

# **ROUTE 109 RESOURCES INC.**

(formerly BMEX Gold Inc.)

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

**FOR THE PERIOD ENDED MAY 31, 2025**

This discussion and analysis of the financial position and results of operations are prepared as at July 30, 2025 and should be read in conjunction with the unaudited financial statements for the period ended May 31, 2025, and the audited financial statements for the year ended August 31, 2024 and 2023 for Route 109 Resources Inc. (formerly BMEX Gold Inc.) (the "Company"). The unaudited financial statements for the period ended May 31, 2025, and the audited financial statements for the year ended August 31, 2024, including comparatives, have been prepared in accordance with IFRS Accounting Standards 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.sedarplus.com](http://www.sedarplus.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 financial statements, technical reports and other information, may be accessed via [www.sedarplus.com](http://www.sedarplus.com) and readers are urged to review these materials.

### **Company Overview**

Route 109 Resources 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. The Company has earned 100% interest in its two projects, both located in the prolific Abitibi greenstone belt: (i) the King Tut Project consists of 120 contiguous claims on 5,206 hectares, (ii) the Dunlop Bay Project consists of 76 mineral claims that cover 4,226 hectares. The Company's common shares trade under the symbol "RTE" 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, B.C. V6E 2K3.

## Significant Events

The Company completed the first of two tranches of financing on Oct 7, 2020 raising \$3,153,000 and issuing 1,051,000 units at a price \$3.00 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 \$5.00 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 666,666 flow-through units (a "FT Unit") of the Company at a price of \$5.325 per FT Unit for gross proceeds of \$3,550,000 and aggregate of 46,666 broker warrants (a "Broker Warrant"). Each Broker Warrant entitles the holder thereof to acquire one Common Share at a price of \$3.00 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.

In October of 2022, the Company announced the new discovery of a VMS body at Dunlop Bay. Subsequent analysis of these results in February of 2023 has led to an extensive follow up drilling program being identified by the Company to be conducted in the second quarter of 2024.

On December 30, 2022, the Company completed a private placement through the issuance of 936,666 flow-through shares at a price of \$0.75 per share for gross proceeds of \$702,500.

In July of 2023, the Company launched an extensive exploration program utilizing high resolution LIDAR and Drone Magnetics in and around the Marcelle-Rollande-Edith Corridor in order to further identify prospective mineralized trends. Several new and significant regions were identified for further prospecting and trenching.

On December 29, 2023, the Company issued 600,000 flow through units at \$0.20 per flow-through unit, for total proceeds of \$120,000. Each flow-through unit consists of one flow-through common share, and one half of a common share purchase warrant. Each whole warrant is exercisable for a period of 2 years, at \$0.50.

On January 25, 2024, the Company closed a financing, by issuing 281,250 units at \$0.20 per unit for total proceeds of \$56,250. Each unit consists of one common share, and one common share purchase warrant. Each warrant is exercisable for a period of 2 years, at \$0.50.

Effective March 22, 2024, the Company consolidated its common shares on the basis of 10:1. For every 10 old unconsolidated common shares, 1 new consolidated common share was issued. All share, and per share amounts have been retroactively restated to reflect this share consolidation.

On August 2, 2024, the Company closed a financing by issuing 2,998,300 units ("NFT Unit") at \$0.15 per NFT Unit for proceeds of \$449,745, and by issuing 5,009,996 flow through units ("FT Units") at \$0.15 per FT Unit for proceeds of \$751,499. Each NFT Unit consists of one common share, and one common share purchase warrant, exercisable at \$0.20 until August 2, 2026. Each FT Unit consists of one flow through common share, and one common share purchase warrant, exercisable at \$0.20 until August 2, 2026.

## Selected Annual Information

The Company's Financial Statements for the years ended August 31, 2024, 2023 and 2022 have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). The following selected financial information is taken from the annual financial statements and should be read in conjunction with those statements.

	Year Ended August 31, 2024 \$	Year Ended August 31, 2023 \$	Year Ended August 31, 2022 \$
Cash	1,238,404	581,126	1,418,839
Total assets	15,758,116	14,914,270	14,196,909
Total liabilities	372,684	619,671	588,834
Shareholders' equity	15,385,432	14,294,599	13,608,075
Exploration and evaluation assets	14,512,164	14,167,016	12,615,469
Accumulated deficit	(4,865,403)	(4,581,034)	(4,466,381)
Comprehensive loss	(284,369)	(114,653)	(411,632)
Basic and diluted loss per share	(0.03)	(0.02)	(0.01)

## Selected Quarterly Information

The following table summarizes selected quarterly information for the 8 most recently completed quarters.

	May 31, 2025 \$	February 28, 2025 \$	November 30, 2024 \$	August 31, 2024 \$	May 31, 2024 \$	February 29, 2024 \$	November 30, 2023 \$	August 31, 2023 \$
Cash	39,571	593,162	983,535	1,238,404	92,621	445,122	291,933	581,126
Total assets	15,649,696	15,864,956	15,597,279	15,758,116	14,597,045	14,485,279	14,804,317	14,914,270
Total liabilities	456,581	632,014	291,203	372,684	309,648	663,171	555,227	619,671
Working capital (deficiency)	(356,499)	194,732	901,691	1,045,758	22,173	(198,661)	(229,583)	82,010
Net comprehensive income (loss)	(39,827)	(73,134)	(79,356)	(72,701)	(44,716)	(91,824)	(75,128)	(39,172)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.00)	(0.00)

## Results of Operations

### For the three months ended May 31, 2025 and May 31, 2024

During the three months ended May 31, 2025 the Company incurred a comprehensive loss of \$39,827 compared to a comprehensive loss of \$44,716 for the three month period ended May 31, 2024. The change in comprehensive loss is primarily a result of:

- (i) Consulting of \$Nil (2024 - \$12,000). The decrease in the current period is a result of the Company's efforts to conserve cash and reduce expenditures.
- (ii) Executive compensation of \$22,500 (2024 - \$36,000) as the Company decreased its executive compensation in an effort to preserve cash.
- (iii) Other income of \$Nil (2024 - \$26,250) due to prior period draw-down of the Company's flow-through premium liability as eligible mineral property expenditures were made.

### For the nine months ended May 31, 2025 and May 31, 2024

During the nine months ended May 31, 2025 the Company incurred a comprehensive loss of \$192,317 compared to a comprehensive loss of \$211,668 for the three month period ended May 31, 2024. The change in comprehensive loss is primarily a result of:

- (iv) Consulting of \$Nil (2024 - \$49,770). The decrease in the current period is a result of the Company's efforts to conserve cash and reduce expenditures.
- (v) Directors' fees of \$Nil (2024 - \$34,501) due to the Company granting directors restricted share units in the prior period.
- (vi) Executive compensation of \$85,500 (2024 - \$108,000) as the Company decreased its executive compensation in an effort to preserve cash.
- (vii) Other income of \$Nil (2024 - \$81,659) due to prior period draw-down of the Company's flow-through premium liability as eligible mineral property expenditures were made, as well as a premium recognized on the conversion of certain accounts payable into loans.

### Liquidity and Capital Resources

The following table summarizes the uses of cash for the six months ended May 31, 2025

	Nine months ended May 31, 2025
Cash used in operations	\$ (288,038)
Cash used in investing activities	(910,795)
Cash provided by financing activities	-
<b>Net decrease in cash</b>	<b>\$ (1,198,833)</b>

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 Company's 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 periods ended May 31, 2025 and May 31, 2024 the Company incurred entered into the following transactions with key management personnel:

	Three months ended May 31, 2025	Three months ended May 31, 2024	Nine months ended May 31, 2025	Nine months ended May 31, 2024
Executive compensation – CEO (Robert Pryde)	\$ 12,000	\$ 15,000	\$ 48,000	\$ 45,000
Executive compensation – CFO (Mickey Goldstein)	10,500	21,000	37,500	63,000
Directors' fees (RSUs issued)	-	-	-	34,501
	\$ 22,500	\$ 36,000	\$ 85,500	\$ 142,501

On May 31, 2024, the Company entered into agreements with certain vendors, to transfer \$220,222 of amounts owing to them from accounts payable, to long-term loans. The loans mature on May 31, 2026, and are non-interest bearing. Of the loans payable at May 31, 2025, \$113,813 (August 31, 2024, \$102,516) are due to directors and officers of the Company.

Included in accounts payable as at May 31, 2025 \$38,850 (August 31, 2024 -\$59,761) owed to directors, officers, and former directors and officers of the Company.

## Financial Instruments

### *Fair values*

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, accounts payable and accrued liabilities, and loans. Cash is carried at fair value, using level 1 inputs. The fair value of accounts payable and accrued liabilities approximates their carrying amounts due to their time to maturity. The fair value of the loans would be their settlement amount of \$220,222.

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 May 31, 2025, the Company has sufficient cash on hand to cover its short-term financial liabilities.

The following are the contractual maturities of the undiscounted cash flows of financial liabilities for which there are cash outflows as at May 31, 2025:

<b>Financial liability</b>	<b>Due in 1 year</b>	<b>Due in 2-3 years</b>	<b>Due in 4-5 yrs</b>	<b>Due after 5 years</b>	<b>Total</b>
Accounts payable and accrued liabilities	\$ 265,084	\$ -	\$ -	\$ -	\$ 265,084
Loans	191,497	-	-	-	191,497
	\$ 456,581	\$ -	\$ -	\$ -	\$ 456,581

As at May 31, 2025, the Company had cash and cash equivalents of \$593,162 to settle the non-discounted financial liabilities due within a year. The Company will require financing from lenders, shareholders and other investors to generate sufficient capital to meet its short-term business requirements.

#### *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, 2025 the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

##### (c) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and evaluation activities is subject to risks associated with fluctuations in the market price of commodities.

## Capital Risk Management

The Company manages, as capital, the components of shareholders' equity. The Company's objectives, when managing capital, are to safeguard its ability to continue as a going concern. The Company manages its capital structure, and makes adjustments to it, in light of changes in economic conditions and the risk of characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue common shares, borrow and acquire or dispose of assets. In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's policy is to invest its excess cash, if any, in highly liquid, short-term, interest bearing investments with maturities of one year or less from the date of acquisition.

## Segmented Information

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

## Material Accounting Policies

Please refer to the August 31, 2024 financial statements on [www.sedarplus.com](http://www.sedarplus.com) for Material Accounting Policies details.

## New Accounting Policies Adopted

During the period ended May 31, 2025, the Company did not adopt any new accounting policies.

## Future accounting pronouncements

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

## Outstanding Share Data

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

The following table summarizes information about the share data as at May 31, 2025 and July 30, 2025 :

	May 31, 2025	July 30, 2025
Number of common shares outstanding	16,759,889	16,759,889
Number of options outstanding	200,000	200,000
Number of warrants outstanding	8,589,546	8,589,546
Number of restricted share units	-	-

## Subsequent Events

None