
BMEX Gold Inc.

FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

(Expressed in Canadian Dollars)



Independent Auditor's Report

To the Shareholders of BMEX Gold Inc.

Opinion

We have audited the financial statements of BMEX Gold Inc. (the "Company"), which comprise the statements of financial position as at August 31, 2023 and August 31, 2022, and the statements of loss and comprehensive loss, statements of changes in shareholders' equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2023 and August 31, 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended August 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets

Description

Management assesses whether there are indicators of impairment to exploration and evaluation assets when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed the recoverable amount. Management applies judgement in assessing whether impairment indicators are present. No impairment indicators were identified by management as of August 31, 2023.

This matter was significant to our audit because the carrying value of the Company's exploration and evaluation assets at August 31, 2023, was \$ 14,167,016, which represents a significant portion of the Company's total assets and management applies significant judgement in assessing whether impairment indicators are present. See Note 3 and Note 5 to the financial statements.



How the Key Audit Matter Was Addressed in the Audit

Our approach to addressing the matter included the following procedures, among others:

Evaluated management's assessment as to whether there were any indicators of impairment to exploration and evaluation assets, which included the following:

- Obtained all mineral claim and permit listings held by the Company and confirmed the mineral claims held with the related mining authorities.
- Considered the Company's intentions to carry out future exploration and evaluation expenditures which included reading Board of Directors' meeting minutes and enquiring as to the intentions and strategy of the Company.
- Assessed whether there were other changes in circumstances indicating that the exploration and evaluation expenditures may not be recoverable, based on the evidence obtained in other areas of the audit.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company had working capital of \$ 82,010 and an accumulated deficit of \$ 4,581,034 and will need to raise additional funds in order to continue exploration activities. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Gordon Cummings.

Vancouver, B.C.
December 14, 2023

"D&H Group LLP"
Chartered Professional Accountants

BMEX GOLD INC.
STATEMENTS OF FINANCIAL POSITION
AS AT AUGUST 31, 2023 AND 2022
(Expressed in Canadian Dollars)

	August 31, 2023	August 31, 2022
ASSETS		
Current assets		
Cash	\$ 581,126	\$ 1,418,839
GST receivable	104,461	16,344
Prepaid expenses (Note 4)	16,094	10,625
Total current assets	701,681	1,445,808
Non-current assets		
Prepaid exploration and evaluation deposit	45,289	135,000
Exploration and evaluation assets (Note 5)	14,167,016	12,615,469
Equipment (Note 6)	284	632
TOTAL ASSETS	\$ 14,914,270	\$ 14,196,909
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 564,900	\$ 264,521
Flow-through premium (Note 7)	54,771	324,313
Total current liabilities	619,671	588,834
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	16,958,652	16,446,104
Share-based payment reserve (Note 7)	1,556,981	1,368,352
Contributed surplus (Note 8)	360,000	260,000
Accumulated deficit	(4,581,034)	(4,466,381)
TOTAL SHAREHOLDERS' EQUITY	14,294,599	13,608,075
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 14,914,270	\$ 14,196,909

Nature of operations and going concern (Note 1)

These financial statements were approved for issue by the Board of Directors on December 14, 2023 and are signed on its behalf by:

On behalf of the Board:

"Robert Pryde" Director "Verlee Webb" Director

BMEX GOLD INC.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022
(Expressed in Canadian dollars)

	August 31, 2023	August 31, 2022
EXPENSES		
Advertising and marketing	\$ 16,117	\$ 105,740
Amortization of equipment (Note 6)	348	772
Consulting (Note 8)	54,040	192,689
Directors' fees (Note 8)	130,031	132,768
Executive compensation (Note 8)	144,000	134,001
Management fees (Note 8)	-	43,500
Office and general (Note 8)	19,869	29,869
Professional fees	50,639	83,374
Rent (Note 8)	-	37,500
Share-based compensation (Note 7, 8)	54,787	53,183
Transfer agent and regulatory fees	53,978	50,120
Travel, meals and related costs	23,848	10,854
	<u>(547,657)</u>	<u>(874,370)</u>
Other income – flow-through premium recovery (Note 7)	410,042	463,354
Other income – recovery of accrued liabilities	23,975	
Loss on foreign exchange	<u>(1,013)</u>	<u>(616)</u>
Loss and comprehensive loss for the year	\$ (114,653)	\$ (411,632)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding	72,983,980	66,357,039

BMEX GOLD INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Number of shares	Share capital	Share-based payment reserve	Contributed surplus	Deficit	Total shareholders' equity
August 31, 2021	62,696,765	\$ 15,846,104	\$ 1,195,711	\$ -	\$ (4,054,749)	\$ 12,987,066
Shares issued for exploration and evaluation assets	4,000,000	600,000	-	-	-	600,000
Restricted share units issued for services	-	-	119,458	-	-	119,458
Shareholder contribution	-	-	-	260,000	-	260,000
Share-based compensation	-	-	53,183	-	-	53,183
Loss and comprehensive loss for the year	-	-	-	-	(411,632)	(411,632)
August 31, 2022	66,696,765	\$ 16,446,104	\$ 1,368,352	\$ 260,000	\$ (4,466,381)	\$ 13,608,075
Private placement of flow-through shares	9,366,667	562,000	-	-	-	562,000
Share issuance costs - cash	-	(49,452)	-	-	-	(49,452)
Restricted share units issued for services	-	-	133,842	-	-	133,842
Shareholder contribution	-	-	-	100,000	-	100,000
Share-based compensation	-	-	54,787	-	-	54,787
Loss and comprehensive loss for the year	-	-	-	-	(114,653)	(114,653)
August 31, 2023	76,063,432	\$ 16,958,652	\$ 1,556,981	\$ 360,000	\$ (4,581,034)	\$ 14,294,599

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

BMEX GOLD INC.
STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022
(Expressed in Canadian dollars)

	August 31, 2023	August 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (114,653)	\$ (411,632)
Items not involving cash:		
Amortization of equipment	348	772
Share-based compensation	54,787	53,183
Restricted share units issued for directors' fees	130,031	110,269
Restricted share units issued for consulting fees	3,811	9,189
Other income – flow-through premium recovery	(410,042)	(463,354)
Other income – recovery of accrued liabilities	(23,975)	
Changes in non-cash operating working capital:		
GST receivable	(88,117)	179,623
Prepaid expenses	(5,469)	65,377
Accounts payable and accrued liabilities	24,984	51,677
Net cash used in operating activities	(428,295)	(404,896)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(1,147,466)	(1,194,243)
Prepaid exploration and evaluation assets deposit paid	(150,000)	-
Prepaid exploration and evaluation assets deposit refunded	135,000	-
Acquisition of equipment	-	-
Net cash used in investing activities	(1,162,466)	(1,194,243)
CASH FLOWS FROM FINANCING ACTIVITIES		
Private placements	702,500	-
Share issuance costs	(49,452)	-
Shareholder contributions	100,000	260,000
Net cash provided by financing activities	753,048	260,000
Change in cash during the year	(837,713)	(1,339,139)
Cash, beginning of year	1,418,839	2,757,978
Cash, end of year	\$ 581,126	\$ 1,418,839

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

During the year ended August 31, 2023, the Company had the following non-cash transactions affecting cash flows from investing and financing activities:

- Included in accounts payable and accrued liabilities as at August 31, 2023 is \$355,034 for exploration and evaluation assets (August 31, 2022 - \$55,664).

During the year ended August 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 August 31, 2022 is \$55,664 for exploration and evaluation assets (August 31, 2021 - \$228,677).

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

BMEX GOLD INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022
(Expressed in Canadian Dollars)

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 the 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 2700 – 1177 W. Hastings Street, Vancouver, B.C. V6E 2K3.

The Company had working capital of \$82,010 and an accumulated deficit of \$4,581,034 as at August 31, 2023.

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. The Company has not yet determined whether its properties contain economically recoverable reserves and expects to incur further losses in the exploration of its properties.

These 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 financial statements have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

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
AUGUST 31, 2023 AND 2022
(Expressed in Canadian Dollars)

3. Significant Accounting Policies

(a) 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 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.
- (iii) 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.

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 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.

BMEX GOLD INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022
(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

(a) Critical Judgments and Sources of Estimation Uncertainty (continued)

Estimation Uncertainty (continued)

- (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.

(b) Cash

Cash includes cash on hand and demand deposits. The Company is not exposed to significant credit or interest rate risk although cash is held in excess of federally insured limits with a major financial institution.

(c) Equipment

Equipment is recorded at cost and depreciated using the declining balance method at the following rates per annum.

Computer equipment	55% per annum
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Equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, are regularly identified and written off. The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent expenditures relating to an item of equipment are capitalized when it is probable that future economic benefits from the use the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance.

(d) Foreign exchange

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting year, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are recognized through profit or loss.

BMEX GOLD INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022
(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

(e) Exploration and Evaluation Assets

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral properties and crediting all proceeds received against the cost of the related properties. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farm out of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income, costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that an exploration expenditure is not expected to be recovered, it is charged to the results of operations.

(f) Impairment of Long-Lived Assets

At each financial position reporting date, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the amount that would be obtained from the sale of an asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

BMEX GOLD INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022
(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

(g) Financial Instruments

Recognition

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

Classification and Measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- i) those to be measured subsequently at fair value, either through profit or loss (“FVTPL”) or through other comprehensive income (“FVTOCI”); and,
- ii) those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

The classification and measurement bases of the Company’s financial instruments are as follows:

Financial Instrument	Classification
Cash	FVTPL
Accounts payable	Amortized cost

After initial recognition at fair value, financial liabilities are classified and measured at either:

- i) amortized cost;
- ii) FVTPL.

Impairment of Financial Assets at Amortized Cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

BMEX GOLD INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022
(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

(g) Financial Instruments (continued)

Derecognition

i) Financial Assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

ii) Financial Liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

The Company determines the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

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 volume 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 marketplace.

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.

(h) Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

(i) 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.

BMEX GOLD INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022
(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

(j) Loss Per Share

Basic loss per share is computed by dividing loss available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in dilutive earnings per share by application of the “if converted” method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted loss per share.

(k) Equity Financing

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and share purchase warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the terms of the transaction. The Company has adopted the residual value method with respect to the measurement of common shares and share purchase warrants issued as private placement units. The fair value of the common shares issued in private placements is determined by the closing quoted bid price on the closing date. The balance, if any, is allocated to the attached share purchase warrants.

(l) Share-Based Payment Transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of share options granted is recognized as a share-based compensation expense with a corresponding increase in the equity settled share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

For employees the fair value is measured at grant date and each tranche is recognized on a straight line basis over the period during which the share options vest. The fair value of the share options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share options were granted.

At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

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3. Significant Accounting Policies (continued...)

(m) Taxation

Income tax expense comprises current and deferred income tax. Income tax is recognized in the statement of comprehensive income (loss), except to the extent that it relates to items recognized in other comprehensive income (loss) or directly in equity. In this case the income tax is also recognized in other comprehensive income (loss) or directly in equity, respectively.

Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the statement of financial position date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Income Tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(n) 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.

4. Prepaid Expenses

Prepaid expenses as at August 31, 2023 and 2022 consist of the following:

	August 31, 2023	August 31, 2022
Prepaid advertising and marketing	\$ -	\$ 8,425
Prepaid consulting fees	13,771	-
Prepaid insurance	2,323	2,200
	\$ 16,094	\$ 10,625

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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 acquired 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. retained 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, 2020.

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 acquired 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 retained 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, during the year ended August 31, 2021.

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

The following is a summary of additions to exploration and evaluation assets during the years ended August 31, 2023 and 2022:

	King Tut Property	Dunlop Bay Property	Total
Acquisition costs			
Balance, August 30, 2021	\$ 336,000	\$ 8,872,250	\$ 9,208,250
Option payments	300,000	300,000	600,000
Balance, August 31, 2022, and 2023	\$ 636,000	\$ 9,172,250	\$ 9,808,250
Exploration and evaluation costs			
Balance, August 31, 2021	\$ 1,475,076	\$ 270,913	\$ 1,745,989
Consulting	167,984	85,703	253,687
Geological reports	-	9,424	9,424
Drilling	460,148	-	460,148
Geological core logging	23,994	12,097	36,091
Survey	34,407	164,786	199,193
Geological modelling	-	50,237	50,237
Transportation and roads	52,450	-	52,450
Balance, August 31, 2022	2,214,059	593,160	2,807,219
Taxes	16,940	13,092	30,032
Consulting	74,130	263,513	337,643
Drilling	-	875,467	875,467
Geological core logging	825	89,651	90,476
Survey	-	64,142	64,142
Geological modelling	122,316	1,072	123,388
Laboratory	30,399	-	30,399
Balance, August 31, 2023	\$ 2,458,669	\$ 1,900,097	\$ 4,358,766
Total acquisition and exploration and evaluation costs			
Balance, August 31, 2022	\$ 2,850,059	\$ 9,765,410	\$ 12,615,469
Balance, August 31, 2023	\$ 3,094,669	\$ 11,072,347	\$ 14,167,016

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.

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6. Equipment

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

	Equipment
Cost	
Balance, August 31, 2021, 2022, and 2023	\$ 7,622
Accumulated amortization	
Balance, August 31, 2021	\$ 6,218
Additions	772
Balance, August 31, 2022	\$ 6,990
Additions	3482
Balance, August 31, 2023	\$ 7,338
Net book value	
Balance, August 31, 2022	\$ 632
Balance, August 31, 2023	\$ 284

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 year ended August 31, 2023:

- The Company completed a private placement through the issuance of 9,366,667 flow-through shares at a price of \$0.075 per share for gross proceeds of \$702,500. The Company determined that the flow-through premium associated with this issuance was \$140,500 (or \$0.015 per share). In connection with the closing, the Company incurred \$49,452 of share issuance costs.

During the year ended August 31, 2022, the Company completed the following equity financings:

- The Company issued 2,000,000 shares valued at \$300,000, as acquisition costs for the King Tut Property. (Note 5).
- The Company issued 2,000,000 shares valued at \$300,000, as acquisition costs for the Dunlop Bay Property. (Note 5).

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7. Share Capital (continued...)

(c) ***Flow-through premium***

During the year ended August 31, 2021, the Company closed a 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 the issuance was \$1,500,000.

During the year ended August, 2023, the Company closed a private placement through the issuance of 9,366,667 flow-through shares of the Company at a price of \$0.075 per share for gross proceeds of \$702,500. The Company determined that the flow through premium associated with the issuance was \$140,500.

The flow-through premium liability gets reduced as the Company spends eligible expenditures on its properties.

The following is a continuity of the Company's flow-through premium liability:

	Flow-through premium liability	
Balance, August 31, 2021	\$	787,667
Other income		(463,354)
Balance, August 31, 2022		324,313
Additions		140,500
Other income		(410,042)
Balance, August 31 2023	\$	54,771

(d) ***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 year ended August 31, 2023, the Company granted 1,200,000 (2022 – 550,000) options to its officers and directors, with a weighted average fair value of \$0.05 (2022 - \$0.10) per option. The compensation expense recorded during the year ended August 31, 2023 for the options which had vested was \$54,787 (2022 - \$53-183).

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

	Year ended August 31, 2023	Year ended August 31, 2022
Risk-free interest rate	2.90%	1.32%
Estimated volatility	119.17%	103.64%
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.

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7. Share Capital (continued...)

(d) ***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, 2021	2,950,000	\$0.21
Granted	550,000	\$0.15
Expired	(50,000)	\$0.18
Forfeited	(150,000)	\$0.24
Balance, August 31, 2022	3,300,000	\$0.20
Granted	1,200,000	\$0.055
Expired	(1,950,000)	\$0.17
Balance, August 31, 2023	2,550,000	\$0.15

The following table summarizes information about the share options outstanding and exercisable at August 31, 2023:

Number of options outstanding	Number of options exercisable	Exercise price	Remaining life (years)	Expiry date
550,000	550,000	\$0.30	0.98	August 21, 2024
200,000	200,000	\$0.26	2.76	June 4, 2026
200,000	200,000	\$0.19	2.93	August 3, 2026
450,000	450,000	\$0.15	3.30	December 16, 2026
1,150,000	1,150,000	\$0.055	4.29	December 15, 2027
2,550,000	2,550,000	\$0.15	3.17	

(e) ***Warrants***

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

	Number of warrants	Weighted average exercise price
Balance, August 31, 2021	9,470,600	\$0.15
Expired	(9,470,600)	\$0.15
Balance, August 31, 2022 and 2023	-	\$0.00

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7. Share Capital (continued...)

(f) *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 year ended August 31, 2023:

- The Company granted 2,160,000 restricted share units to its directors in lieu of directors' fees. These RSUs vest on December 15, 2023, and expire December 15, 2024. During the year ended August 31, 2023, \$84,299 was recorded as directors' fees associated with these RSUs issued (Note 8).

During the year ended August 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 year ended August 31, 2023, \$45,732 (2022 - \$110,269) 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 year ended August 31, 2023, \$3,811 (2022 - \$9,189) was recorded as consulting fees associated with the RSUs issued.
- 2,960,000 RSUs issued during the year ended August 31, 2021 were cancelled.

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

	Number of RSUs
Balance, August 31, 2021	2,960,000
Granted	1,300,000
Expired	(2,960,000)
Balance, August 31, 2021	1,300,000
Granted	2,160,000
Cancelled	(100,000)
Balance, August 31, 2023	3,360,000

The following table summarizes information about the RSUs outstanding at August 31, 2023:

Number of RSUs outstanding	Vesting conditions	Remaining life (years)	Expiry date
1,200,000	RSUs will vest December 16, 2022	0.29	December 16, 2023
2,160,000	RSUs will vest December 15, 2023	1.29	December 15, 2024
3,360,000		0.94	

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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 years ended August 31, 2023 and 2022 the Company entered into the following transactions with key management personnel:

	August 31, 2023	August 31, 2022
Executive compensation - CEO	\$ 84,000	\$ 84,000
Executive compensation - CFO	60,000	50,000
Share-based compensation	54,787	53,183
Directors' fees	130,031	132,768
	<u>\$ 328,818</u>	<u>\$ 319,951</u>

Included in accounts payable as at August 31, 2023 is \$63,013 (2022 - \$76,650) owed to directors, officers, and former directors and officers of the Company.

During the year ended August 31, 2023, the Company received a contribution of \$100,000 (2022 - \$260,000) from a shareholder.

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9. Financial Instruments

Fair values

Financial instruments are classified into one of the following categorised: 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:

Financial Instrument	Category	August 31, 2023	August 31, 2022
Cash	FVTPL	\$ 581,126	\$ 1,418,839
Accounts payable and accrued liabilities	Amortized cost	\$ 564,900	\$ 264,521

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 fair value of accounts payable and accrued liabilities approximates its carrying amounts due to its current nature.

Risk

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. As at August 31, 2023, the Company has sufficient cash on hand to cover its short-term financial liabilities.

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9. Financial Instruments (continued...)

Risk (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, 2023 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.

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12. Income Taxes

The following is a reconciliation of income taxes attributable to operations at the statutory rates to income tax expense (recovery).

	August 31, 2023		August 31, 2022	
Loss before tax	\$	(114,653)	\$	(411,632)
Statutory tax rate		27%		27%
Expected tax recovery	\$	(31,000)	\$	(111,000)
Share issuance costs		(13,000)		-
Non-deductible expenses		(60,000)		(78,000)
Flow through shares		152,000		-
Adjustment due to prior year provision vs. statutory tax return		629,000		-
Change in unrecognized temporary differences		(677,000)		189,000
Tax recovery for the year	\$	-	\$	-

Deferred tax balances

The tax effects of temporary differences that give rise to future income tax assets are as follows:

	August 31, 2023		August 31, 2022	
Non-capital losses carry-forward	\$	1,527,000	\$	1,266,000
Exploration and evaluation assets		(910,000)		-
Share issuance costs		88,000		116,000
Total deferred tax assets		705,000		1,382,000
Less: Unrecognized deferred tax assets		(705,000)		(1,382,000)
Net deferred tax assets	\$	-	\$	-

The significant components of the Company's unrecognized deferred tax assets are as follows:

	August 31, 2023		Expiry date range	August 31, 2022	
Non-capital losses	\$	5,656,000	2037 - 2043	\$	4,689,000
Share issuance costs	\$	325,000	2024 - 2027	\$	431,000

Tax attributes are subject to review and potential adjustment by tax authorities.