

# **BMEX Gold Inc.**

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

**FOR THE PERIOD ENDED May 31, 2023**

This discussion and analysis of the financial position and results of operations are prepared as at July 28, 2023 and should be read in conjunction with the unaudited financial statements for the period ended May 31, 2023 and the audited financial statements for the year ended August 31, 2022 for BMEX Gold Inc. (the "Company"). The unaudited financial statements for the period ended May 31, 2023, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

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

### **Forward Looking Statements**

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

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

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

### **Company Overview**

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

The Company is a reporting issuer in British Columbia and Alberta. The Company's principal office is located at Suite 2700 – 1177 W. Hastings Street, Vancouver, BC V6E 2K3.

## Significant Events

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

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

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

On December 30, 2022, 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.

## Selected Annual Information

The Company's Consolidated Financial Statements for the years ended August 31, 2022, 2021 and 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The following selected financial information is taken from the annual consolidated financial statements and should be read in conjunction with those statements.

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

## Results of Operations

### For the three month periods ended May 31, 2023 and 2022:

During the three-month period ended May 31, 2023, the Company had a net and comprehensive loss of \$76,287 compared to a net and comprehensive loss of \$124,126 for the period ended May 31, 2022. The change is primarily a result of:

- (i) Other income of \$18,479 (2022 - \$21,507) due to a recovery on the flow-through premium liability as the Company spends its flow through funds on its exploration and evaluation assets.
- (ii) Consulting of \$12,000(2022 - \$38,276) The lower amount in the current period is due to the Company actively conserving cash resources.
- (iii) Executive compensation of \$36,000 (2022 - \$31,000) for fees incurred to the CEO and CFO.
- (iv) Professional fees of \$11,530 (2022 - \$22,352), as the Company incurred professional fees related to its private placement.
- (v) Income tax recovery of \$3,661 (2022 - \$Nil) as the Company had over accrued taxes payable in relation to its flow-through expenditures.

### For the nine month periods ended May 31, 2023 and 2022:

During the nine-month period ended May 31, 2023, the Company had a net and comprehensive loss of \$75,481 compared to a net and comprehensive loss of \$337,073 for the period ended May 31, 2022. The change is primarily a result of:

- (i) Other income of \$345,927 (2022 - \$406,848) due to a recovery on the flow-through premium liability as the Company spends its flow through funds on its exploration and evaluation assets.
- (ii) Advertising and marketing expense of \$12,488 (2022 - \$89,165) due to less advertising and marketing services required to raise awareness about the Company and attract potential investors.
- (iii) Consulting of \$40,811 (2022 - \$175,412) The lower amount in the current period is due to the Company actively conserving cash resources.
- (iv) Directors' fees of \$100,087 (2022 - \$93,448) due to the issuance of RSUs for directors' fees instead of cash, in an accordance with the Company's active policy to conserve cash.
- (v) Executive compensation of \$108,000 (2022 - \$110,000) for fees incurred to the CEO and CFO.
- (vi) Management fees of \$Nil (2022 - \$43,500), as the Company did not require management services during the quarter.
- (vii) Rent of \$Nil (2022 - \$37,500) as the Company is actively conserving cash resources.
- (viii) Travel expense of \$24,047 (2022 - \$8,247) due to increased travel to trade shows which is allowed due to the relief of certain COVID-19 measures.
- (ix) Income tax recovery of \$23,170 (2022 - \$Nil) as the Company had over accrued taxes payable in relation to its flow-through expenditures.

## Summary of Quarterly Results

	May 31, 2023	February 28, 2023	November 30, 2022	August 31, 2022	May 31, 2022	February 28, 2022	November 30, 2021	August 31, 2021
	\$	\$	\$	\$	\$	\$	\$	\$
Cash	741,815	820,583	1,084,470	1,418,839	1,307,236	1,468,887	2,147,104	2,757,978
Total assets	14,701,863	14,678,112	15,057,636	14,196,909	13,941,278	14,064,032	14,784,858	14,160,590
Total liabilities	398,036	327,943	1,235,217	588,834	561,242	602,467	1,190,325	1,173,524
Working capital (deficiency)	433,843	578,670	(66,754)	856,974	758,160	888,753	1,060,989	2,644,090
Net comprehensive income (loss)	(76,287)	(171,404)	172,210	(74,557)	(124,126)	(220,414)	7,467	(160,175)
Basic and diluted earnings (loss) per share	(0.00)	(0.00)	0.00	(0.00)	(0.00)	(0.00)	0.00	(0.00)

## Cash from Operating, Investing, and Financing Activities

The following table summarizes the sources and uses of cash for the nine months ended May 31, 2023 and 2022:

	May 31, 2023	May 31, 2022
Cash used in operating activities	\$ (348,608)	\$ (381,750)
Net cash used in investing activities	(1,081,464)	(1,068,992)
Net cash provided by financing activities	753,048	-
Net increase (decrease) in cash	\$ (677,024)	\$ (1,450,742)

### Operating Activities.

During the nine months ended May 31, 2023, cash used in operating activities was \$348,608 compared to \$381,750 for the comparative period (a \$33,142 decrease). The main reason for the difference is that the Company had reduced operating expenses in an effort to conserve cash.

### Investing Activities

During the nine months ended May 31, 2023, cash flow used in investing activities was \$1,081,464 compared to \$1,068,992 in the comparative period, an increase of \$12,472. This is due to cash spent on the Company's exploration and evaluation assets.

### Financing activities

During the nine months ended May 31, 2023, the Company completed a flow-through share private placement of \$653,048 net of costs, and received \$100,000 from a shareholder as a capital contribution. The Company did not complete any financings during the period ended May 31, 2022.

## **Liquidity and Capital Resources**

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

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

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

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

## **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

## **Proposed Transactions**

There are no proposed transactions.

## Related Party Disclosures

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

During the three and nine month periods ended May 31, 2023, the Company incurred entered into the following transactions with key management personnel:

	Three months ended May 31, 2023	Nine months ended May 31, 2023
Executive compensation – CEO (Robert Pryde)	\$ 21,000	\$ 63,000
Executive compensation – CFO (Mickey Goldstein)	15,000	45,000
Share-based compensation to directors and offices	-	54,787
Directors' fees (RSUs issued)	29,945	100,087
	\$ 65,945	\$ 262,874

Included in accounts payable and accrued liabilities at May 31, 2023 is \$63,117 owed to directors, and officers of the Company.

## 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:

Financial Instrument	Category	May 31, 2023		August 31, 2022	
Cash	FVTPL	\$	741,815	\$	1,418,839
Accounts payable and accrued liabilities	Amortized cost	\$	279,150	\$	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.

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

#### *Credit Risk*

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

#### *Liquidity Risk*

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

#### *Market Risk*

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

##### (a) Interest Rate Risk

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

##### (b) Foreign Currency Risk

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities that are denominated in a foreign currency. As at May 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.

### **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 assessment during the period.

### **Segmented Information**

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

### **Significant Accounting Policies**

Please refer to the May 31, 2023 and August 31, 2022 financial statements on [www.sedar.com](http://www.sedar.com) for Significant Accounting Policies details.

### **Future accounting pronouncements**

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

### **Outstanding Share Data**

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

The following table summarizes information about the share data as at May 31, 2023 and July 28, 2023 :

	May 31, 2023	July 28, 2023
Number of common shares outstanding	76,063,432	76,063,432
Number of options outstanding	2,700,000	2,700,000
Number of warrants outstanding	-	-
Number of restricted share units	3,460,000	3,460,000