2020</b>	\$ -	\$ -	\$ -	\$ -
Consulting	185,079	-	141,492	326,571
Drilling	738,415	-	-	738,415
Geological core logging	189,465	-	-	189,465
Geological modelling	10,733	-	-	10,733
Geological reports	-	-	30,793	30,793
Survey	187,979	-	58,056	246,035
Transportation and roads	43,534	-	40,572	84,106
Laboratory sampling	119,871	-	-	119,871
<b>Balance, August 31, 2021</b>	<u>1,475,076</u>	<u>\$ 270,913</u>	<u>\$ 1,745,989</u>	
Consulting	161,435	-	59,575	221,010
Drilling	460,149	-	-	460,149
Geological core logging	23,994	-	-	23,994
Geological reports	-	-	9,425	9,425
Survey	-	-	164,785	164,785
Transportation and roads	52,449	-	-	52,449
<b>Balance, May 31, 2022</b>	<u>\$ 2,173,103</u>	<u>\$ 504,698</u>	<u>\$ 2,677,801</u>	
<b>Total acquisition and exploration and evaluation costs</b>				
<b>Balance, August 31, 2021</b>	<u>\$ 1,811,076</u>	<u>\$ 9,143,163</u>	<u>\$ 10,954,239</u>	
<b>Balance, May 31, 2022</b>	<u>\$ 2,809,103</u>	<u>\$ 9,676,948</u>	<u>\$ 12,486,051</u>	

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.

**BMEX GOLD INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED MAY 31, 2022 AND 2021**  
*(Expressed in Canadian Dollars)*  
*(Unaudited)*

**6. Equipment**

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

	Equipment
<b>Cost</b>	
Balance, August 31, 2020	\$ 6,686
Additions	936
Balance, August 31, 2021 and May 31, 2022	<u>\$ 7,622</u>
<b>Accumulated amortization</b>	
Balance, August 31, 2020	\$ 4,504
Additions	1,714
Balance, August 31, 2021	<u>\$ 6,218</u>
Additions	579
Balance, November 30, 2021	<u>\$ 6,797</u>
<b>Net book value</b>	
Balance, August 31, 2021	\$ 1,404
Balance, May 31, 2022	<u>\$ 825</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) *Share Capital Transactions*

During the period ended May 31, 2022, the Company completed the following equity financings:

- During the period ended May 31, 2022 the Company issued 2,000,000 shares valued at \$300,000, as acquisition costs for the King Tut Property. (Note 5).
- During the period ended May 31, 2022 the Company issued 2,000,000 shares valued at \$300,000, as acquisition costs for the Dunlop Bay Property. (Note 5).

During the year ended August 31, 2021, the Company completed the following equity financings:

- 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 and one-half of one common share purchase warrant, with each warrant entitling the holder to acquire one additional common share for \$0.50 until April 7, 2022. In connection with the closing, the Company paid \$277,904 to the agent, and 735,700 broker warrants. Each broker warrant entitles the holder to acquire one common share for \$0.30 until April 7, 2022. 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%.

**BMEX GOLD INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED MAY 31, 2022 AND 2021**  
*(Expressed in Canadian Dollars)*  
*(Unaudited)*

**7. Share Capital (continued...)**

**(b) Share Capital Transactions (continued...)**

- 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 \$1,550,000 (or \$0.2325 per share). Each unit consists of one flow-through common share and one-half of one non-flow-through common share purchase warrant, with each warrant entitling the holder to acquire one additional common share for \$0.50 until April 23, 2022. In connection with the closing, the Company incurred \$422,304 of share issuance costs. In addition, the agent received 466,667 broker warrants. Each broker warrant entitles the holder to acquire one common share for \$0.30 until April 23, 2022. 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%.

During the period ended May 31, 2022, the Company expended approximately 75% of the flow-through funds, reducing the flow-through premium liability to \$380,819 and resulting in other income of \$406,848.

- 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 \$990,230 upon the issuance of 5,940,099 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).

**(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, 2022, the Company granted 550,000 stock options, with weighted average fair value of \$0.13 per option. The compensation expense recorded during the period ended May 31, 2022 was \$53,183. During the year ended August 31, 2021, the Company granted 2,300,000 stock options, with a weighted average fair value of \$0.21 per option. The compensation expense recorded during the year ended August 31, 2021 for the options which had vested was \$394,666.

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

	Period ended May 31, 2022	Year ended August 31, 2021
Risk-free interest rate	1.32%	0.89%
Estimated volatility	103.64%	98.34%
Expected life	5 years	5 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

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.

**BMEX GOLD INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED MAY 31, 2022 AND 2021**  
*(Expressed in Canadian Dollars)*  
*(Unaudited)*

**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
<b>Balance, August 31, 2020</b>	<b>2,375,000</b>	<b>\$0.21</b>
Granted	2,300,000	\$0.31
Exercised	(225,000)	\$0.13
Expired	(1,500,000)	\$0.25
<b>Balance, August 31, 2021</b>	<b>2,950,000</b>	<b>\$0.22</b>
Granted	550,000	\$0.15
Expired	(50,000)	\$0.18
Forfeited	(150,000)	\$0.34
<b>Balance, May 31, 2022</b>	<b>3,300,000</b>	<b>\$0.20</b>

The following table summarizes information about the share options outstanding and exercisable at May 31, 2022:

Number of options outstanding	Number of options exercisable	Exercise price	Remaining life (years)	Expiry date
900,000	900,000	\$0.10	0.73	February 22, 2023
550,000	550,000	\$0.30	2.23	August 21, 2024
300,000	300,000	\$0.24	3.82	March 25, 2026
800,000	800,000	\$0.26	4.01	June 4, 2026
200,000	200,000	\$0.19	4.18	August 3, 2026
100,000	100,000	\$0.18	4.25	August 30, 2026
450,000	550,000	\$0.15	4.55	December 16, 2026
<b>3,300,000</b>	<b>3,300,000</b>	<b>\$0.20</b>	<b>2.89</b>	

**BMEX GOLD INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED MAY 31, 2022 AND 2021**  
*(Expressed in Canadian Dollars)*  
*(Unaudited)*

7. **Share Capital (continued...)**

(d) **Warrants**

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

	Number of warrants	Weighted average exercise price
<b>Balance, August 31, 2020</b>	6,000,000	\$0.15
Finance warrants issued	8,588,333	\$0.50
Broker warrants issued	1,202,367	\$0.30
Exercised	(5,940,099)	\$0.17
Expired	(380,001)	\$0.15
<b>Balance, August 31, 2021</b>	<b>9,470,600</b>	<b>\$0.48</b>
Expired	<b>(9,470,600)</b>	<b>\$0.48</b>
<b>Balance, May 31, 2022</b>	<b>-</b>	<b>\$ -</b>

(e) **Restricted share units**

During the year ended August 31, 2021, the Company approved and adopted, a Performance and Restricted Share Unit (RSU) Plan.

During the period ended May 31, 2022:

- On December 16, 2021, 1,200,000 RSUs were granted to directors of the Company in lieu of directors fees to be paid from the period of December 1, 2021 to December 1, 2022. These RSUs vest on December 16, 2022, and expire on December 16, 2023. During the period ended May 31, 2022, \$70,948 was recorded as directors' fees associated with the RSUs issued. (Note 8).
- On December 16, 2021, 100,000 RSUs were granted to a consultant of the Company. These RSUs vest on December 16, 2022, and expire on December 16, 2023. During the period ended May 31, 2022, \$5,912 was recorded as consulting fees associated with the RSUs issued.
- 700,000 RSUs issued during the year ended August 31, 2021 were cancelled.

During the year ended August 31, 2021:

- the Company approved and adopted, a Performance and Restricted Share Unit Plan, under which the Company granted 2,960,000 restricted share units (RSUs) to management, directors, and consultants on June 30, 2021, with an expiry date of June 30, 2022. These RSUs will vest when certain conditions and milestones are achieved. The Company recognized no expense for this award at the grant date and at August 31, 2021 as the market-based vesting conditions were not met.

The following table summarizes information about the RSUs outstanding at May 31, 2022:

Number of RSUs outstanding	Vesting conditions	Remaining life (years)	Expiry date
2,260,000	RSUs will vest when certain milestones are achieved	0.08	June 20, 2022
1,300,000	RSUs will vest December 16, 2022	1.55	December 16, 2023
<b>3,560,000</b>		<b>0.62</b>	

**BMEX GOLD INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED MAY 31, 2022 AND 2021**  
*(Expressed in Canadian Dollars)*  
*(Unaudited)*

**8. 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 periods ended May 31, 2022 and 2021 the Company incurred the following transactions with key management personnel:

	Three months ended May 31, 2022	Three months ended May 31, 2021	Nine months ended May 31, 2022	Nine months ended May 31, 2021
Executive compensation - CEO	\$ 21,000	\$ 84,425	\$ 70,000	\$ 174,425
Executive compensation - CFO	10,000	15,000	40,000	59,750
Directors' fees (including RSUs issued)	39,321	18,000	93,448	56,000
Share-based compensation (options issued)	-	63,485	53,183	86,963
	\$ 70,321	\$ 180,910	\$ 256,631	\$ 377,138

During the periods ended May 31, 2022 and 2021 the Company incurred the following transactions with other related parties:

	Three months ended May 31, 2022	Three months ended May 31, 2021	Nine months ended May 31, 2022	Nine months ended May 31, 2021
Office and administrative	\$ -	\$ -	\$ -	\$ 2,620
Consulting	-	22,500	-	94,333
Management fees	-	69,000	-	207,000
Rent	-	22,500	-	67,500
	\$ -	\$ 114,000	\$ -	\$ 371,453

Included in accounts payable and accrued liabilities at May 31, 2022 is \$15,324 (August 31, 2021 - \$58,763) owed to directors, and officers of the Company.

**BMEX GOLD INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED MAY 31, 2022 AND 2021**  
*(Expressed in Canadian Dollars)*  
*(Unaudited)*

**9. Financial Instruments**

*Fair values*

Financial instruments are classified into one of the following categorized: fair value through profit and loss (“FVTPL”); amortized cost; and fair value through other comprehensive income (“FVTOCI”). The carrying value of the Company’s financial instruments are classified into the following categories:

<b>Financial Instrument</b>	<b>Category</b>	<b>May 31, 2022</b>	<b>August 31, 2021</b>
Cash	FVTPL	\$ 1,307,236	\$ 2,757,978
Accounts payable and accrued liabilities	Amortized cost	\$ 180,423	\$ 385,857

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.

The Company’s financial instruments consist of cash, and accounts payable and accrued liabilities. Cash is measured at fair value, using level 1 inputs. The fair value of accounts payable and accrued liabilities approximates its carrying amounts due to its current nature.

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.

**BMEX GOLD INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED MAY 31, 2022 AND 2021**  
*(Expressed in Canadian Dollars)*  
*(Unaudited)*

---

**9. Financial Instruments (continued...)**

*Market Risk (continued...)*

(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 May 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.

**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. There have been no changes to the Company's capital risk management during the period.

**11. Segmented Information**

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

**12. Subsequent Event**

Subsequent to the period ended May 31, 2022, a shareholder of the Company agreed to gift the Company \$360,000, of which \$260,000 has been received as at the date of filing of these financial statements, and a further \$100,000 to be received on or before December 31, 2022.