



FINANCIAL REVIEW

Third Quarter Ended September 30, 2019



(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Ended September 30, 2019

(Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 of the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2019. These financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

Medgold Resources Corp.

(Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

(Expressed in Canadian Dollars)

	September 30, 2019	December 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,411,414	\$ 1,436,399
Amounts receivable (Note 11)	24,146	182,887
Prepaid expenses and deposits (Note 11)	9,100	15,822
Total current assets	1,444,660	1,635,108
Non-current assets		
Long-term deposits (Note 11)	61,000	61,000
Property and equipment (Note 6)	117,806	145,990
Exploration and evaluation assets (Note 7)	43,020	43,020
Total non-current assets	221,826	250,010
	\$ 1,666,486	\$ 1,885,118
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 11)	\$ 60,809	\$ 71,917
Due to related parties (Note 11)	32,125	14,958
Exploration advances (Note 11)	380,500	-
Total liabilities	473,434	86,875
Shareholders' equity		
Share capital (Note 8)	13,829,198	13,829,198
Other equity reserves (Note 8)	1,498,323	1,220,092
Accumulated other comprehensive loss	(157,952)	(157,952)
Deficit	(13,976,517)	(13,093,095)
Total shareholders' equity	1,193,052	1,798,243
	\$ 1,666,486	\$ 1,885,118

APPROVED ON BEHALF OF THE BOARD ON NOVEMBER 26, 2019:

"Simon Ridgway"
Simon Ridgway, Director

"Jeremy Crozier"
Jeremy Crozier, Director

The accompanying notes form an integral part of these condensed interim consolidated financial statements

Medgold Resources Corp.

(Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (UNAUDITED)

(Expressed in Canadian Dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Exploration expenditures (Note 10)	\$ 32,762	\$ 89,726	\$ 146,762	\$ 381,795
General and administrative expenses				
Depreciation (Note 6)	8,336	10,348	25,365	31,189
Foreign exchange loss (gain)	7,100	20,059	21,092	3,623
Legal and accounting	20,540	6,039	76,643	48,754
Management fees (Note 11)	24,000	27,600	66,825	82,800
Office and administration (Note 11)	19,822	14,136	55,434	53,785
Salaries and benefits (Note 11)	29,667	23,926	85,606	70,864
Shareholder communications (Note 11)	29,711	29,150	95,581	144,883
Share-based payments (Note 9)	30,336	107,634	278,231	138,088
Transfer agent and regulatory fees (Note 11)	2,022	1,439	13,067	13,882
Travel and accommodation (Note 11)	8,510	15,026	28,887	52,060
	180,044	255,357	746,731	639,928
Loss before other items	(212,806)	(345,083)	(893,493)	(1,021,723)
Other items				
Interest and other income	1,575	1,285	5,371	3,481
Gain on disposal of property and equipment	-	-	4,700	-
Net loss and comprehensive loss for the period	\$ (211,231)	\$ (343,798)	\$ (883,422)	\$ (1,018,242)
Loss per share, basic and diluted	\$(0.00)	\$(0.00)	\$(0.01)	\$(0.01)
Weighted average number of shares outstanding	94,789,032	89,886,232	94,789,032	89,711,397

The accompanying notes form an integral part of these condensed interim consolidated financial statements

Medgold Resources Corp.

(Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

For the nine months ended September 30, 2019 and 2018

(Expressed in Canadian Dollars)

			Other equity reserves				
	Number of common shares	Share capital	Warrants reserve	Share-based payment reserve	Accumulated other comprehensive loss	Deficit	Total shareholders' equity
Balance, December 31, 2017	89,516,232	\$ 12,313,267	\$ 16,921	\$ 1,078,511	\$ (157,952)	\$ (11,801,782)	\$ 1,448,965
Loss for the period	-	-	-	-	-	(1,018,242)	(1,018,242)
Options exercised	370,000	61,500	-	-	-	-	61,500
Transfer of reserves on exercise of options	-	64,316	-	(64,316)	-	-	-
Share-based payments	-	-	-	138,088	-	-	138,088
Balance, September 30, 2018	89,886,232	12,439,083	16,921	1,152,283	(157,952)	(12,820,024)	630,311
Loss for the period	-	-	-	-	-	(273,071)	(273,071)
Shares issued for private placement	4,902,800	1,421,812	49,028	-	-	-	1,470,840
Share issuance costs	-	(31,697)	-	-	-	-	(31,697)
Share-based payments	-	-	-	1,860	-	-	1,860
Balance, December 31, 2018	94,789,032	13,829,198	65,949	1,154,143	(157,952)	(13,093,095)	1,798,243
Loss for the period	-	-	-	-	-	(883,422)	(883,422)
Share-based payments	-	-	-	278,231	-	-	278,231
Balance, September 30, 2019	94,789,032	\$ 13,829,198	\$ 65,949	\$ 1,432,374	\$ (157,952)	\$ (13,976,517)	\$ 1,193,052

The accompanying notes form an integral part of these condensed interim consolidated financial statements

Medgold Resources Corp.

(Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(Expressed in Canadian Dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Cash provided by (used in):				
OPERATING ACTIVITIES				
Net loss for the period	\$ (211,231)	\$ (343,798)	\$ (883,422)	\$ (1,018,242)
Items not involving cash:				
Depreciation	8,336	10,348	25,365	31,189
Share-based payments	30,336	107,634	278,231	138,088
Gain on disposal of property and equipment	-	-	(4,700)	-
	(172,559)	(225,816)	(584,526)	(848,965)
Changes in non-cash working capital balances:				
Amounts receivable	(14,126)	(26,291)	158,741	8,309
Prepaid expenses and deposits	22,919	(24,632)	6,722	(22,831)
Accounts payable and accrued liabilities	(322,153)	(57,756)	(11,108)	25,389
Due to related parties	4,550	737	17,167	20,570
Exploration advances	380,500	272,312	380,500	272,312
Operating cash flow used by continuing operations	(100,869)	(61,446)	(32,504)	(545,216)
Operating cash flow used by discontinued operations	-	-	-	(22,851)
Net cash used by operating activities	(100,869)	(61,446)	(32,504)	(568,067)
FINANCING ACTIVITIES				
Net proceeds from issuance of common shares	-	-	-	61,500
Net cash provided from financing activities	-	-	-	61,500
INVESTING ACTIVITIES				
Purchase of property and equipment	-	(10,097)	(793)	(12,412)
Proceeds on disposal of property and equipment	-	-	8,312	-
Net cash provided from (used by) investing activities	-	(10,097)	7,519	(12,412)
Effect of changes in exchange rates on cash	-	374	-	35
Decrease in cash	(100,869)	(71,169)	(24,985)	(518,944)
Cash, beginning of period	1,512,283	590,631	1,436,399	1,038,406
Cash, end of period	\$ 1,411,414	\$ 519,462	\$ 1,411,414	\$ 519,462

The accompanying notes form an integral part of these condensed interim consolidated financial statements

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Medgold Resources Corp. (the "Company") is a public company incorporated and domiciled in British Columbia. The address of the Company's head office and principal place of business is 650 – 200 Burrard Street, Vancouver, BC, Canada V6C 3L6. The Company is engaged in the acquisition and exploration of resource properties in Europe.

These condensed interim consolidated financial statements of the Company as at September 30, 2019 and for the period then ended include the Company and its subsidiaries (Note 2).

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these condensed interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material. At September 30, 2019, the Company had not yet achieved profitable operations, has accumulated losses of \$13,976,517 since its inception, and expects to incur further losses in the development of its business, all of which may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed interim consolidated financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* under International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the most recent annual consolidated financial statements of the Company. These condensed interim consolidated financial statements do not contain all of the information required for full annual financial statements. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company's most recent annual consolidated financial statements, which were prepared in accordance with IFRS as issued by the IASB.

Basis of Measurement

These condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The condensed interim consolidated financial statements are presented in Canadian dollars ("CAD").

The preparation of condensed interim consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the condensed interim consolidated financial statements are disclosed in Note 4.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (continued)

Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. A subsidiary is an entity in which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. All material intercompany transactions and balances have been eliminated on consolidation.

Details of the Company's principal subsidiaries as at September 30, 2019 are as follows:

Name	Place of incorporation	Ownership %	Principal activity
Medgold Resource Ltd.	Great Britain	100%	Holding company
Medgold Istrazivanja d.o.o.	Serbia	100%	Exploration company

Foreign Currency Translation

The functional and presentation currency of the Company is the Canadian dollar. The individual financial statements of each subsidiary are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The functional currency of the subsidiaries is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange gains and losses on translation are included in profit and loss.

3. ADOPTION OF NEW ACCOUNTING STANDARDS AND AMENDMENTS

IFRS 16 Leases

On January 1, 2019, the Company adopted IFRS 16 – *Leases* ("IFRS 16"), which requires lessees to recognize assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17 *Leases*. The adoption of IFRS 16 did not have a material impact on the Company's condensed interim consolidated financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments

This new Interpretation, issued by the IASB in June 2017, clarifies how to apply the recognition and measurement requirements in IAS 12 *Income Taxes* when there is uncertainty over income tax treatments.

The interpretation was effective for the Company's annual period beginning January 1, 2019. The adoption of IFRIC 23 did not have a material impact on the Company's financial statements.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

The key areas of judgment applied in the preparation of the condensed interim consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- a) The determination of the Company's and its subsidiaries' functional currency are determined based on management's assessment of the economic environment in which the entities operate.
- b) The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company.

Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets.

In respect of costs incurred for its investment in exploration and evaluation assets, management has determined there are indicators of impairment. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit, including geologic and metallurgic information, economics assessment/ studies, accessible facilities and existing permits.

- c) Although the Company has taken steps to verify title to mineral properties 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.
- d) Although the Company has taken steps to identify any decommissioning liabilities related to mineral properties in which it has an interest, there may be unidentified decommissioning liabilities present.
- e) The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The key estimates applied in the preparation of the condensed interim consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- a) The Company may be subject to income tax in several jurisdictions and significant judgment is required in determining the provision for income taxes. During the ordinary course of business and on dispositions of mineral property or interests therein, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events, and interpretation of tax law. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

- b) In estimating the fair value of share-based payments, using the Black-Scholes option pricing model, management is required to make certain assumptions and estimates. Changes in assumptions used to estimate fair value could result in materially different results.

5. DISCONTINUED OPERATIONS

In early 2015, the Company entered into an agreement whereby its subsidiary, MedgoldMinas, proposed to acquire, subject to certain conditions, an interest in a mineral property located in Portugal, in consideration for the assumption of certain debts owing by the property owner. The conditions were not met and the transaction did not proceed. However, one of the creditors of the property owner subsequently filed a claim in Portugal against the owner for approximately €1.17 million. Upon request by the creditor, the court then added the Company and MedgoldMinas to be defendants in the event the property owner was found to be not liable to the creditor. The Company vigorously contested being brought into this proceeding as the Company and MedgoldMinas did not consummate the transaction with the property owner, did not acquire any interest in the property, and therefore did not assume any liabilities of the owner. In June 2019, the court held that the Company was not responsible for the debts owing by the property owner. This judicial decision, however, was appealed by the plaintiff and the Company is currently submitting its arguments to such appeal.

6. PROPERTY AND EQUIPMENT

	Leasehold improvements	Vehicles	Computer equipment	Furniture and equipment	Total
Cost					
Balance, December 31, 2017	\$ 12,906	\$ 188,331	\$ 25,487	\$ 25,299	\$ 252,023
Additions	-	-	-	10,164	10,164
Balance, December 31, 2018	12,906	188,331	25,487	35,463	262,187
Additions	-	-	793	-	793
Disposals	-	(32,586)	-	-	(32,586)
Balance, September 30, 2019	\$ 12,906	\$ 155,745	\$ 26,280	\$ 35,463	\$ 230,394
Accumulated amortization					
Balance, December 31, 2017	\$ 9,450	\$ 44,322	\$ 9,329	\$ 9,003	\$ 72,104
Charge for period	1,800	32,754	6,070	3,469	44,093
Balance, December 31, 2018	11,250	77,076	15,399	12,472	116,197
Charge for period	1,350	19,211	1,922	2,882	25,365
Disposals	-	(28,974)	-	-	(28,974)
Balance, September 30, 2019	\$ 12,600	\$ 67,313	\$ 17,321	\$ 15,354	\$ 112,588
Carrying amounts					
At December 31, 2018	\$ 1,656	\$ 111,255	\$ 10,088	\$ 22,991	\$ 145,990
At September 30, 2019	\$ 306	\$ 88,432	\$ 8,959	\$ 20,109	\$ 117,806

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

Capitalized acquisition costs as of September 30, 2019 consist of \$43,020 (December 31, 2018: \$43,020) relating to its Serbian mineral property interests.

Serbia

a) Exploration Licences

In April 2019, the Company submitted the withdrawal of the Crnook Licence and as a result, holds four granted exploration licences, each covering approximately 100 square kilometres. The licences include Donje Tlamino and Surlica-Dukat which comprise the Tlamino Project optioned to Fortuna Silver Mines Inc. ("Fortuna"), and the adjacent Ljubata and Radovnica licences.

b) Tlamino Project Option

Pursuant to an agreement signed in March 2017, as amended, the Company granted to Fortuna the option to acquire an initial 51% interest in the Tlamino Project by spending a minimum of US\$3,000,000 on the Tlamino Project by no later than the third anniversary of the date of the option agreement. Once it has earned 51%, Fortuna may elect to form a 51:49 joint venture with the Company to further develop the Tlamino Project; or Fortuna may elect to be granted the option to earn an additional 19% interest in the Tlamino Project by completing a preliminary economic assessment on the Tlamino Project and spending an additional US\$5,000,000 in qualified expenditures within three years following the date of the election by Fortuna.

The Company and Fortuna have one common director.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES

Common Shares

The Company is authorized to issue an unlimited number of common shares without par value.

There was no share capital activity during the period ended September 30, 2019.

Share Purchase Warrants

A summary of share purchase warrants activity from January 1, 2018 to September 30, 2019 is as follows:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2017	-	-
Issued on private placements	4,902,800	\$0.40
Balance, December 31, 2018	4,902,800	\$0.40
Balance, September 30, 2019	4,902,800	\$0.40

9. SHARE-BASED PAYMENTS

Option Plan Details

The Company has in place a stock option plan (the "Plan"), which allows the Board of Directors to grant incentive stock options to the Company's officers, directors, employees and consultants. The exercise price of stock options granted is determined by the Board of Directors at the time of the grant in accordance with the terms of the Plan and the policies of the TSX Venture Exchange ("TSX-V"). Options vest on the date of granting unless stated otherwise. Options granted to investor relations consultants vest in accordance with TSX-V policies. The options are for a maximum term of ten years.

The following is a summary of changes in options for the period ended September 30, 2019:

Expiry date	Exercise price	Opening balance	During the period			Closing balance	Vested and exercisable
			Granted	Exercised	Expired / forfeited		
February 7, 2019	\$0.20	100,000	-	-	(100,000)	-	-
February 26, 2020	\$0.20	-	100,000	-	-	100,000	75,000
February 23, 2024	\$0.15	3,230,000	-	-	(1,100,000)	2,130,000	2,130,000
June 18, 2024	\$0.11	-	500,000	-	-	500,000	-
June 28, 2026	\$0.15	1,920,000	-	-	(630,000)	1,290,000	1,290,000
July 24, 2027	\$0.20	420,000	-	-	(220,000)	200,000	200,000
February 7, 2028	\$0.20	150,000	-	-	(50,000)	100,000	100,000
July 24, 2028	\$0.37	300,000	-	-	(300,000)	-	-
January 15, 2029	\$0.15	-	2,025,000	-	-	2,025,000	2,025,000
June 2, 2029	\$0.15	-	570,000	-	-	570,000	570,000
		6,120,000	3,195,000	-	(2,400,000)	6,915,000	6,890,000
Weighted average exercise price		\$0.17	\$0.15	-	\$0.19	\$0.15	\$0.15

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

9. SHARE-BASED PAYMENTS (continued)

Fair Value of Options Issued During the Period

The weighted average fair value at grant date of options granted during the period ended September 30, 2019 was \$0.10 per option.

The weighted average remaining contractual life of the options outstanding at September 30, 2019 is 6.83 (December 31, 2018: 6.35) years.

Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Options Issued to Non-Employees

Options issued to non-employees are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted using the Black-Scholes option.

The model inputs for options granted during the period ended September 30, 2019 included expected volatility factors ranging from 85% to 94%, risk-free interest rates ranging from 1.34% to 2.01%, expected life ranging from one to ten years, and expected dividend yield of 0%. Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period. Based on the best estimate, management applied the estimated forfeiture rate of 0% in determining the expense recorded in the condensed interim consolidated statements of comprehensive loss.

The expected volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. The risk-free rate of return is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. The expected average option term is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

Expenses Arising from Share-based Payment Transactions

Total expenses arising from the share-based payment transactions related to the granting of stock options and recognized as part of share-based compensation during the period ended September 30, 2019 was \$278,231 (2018: \$138,088).

As of September 30, 2019, unrecognized compensation costs related to unvested share-based payment awards totaled \$804 (December 31, 2018: \$Nil).

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

10. EXPLORATION EXPENDITURES

During the nine months ended September 30, 2019, the Company incurred the following exploration expenditures:

	Serbia			
	Tlmino Project	Ljubata Project	Other	Total
Assaying	\$ 75,341	\$ 341	\$ -	\$ 75,682
Drilling	224,558	-	-	224,558
Field expenses	19,214	476	-	19,690
Geological and other consulting	292,386	34,433	27,300	354,119
Licenses, rights and taxes	21,387	32,147	-	53,534
Office and administration	125,137	3,644	315	129,096
Salaries and benefits	308,377	42,263	4,499	355,139
Travel	47,140	1,344	-	48,484
	1,113,540	114,648	32,114	1,260,302
Expense recoveries*	(1,113,540)	-	-	(1,113,540)
	\$ -	\$ 114,648	\$ 32,114	\$ 146,762

During the nine months ended September 30, 2018, the Company incurred the following exploration expenditures:

	Serbia			
	Tlmino Project	Ljubata Project	Other	Total
Assaying	\$ 123,363	\$ 5,452	\$ 8,923	\$ 137,738
Drilling	364,323	-	-	364,323
Field expenses	41,041	6,517	-	47,558
Geological and other consulting	220,127	102,097	460	322,684
Licenses, rights and taxes	24,985	35,749	17,738	78,472
Office and administration	76,050	37,399	2,524	115,973
Salaries and benefits	271,763	107,000	22,486	401,249
Travel	77,304	34,803	647	112,754
	1,198,956	329,017	52,778	1,580,751
Expense recoveries*	(1,198,956)	-	-	(1,198,956)
Balance, end of period	\$ -	\$ 329,017	\$ 52,778	\$ 381,795

* Expense recoveries for the Tlmino Project consist of funding from Fortuna per its option agreement with the Company (Note 7(b)).

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS AND BALANCES

The Company had transactions during the periods ended September 30, 2019 and 2018 with related parties who consisted of directors, officers and the following companies with common directors:

Related party	Nature of transactions
Radius Gold Inc. ("Radius")	Exploration related charges and investment in the Company
Gold Group Management Inc. ("Gold Group")	Shared office, administrative and exploration related charges
Mill Street Services Ltd. ("Mill Street")	Management and geological services
Virv International Inc. ("Virv")	Management and geological services
Wellhead Management Ltd. ("Wellhead")	Management and geological services
Fortuna	Investment in the Company and mineral property option agreement

Balances and transactions with related parties not disclosed elsewhere in these condensed interim consolidated financial statements are as follows:

- a) During the periods ended September 30, 2019 and 2018, the Company reimbursed Gold Group for the following costs:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
General and administrative expenses:				
Office and administration	\$ 15,623	\$ 13,763	\$ 46,769	\$ 52,246
Salaries and benefits	29,667	23,700	85,606	70,174
Shareholder communications	-	-	3,396	1,775
Transfer agent and regulatory fees	133	-	2,738	2,639
Travel and accommodation	1,616	4,443	4,262	8,970
	\$ 47,039	\$ 41,906	\$ 142,771	\$ 135,804

Gold Group is reimbursed by the Company for certain shared costs and other business related expenses paid by Gold Group on behalf of the Company. Salaries and benefits for the periods ended September 30, 2019 and 2018 include those for the Chief Financial Officer and the Corporate Secretary.

- b) During the period ended September 30, 2019, the Company reimbursed Radius, a company with a common director, \$Nil (2018: \$12,079) for the services of a geological consultant.
- c) Amounts receivable as at September 30, 2019 include \$Nil (December 31, 2018: \$130,376) due from Fortuna for project funding pursuant to the Tlamino Project option agreement (Note 7(b)).
- d) Prepaid expenses and deposits as at September 30, 2019 include an amount paid to Gold Group of \$1,370 (December 31, 2018: \$2,902) for administrative expenses paid in advance on the Company's behalf,
- e) Long-term deposits as of September 30, 2019 consists of \$61,000 (December 31, 2018: \$61,000) paid to Gold Group as a deposit pursuant to an agreement with Gold Group.
- f) Amounts due to related parties as of September 30, 2019 consists of \$17,397 (December 31, 2018: \$14,958) owing to Gold Group and \$14,728 (December 31, 2018: \$Nil) to the Chief Executive Officer of the Company. The amount for Gold Group is due on a monthly basis and secured by a deposit.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

- g) Exploration advances as at September 30, 2019 total \$380,500 (December 31, 2018: \$Nil) for project funding received from Fortuna pursuant to the Tlamino Project option agreement (Note 7(b)) but not yet expended by the Company.

Key management compensation

The Company has identified certain of its directors and senior officers as its key management personnel. Included for the periods ended September 30, 2019 and 2018 at their exchange amounts are the following items paid or accrued to key management personnel and/or companies with common directors. These transactions are in the normal course of operations.

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Management fees	\$ 24,000	\$ 27,600	\$ 66,825	\$ 82,800
Geological fees	34,500	33,900	118,175	101,700
Salaries and benefits	9,167	7,792	25,208	22,917
Value of stock option grants recorded as share-based payments	-	-	168,785	-
	\$ 67,667	\$ 69,292	\$ 378,993	\$ 207,417

Key management compensation includes management and geological fees paid to Mill Street, a company controlled by the Executive Chairman of the Company, to Virv, a company controlled by the Chief Executive Officer of the Company, and Wellhead, a company controlled by the former President of the Company.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- Market risk
- Credit risk
- Liquidity risk.

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these condensed interim consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies, and whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receives periodic reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, interest rate risk and equity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. As at September 30, 2019, the Company is exposed to foreign currency risk and interest rate risk.

Foreign Currency Risk

As at September 30, 2019, the Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

	September 30, 2019			
	British Pound Sterling (CDN equivalent)	US Dollars (CDN equivalent)	Euros (CDN equivalent)	Dinars (CDN equivalent)
Cash	\$ 86,192	\$ 4,620	\$ 13,969	\$ 168,507
Amounts receivable	-	-	-	22,391
Accounts payable and accrued liabilities	(20,644)	(11,442)	(4,060)	(21,622)
Net exposure	\$ 65,548	\$ (6,822)	\$ 9,909	\$ 169,276

	December 31, 2018			
	British Pound Sterling (CDN equivalent)	US Dollars (CDN equivalent)	Euros (CDN equivalent)	Dinars (CDN equivalent)
Cash	\$ 107,260	\$ 5,652	\$ 15,653	\$ 140,785
Amounts receivable	-	-	-	50,063
Accounts payable and accrued liabilities	(22,073)	-	(548)	(15,410)
Net exposure	\$ 85,187	\$ 5,652	\$ 15,105	\$ 175,438

Based on the above net exposures at September 30, 2019, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would result in approximately a \$23,800 (December 31, 2018: \$28,100) increase or decrease in profit or loss, respectively.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As at September 30, 2019, the Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with Canadian, British and Serbian financial institutions. The Company considers this risk to be limited.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

b) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. The Company's receivables consist of GST receivable from the government of Canada and VAT receivable from the government of Serbia. The Company considers credit risk with respect to these amounts to be low.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. At September 30, 2019, the Company had working capital of \$971,226 (December 31, 2018: \$1,548,233). All of the Company's financial liabilities had contractual maturities of less than 45 days and are subject to normal trade terms.

Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The condensed interim consolidated statements of financial position carrying amounts for cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities, and due to related parties approximate fair values due to their short-term nature.

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are categorized in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities;		
Level 2	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and		
Level 3	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).		

The fair values of the Company's financial assets measured at fair value on a recurring basis as of September 30, 2019 were calculated as follows:

	Balance at September 30, 2019		Level 1	Level 2	Level 3
Financial Asset:					
Cash and cash equivalents	\$	1,411,414	\$	1,411,414	\$ -

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

13. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its properties and to maintain flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes the components of shareholders' equity. There were no changes in the Company's capital management approach during the period ended September 30, 2019.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or adjust the amount of cash and cash equivalents. Management reviews the capital structure on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements. The Company continues to assess its future capital needs and may consider access to additional capital to ensure that the Company has adequate financial resources to cover its corporate operating costs and carry out exploration activities for the next twelve months.

14. SEGMENTED REPORTING

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. All of the Company's operations are within the mining sector relating to precious metals exploration. Due to the geographic and political diversity, the Company's exploration operations are decentralized whereby regional corporate offices provide support to the exploration programs in addressing local and regional issues. The Company's operations and assets are therefore segmented on a country basis.

Period ended September 30, 2019	Canada	England	Serbia	Total
Exploration expenditures	\$ -	\$ -	\$ 146,762	\$ 146,762
Interest and other income	5,371	4,700	-	10,071
Net income (loss)	(702,980)	(9,688)	(170,754)	(883,422)
Capital expenditures*	-	-	793	793

Period ended September 30, 2018	Canada	England	Serbia	Total
Exploration expenditures	\$ -	\$ -	\$ 381,795	\$ 381,795
Interest and other income	3,481	-	-	3,481
Net loss	640,101	2,435	375,706	1,018,242
Capital expenditures*	-	-	12,412	12,412

*Capital expenditures consists of additions of property and equipment

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

14. SEGMENTED REPORTING (continued)

As at September 30, 2019	Canada	England	Serbia	Consolidated
Total current assets	\$ 1,147,635	\$ 98,108	\$ 198,917	\$ 1,444,660
Total non-current assets	61,306	-	160,520	221,826
Total assets	\$ 1,208,941	\$ 98,108	\$ 359,437	\$ 1,666,486
Total liabilities	\$ 445,093	\$ 6,719	\$ 21,622	\$ 473,434

As at December 31, 2018	Canada	England	Serbia	Consolidated
Total current assets	\$ 1,313,168	\$ 120,860	\$ 201,080	\$ 1,635,108
Total non-current assets	62,656	3,612	183,742	250,010
Total assets	\$ 1,375,824	\$ 124,472	\$ 384,822	\$ 1,885,118
Total liabilities	\$ 42,739	\$ 28,792	\$ 15,344	\$ 86,875



(the “Company”)

INTERIM MANAGEMENT’S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

For the Nine Months Ended September 30, 2019

General

This interim Management’s Discussion and Analysis (“Interim MD&A”) supplements, but does not form part of, the unaudited condensed interim consolidated financial statements of the Company for the nine months ended September 30, 2019. The following information, prepared as of November 28, 2019, should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements for nine months ended September 30, 2019 and the related notes contained therein. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards (“IFRS”). In addition, the following should be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2018 and the related MD&A. All amounts are expressed in Canadian dollars unless otherwise indicated. The September 30, 2019 condensed interim consolidated financial statements have not been reviewed by the Company’s auditors.

Additional information relevant to the Company’s activities can be found on SEDAR at (www.sedar.com).

Forward Looking Information

This Interim MD&A contains certain statements which constitute forward-looking information within the meaning of applicable Canadian securities legislation (“Forward-looking Statements”). All statements included herein, other than statements of historical fact, are Forward-looking Statements and are subject to a variety of known and unknown risks and uncertainties which could cause actual events or results to differ materially from those reflected in the Forward-looking Statements. The Forward-looking Statements in this Interim MD&A include, without limitation, statements relating to:

- the Company’s planned exploration activities for its mineral properties;
- the intended use of proceeds received from past and possible future financing activities;
- the sufficiency of the Company’s cash position and its ability to raise equity capital or access debt facilities; and
- maturities of the Company’s financial liabilities or other contractual commitments.

Often, but not always, these Forward-looking Statements can be identified by the use of words such as “anticipates”, “believes”, “plans”, “estimates”, “expects”, “forecasts”, “scheduled”, “targets”, “possible”, “strategy”, “potential”, “intends”, “advance”, “goal”, “objective”, “projects”, “budget”, “calculates” or statements that events, “will”, “may”, “could” or “should” occur or be achieved and similar expressions, including negative variations.

Forward-looking Statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any results, performance or achievements expressed or implied by the Forward-looking Statements. Such uncertainties and factors include, among others:

- risks associated with mineral exploration and project development;
- fluctuations in commodity prices;
- fluctuations in foreign exchange rates and interest rates;
- credit and liquidity risks;

- changes in national and local government legislation, taxation, controls, regulations and political or economic developments in countries in which the Company does or may carry on business;
- reliance on key personnel;
- property title matters;
- local community relationships;
- risks associated with potential legal claims generally or with respect to environmental matters;
- adequacy of insurance coverage;
- dilution from further equity financing;
- competition; and
- uncertainties relating to general economic conditions.

as well as those factors referred to in the “Risks and Uncertainties” section in this Interim MD&A.

Forward-looking Statements contained in this Interim MD&A are based on the assumptions, beliefs, expectations and opinions of management, including but not limited to:

- all required third party contractual, regulatory and governmental approvals will be obtained for the exploration and development of the Company’s properties;
- there being no significant disruptions affecting operations, whether relating to labor, supply, power, damage to equipment or other matter;
- permitting, exploration and development activities proceeding on a basis consistent with the Company’s current expectations;
- expected trends and specific assumptions regarding commodity prices and currency exchange rates;
- prices for and availability of fuel, electricity, equipment and other key supplies remaining consistent with current levels; and
- the accuracy of the Company’s current mineral resource estimates.

These Forward-looking Statements are made as of the date hereof and the Company disclaims any obligation to update any Forward-looking Statements, whether as a result of new information, future events or results or otherwise, except as required by law. There can be no assurance that Forward-looking Statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, investors should not place undue reliance on Forward-looking Statements.

Business of the Company

The Company is a Vancouver based mineral exploration entity engaged in the acquisition and exploration of precious and base metals properties. The Company is focusing on early- to mid-stage exploration projects in Europe in jurisdictions which are mining-friendly, with a strong mining code, and with excellent geological potential. The Company’s exploration activities are currently focused in Serbia.

Corporate Activity

In January 2019, Mr. Jeremy Crozier was appointed Acting President of the Company, to succeed Daniel James who resigned as President and a director. Mr. Crozier was subsequently appointed as President, CEO and a director of the Company, while Mr. Simon Ridgway remains on the Board of the Company in the capacity of Executive Chairman.

Mr. Crozier brings to the Company nearly 25 years of exploration, discovery, business development, and operating experience gained in Europe, North America and Africa, and holds BSc and MSc degrees in geology. He plays a central role in the advancement of the Tlamin Gold Project in Serbia, including the oversight of exploration and all in-country activities.

Serbia - Exploration Review

The Company is targeting gold-silver epithermal and gold-bearing porphyry systems associated with an Oligo-Miocene igneous belt within Serbia. This belt of rocks runs NW-SE across much of the country, and is under-explored for gold and silver, despite an abundance of freely available geological data. Much of this information was generated by the Yugoslav State, during the 1960s and 1970s, through phases of national-scale geological mapping and systematic exploration for lead and zinc.

In mid-2016, the Company signed a strategic alliance with Fortuna Silver Mines Inc. (“Fortuna”), for the purposes of generating gold and silver exploration projects in Serbia. Since this time the Company has been granted five exploration licences – two of which comprise the Tlamino Project - and is in the process of applying for two others. Exploration work to date has led to the drill-definition of a zone of continuous gold mineralization at the Barje Prospect at Tlamino measuring 700 metres by 250 metres.

All exploration programs conducted at the Tlamino Project are fully funded by Fortuna Silver Mines Inc. (NYSE: FSM) (TSX: FVI) and directed by a joint Fortuna-Medgold technical committee pursuant to the terms of the Tlamino Option Agreement announced on March 7, 2017.

Following on drilling programs conducted at the Tlamino Project in 2018 (see below for details), the Company and Fortuna approved a \$2-million budget to continue drilling the Project in 2019 by conducting a program of up to 5,000 metres of diamond drilling.

The Company has recently relinquished the Crnook Licence (see “Additional Prospecting on the Company’s Licences” below) and as a result, currently holds four granted exploration licences, each covering approximately 100 square kilometres. The licences are located adjacent to the borders of North Macedonia and Bulgaria, in the southeast of the country, and include the Donje Tlamino and Surlica-Dukat licences, which comprise the Tlamino Project optioned to Fortuna, and the adjacent Ljubata and Radovnica licences. In addition to the four granted licences, the Company has two active licence applications, one of which is adjacent to the existing Tlamino landholding and the other covering prospective ground elsewhere in the Oligo-Miocene igneous belt of Serbia.

Option Agreement with Fortuna

Pursuant to an agreement signed in March 2017, as amended, the Company granted to Fortuna the option to acquire an initial 51% interest in the Tlamino Project (comprised of the Donje Tlamino and Surlica-Dukat licences) by spending a minimum of US\$3.0 million on the Tlamino Project by no later than the third anniversary of the date of the option agreement. Once it has earned 51%, Fortuna may elect to form a 51:49 joint venture with the Company to further develop the Tlamino Project; or Fortuna may elect to be granted the option to earn an additional 19% interest in the Tlamino Project by completing a preliminary economic assessment on the Tlamino Project and spending an additional US\$5.0 million in qualified expenditures within three years following the date of the election by Fortuna.

The Tlamino Gold Project

The Tlamino Gold Project is located in southern Serbia, and includes three prospects: Barje, Liska and Karamanica.

Barje and Liska Prospects

At the Barje Prospect, mineralization is hosted within shallowly dipping fault zones and their immediate hanging wall within a sequence of schist. Mineralization is truncated on its southern edge by an east-west fault with conglomerate sequences to the south. Liska is located approximately 1.5 kilometres to the southwest of Barje and was drilled in the 1970s by Yugoslav State companies, discovering a lensoid-shaped volume of rock with 1-2 % combined Pb and Zn striking northeast towards Barje; State data does not include assays for Au or Ag from drill core samples. The mineralization at Liska is hosted in schist/gneiss at and immediately below the base of the conglomerate sequences and potentially represents the down-faulted continuation of the mineralization at Barje.

2018 Drill Program

During May and June 2018, the Company completed an initial seven drill holes at Barje-Liska, and a second phase of 24 drill holes was completed during the fall of 2018. The drill programs were fully funded by Fortuna and directed by a joint Fortuna-Medgold technical committee under the terms of the Tlamino Project Option Agreement between the Company and Fortuna.

Based on 3D re-interpretation of drill data and geology, the previously announced 500 metre by 400 metre mineralized zone at the Barje Prospect is now seen to extend 700 metres east-west by 250 metres north-south within a structurally-bound, shallowly-dipping hydrothermal breccia below altered schist. This mineralization ranges in vertical grade-thickness from 10 to 151 gram-metres and appears to be bounded to its south by a fault. Drilling west of this zone returned only sporadic intervals of gold mineralization.

The Company drilled two holes south of the historically-reported mineralization at Liska during 2018, targeting an IP anomaly defined by the Company's geophysical surveys during 2017 and 2018; the two holes intersected only weak mineralization.

Additional maps and information for Barje-Liska are available on the Company's website at <http://medgoldresources.com/tlamino/>.

2019 Drill Program

During the summer of 2019, a further phase of drilling was conducted at the Tlamino Project, consisting of 11 holes totaling 2,092.7 metres of diamond drilling (see news release dated [September 18, 2019](#)). Intersected mineralization includes 32.35 metres at 3.48% combined Pb+Zn with 0.25 g/t Au in hole LIS006, and 30.0 metres at 3.95% combined Pb+Zn with 0.11 g/t Au in hole LIS007. The latter interval falls approximately 290 metres north of historically-reported mineralization at Liska (see news release dated [March 21, 2019](#)), suggesting a broad zone of Pb+Zn mineralization over a north-south interval in excess of 600 metres.

Two holes, BAR031 and BAR032 were drilled to the east of previous hole BAR010 (38.20 metres at 3.98 g/t Au, 158 g/t Ag and 0.66 % Pb+Zn; see news release dated [September 20, 2018](#)). Both holes intersected hydrothermal breccia that appears to be same shallow-dipping structure containing the hydrothermal breccia in BAR010. BAR032 returned the strongest intersection from the 2019 drilling at Barje reporting 14.5 metres at 2.13 g/t Au including 2.0 metres at 7.35 g/t Au.

Drill hole locations at Barje and Liska from 2019, and significant intersections from these holes are shown in Figure 1, and Tables 1 and 2 below.

Figure 1. Drilling locations at Barje and Liska.

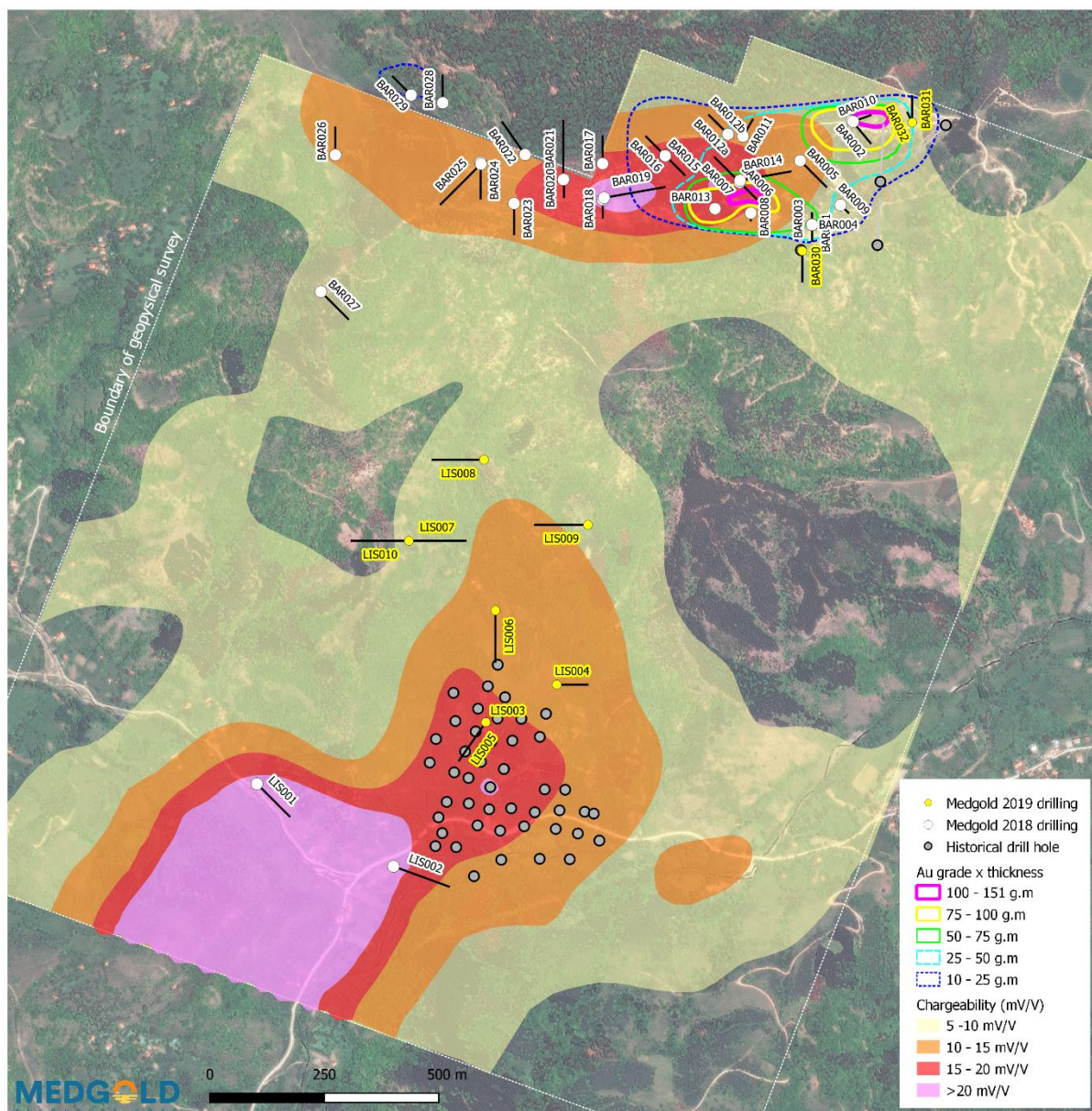


Table 1. Barje-Liska Drill Intercepts 2019.

Drill hole	From (m)	To (m)	Interval length (m)	Inclination ¹	Vertical thickness ² (m)	Au (g/t)	Ag (g/t)	Zn (%)	Pb (%)	ZnPb combined ³ (%)
LIS003	76.70	108.70	32.00	-90	32.00	0.12	1.84	0.60	0.41	1.01
LIS004	No significant mineralization									
BAR030	No significant mineralization									
LIS005	90.90	150.25	60.05	-60	52.00	0.13	1.56	0.59	0.24	0.83
LIS006	120.60	152.95	32.35	-61	28.29	0.25	6.82	2.30	1.18	3.48
and	172.60	223.50	50.90	-59	43.63	0.03	3.09	0.97	0.12	1.10
LIS007	198.60	228.60	30.00	-58	25.44	0.11	8.33	2.83	1.12	3.95
inc.	212.60	217.60	5.00	-57	4.19	0.24	15.44	6.32	1.89	8.21
LIS008	No significant mineralization									
LIS009	No significant mineralization									
LIS010	No significant mineralization									
BAR031	0.00	32.90	29.40	-52	23.17	0.70	5.07	0.20	0.10	0.30
inc.	15.80	27.80	8.50	-52	6.70	1.49	9.72	0.65	0.24	0.89
BAR032	0.00	15.50	14.50	-71	13.71	2.13	6.97	0.27	0.13	0.40
inc.	10.00	12.00	2.00	-71	1.89	7.35	23.05	1.36	0.70	2.06

¹ - Drill hole inclination and azimuth were surveyed every 30m down the hole with some additional readings in the first and last 30m of each hole. The reported dip uses the surveys within or closest to the reported intersection.

² - Mineralization at Liska and Barje are related to shallow-angle structural control. The calculated vertical thickness is regarded as a reasonable estimate of the true thickness of mineralization.

³ - May contain differences due to rounding.

Table 2. Barje-Liska Drill Collars 2019.

Drill hole	Easting ¹	Northing ¹	Elevation (m)	Azimuth (°)	Inclination (°)	Length (m)
LIS003	616134	4690772	1001	0	-90	179.50
LIS004	616289	4690854	990	90	-60	134.50
BAR030	616825	4691801	1083	180	-70	195.00
LIS005	616134	4690772	1001	225	-60	203.50
LIS006	616155	4691016	1038	180	-60	223.50
LIS007	615966	4691168	1059	90	-60	247.00
LIS008	616130	4691345	1027	270	-60	224.20
LIS009	616357	4691203	1028	270	-60	225.20
LIS010	615966	4691168	1059	270	-60	301.00
BAR031	617065	4692081	1111	0	-50	89.30
BAR032	617065	4692081	1111	335	-70	70.00

¹ - Coordinates are given in WGS84 datum and UTM zone 34 projection.

Karamanica Prospect

Located approximately 8 kilometres northwest of Barje, the Karamanica Prospect hosts a 2 kilometre by 1.5 kilometre soil anomaly in which samples returned values generally above 0.1 g/t gold. Within this anomaly locally-elevated concentrations of Ag, Cu, Pb, Zn, As and Sb are seen to form distinct NW-SE linear features, which are in turn partly co-incident with linear zones of anomalous IP chargeability indicated by the Company's geophysical surveys during 2018.

The strongest, chargeability anomaly, trending NW-SE, follows the trend of a fault structure associated with reported mineralization from historic drilling and underground workings at the Podvirovi polymetallic showing. Podvirovi is held in a mining permit by Bosil Metal doo, a subsidiary of Mineco Limited, immediately adjacent to the Company's landholding.

In September and October 2019, 1,996.4 metres of diamond drilling was completed at the Karamanica prospect in eight holes.

Results from the first hole of the drill program - KAR001 - targeting the Podvirovi structure at a relatively shallow depth, include 8 metres at 0.29 g/t Au and 3.19 g/t Ag (see news release dated [October 30, 2019](#)). Mineralization in this interval is hosted in carbonaceous schist with traces of disseminated pyrite and quartz-pyrite veins. Mineralization observed in core from KAR001 is thought by the Company to suggest potential for an exploration target in the Podvirovi structure below the level of the current drilling. Holes KAR002, KAR003, KAR005 and KAR007 targeted the same structure along strike from KAR001 but intersected only weak mineralization (see news release dated [November 28, 2019](#)). Holes KAR004, KAR006 and KAR008 tested other structural and geochemical targets but did not intersect any significant mineralization; Drill hole locations at Karamanica, and results from the eight holes are shown in Tables 3 and 4 below.

Additional maps and information for Karamanica are available on the Company's website at <http://medgoldresources.com/tlamino/>.

Table 3. Karamanica Drill Intercepts 2019.

Drill hole	From (m)	To (m)	Interval length (m)	Inclination ¹	True. thickness ² (m)	Au (g/t)	Ag (g/t)	Zn (%)	Pb (%)	ZnPb combined ³ (%)
KAR001	124.80	132.80	8.00	-61	6.04 ⁴	0.29	3.19	0.10	0.03	0.13
KAR002	102.70	104.00	1.30	-59	1.01	0.41	10.00	0.60	0.11	0.71
and	241.00	243.00	2.00	-57	1.61	0.90	0.35	0.05	0.01	0.05
KAR003	78.00	80.00	2.00	-59	1.56	0.35	35.40	0.16	0.10	0.26
KAR004	No significant mineralization									
KAR005	58.20	68.90	4.00	-60	3.05	0.36	40.96	0.10	0.12	0.22
KAR006	No significant mineralization									
KAR007	45.00	47.00	2.00	-58	1.57	0.31	5.41	0.86	0.12	0.97
KAR008	No significant mineralization									

¹ - Drill hole inclination and azimuth were surveyed every 30m down the hole with some additional readings in the first and last 30m of each hole. The reported dip uses the surveys within or closest to the reported intersection.

² - Mineralization at Karamanica is thought to be hosted along structural zones inclined at approximately 70° to the horizontal. The calculated true thickness is regarded as a reasonable estimate of the true thickness of mineralization perpendicular to the structure.

³ - May contain differences due to rounding.

⁴ - This number has been revised from the news release of October 30, 2019, due to an error in the previous calculation of true thickness.

Table 4. Karamanica Drill Collars 2019.

Drill hole	Easting	Northing	Elevation (m)	Azimuth (°)	Inclination (°)	Length (m)
KAR001	609472	4690235	1618	45	-60	299.50
KAR002	608582	4690968	1632	45	-60	245.90
KAR003	608139	4691381	1586	0	-60	296.50
KAR004	609043	4692494	1734	0	-60	200.20
KAR005	607908	4691504	1555	20	-60	311.00
KAR006	608673	4692305	1710	45	-60	201.00
KAR007	608299	4691262	1638	45	-60	218.00
KAR008	609157	4692138	1615	225	-50	224.30

Additional Prospecting on the Company's Licences

In the fall of 2017 the Company completed a ridge-and-spur soil sampling program within its Ljubata, Crnook and Radovnica licences. A total of 2,096 soil samples were collected at a sample spacing of 100 metres, with the objective of covering the trend of a detachment fault, which the Company at that time interpreted to have an important association with gold-silver, and lead-zinc mineralization in the region.

Ridge-and-spur sampling was extended with an additional 520 soil samples during 2018. Overall the program identified two areas of elevated multi-element geochemistry, one of which was followed up by additional soil sampling at 50 metre spacing along lines 200 metres apart during 2018 (664 samples). Results of the follow-up sampling indicated low-level, off-set, anomalies of gold and base-metals but no additional field work was carried out.

Based on re-interpretation of data by current Management, the Company has dropped the Crnook licence area due to lack of positive results.

Data Verification / Quality Assurance and Quality Control (QA-QC)

Geophysical data from 2017 was collected by Géophysique TMC of Val-d'Or, Canada. Géophysique TMC's report, prepared by Joël Simard, P.Geol./Geoph. (Ontario), was reviewed to verify that information presented in this news release is consistent with the report's findings and that no quality issues were reported during data collection or processing.

Geophysical data from 2018 was collected by Enerson Mühendislik Sond. Mad. Pet. Jeo. Mak. Elek. San. Tic. Ltd. Şti. ("Enerson") of Ankara, Turkey. Enerson's report was reviewed to verify that information presented in this MD&A is consistent with the report's findings and that no quality issues were reported during data collection or processing.

Sample and analytical data for the Company's soil sampling during 2016 to 2018 has been verified by reviewing the Company's sampling procedures and fieldwork reports for the work. Samples were delivered to the independent ALS Geochemistry laboratory facilities in Bor, Serbia. The samples were prepared using method code PREP-41 and a 25 g aliquot of the -180 micron fraction was analyzed for gold and a multi-element suit using method code AuME-TL43.

Drilling during 2019 was carried out by independent contractors using PQ and HQ size tooling. Average core recovery for the program was 98%. Within visually identified alteration or mineralization, drill core was cut in half by the Company using a rock saw with one half of the core then taken as a sample for analysis. Sample intervals were generally between 50 to 200 centimetres producing samples of between 2 to 9 kilograms. Samples were delivered to the independent ALS Geochemistry laboratory facilities in Bor, Serbia. The samples were crushed and pulverized using method code PREP-31, were fire assayed for Au using method code Au-ICP21, and were analyzed

for multi-elements using method code ME-MS61 following a four-acid digestion. Overlimits were analyzed using an appropriate method. The Company routinely inserted multi-element geochemical standards, blanks, and field duplicate samples into the drill core sample stream as part of a documented Quality Assurance/Quality Control (QAQC) process to monitor laboratory performance, during the 2019 drilling program QAQC material was inserted into sample batches at the following rates per primary sample: ¼ core duplicates 1 in 26; granite blanks 1 in 25; certified reference material (CRM) 1 in 14. All CRMs and blanks submitted within mineralized intervals passed the Company's QAQC controls. Sample grades were checked against recovery percentage for potential bias; no discernable high- or low-grade bias was observed.

Qualified Person

Mr. Thomas Sant, FGS, CGeol, EurGeol, is the Company's Qualified Person as defined by National Instrument 43-101, and has approved the disclosure of the technical information in this Interim MD&A.

Quarterly Information

The following table provides information for the eight fiscal quarters ended September 30, 2019:

	Sep. 30, 2019 (\$)	June 30, 2019 (\$)	Mar. 31, 2019 (\$)	Dec. 31, 2018 (\$)	Sep. 30, 2018 (\$)	June 30, 2018 (\$)	Mar. 31, 2018 (\$)	Dec. 31, 2017 (\$)
Exploration expenditures from continuing operations	32,762	28,489	85,511	123,703	89,726	103,102	188,967	518,490
General and administrative expenses from continuing operations	180,044	211,948	354,739	154,151	255,357	237,751	146,820	121,371
Loss from continuing operations	(211,231)	(234,556)	(437,635)	(273,071)	(343,798)	(339,918)	(334,526)	(638,150)
Loss from discontinued operations	-	-	-	-	-	-	-	(149,293)
Basic and diluted loss per share for continuing operations	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)	(0.00)	(0.01)
Basic and diluted loss per share for discontinued operations	-	-	-	-	-	-	-	(0.00)

General and administrative expenses from continuing operations for the quarters ended March 31, 2019 and September 30, 2018 were higher than other quarters presented due to share-based payments charges of \$197,678 and \$107,634, respectively, which relate to the granting of stock options.

The loss from discontinued operations recorded in the quarter ended December 31, 2017 relate to former operations in Portugal and Spain.

Results of Operations

Quarter ended September 30, 2019

For the quarter ended September 30, 2019, the Company had a net loss of \$211,231 compared to a net loss of \$343,798 for the quarter ended September 30, 2018, a decrease of \$132,567.

Exploration costs of \$32,762 were recorded during the current quarter compared to \$89,726 during the comparative quarter. The decrease of \$56,964 is due to a greater percentage of Serbia exploration being funded by Fortuna.

General and administrative expenses totaled \$180,044 for the current quarter compared to \$255,357 for the comparative quarter, a decrease of \$75,313. The most significant decrease during the current quarter was in share-based payments expense which was \$30,336 compared to \$107,634 in the comparative quarter. The most significant increase during the current quarter was in legal and accounting costs which were \$14,501 higher and related mostly to the Company's former operations in Portugal.

Nine months ended September 30, 2019

For the nine month period ended September 30, 2019, the Company had a net loss of \$883,422 compared to a net loss of \$1,018,242 for the nine month period ended September 30, 2018, a decrease of \$134,820.

Exploration costs for the current period were \$146,762 compared to \$381,795 for the comparative period, a decrease of \$235,033. As with the quarterly comparison, exploration costs for the current period were less due to a greater percentage of exploration activity being funded by Fortuna.

General and administrative expenses totaled \$746,731 for the current period compared to \$639,928 for the comparative period, an increase of \$106,803. This increase is primarily due to the current period including a share-based payments expense of \$278,231 relating to the granting of stock options compared to \$138,088 in the comparative period. Legal and accounting costs were \$27,889 higher in the current period and mostly related to the Company's former operations in Portugal. Most notable cost decreases during the current period were \$49,302 in shareholder communications and \$23,173 in travel and accommodation. These costs were less in the current period due to less investor relations promotional activities than in the comparative period.

Liquidity and Capital Resources

The Company's cash resource as at September 30, 2019 was \$1,411,414 compared to \$1,436,399 as at December 31, 2018. At September 30, 2019, the Company had current assets totaling \$1,444,660 and current liabilities totaling \$473,434, for working capital of \$971,226. Included in current liabilities is an exploration advance of \$380,500 provided by Fortuna during the period ended September 30, 2019 for Tlamino Project exploration, which funds are being expended by the Company on behalf of Fortuna subsequent to the period-end.

In October 2018, the Company closed a private placement of 4,902,800 units at \$0.30 per unit for gross proceeds of \$1,470,840. Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase an additional common share exercisable for two years at a price of \$0.40. Current cash resources are being used for exploration work and general working capital requirements.

The Company expects its capital resources to be sufficient to cover its corporate operating costs and carry out exploration activities for the next twelve months. However, actual funding requirements may vary from those planned due to a number of factors including potential property acquisitions and exploration activity. As such, the Company may need to raise additional capital and believes it will be able to do so, but recognizes the uncertainty attached thereto.

Related Party Transactions

See Note 11 of the condensed interim consolidated financial statements for the nine months ended September 30, 2019 for details of other related party transactions which occurred in the normal course of business.

Other Data

Additional information related to the Company is available for viewing at www.sedar.com.

Share Position and Outstanding Options and Warrants

As at the date of this Interim MD&A, the Company's outstanding share position is 94,789,032 common shares and the following stock options and share purchase warrants are outstanding:

No. of options	Exercise price	Expiry date
100,000	\$0.20	February 26, 2020
2,130,000	\$0.15	February 23, 2024
500,000	\$0.11	June 18, 2024
1,290,000	\$0.15	June 28, 2026
200,000	\$0.20	July 24, 2027
100,000	\$0.20	February 7, 2028
2,025,000	\$0.15	January 15, 2029
570,000	\$0.15	June 2, 2029
6,915,000		
No. of warrants	Exercise price	Expiry date
4,902,800	\$0.40	October 16, 2020

Accounting Policies and Basis of Presentation

The Company's significant accounting policies and future changes in accounting policies are presented in the audited consolidated financial statements for the year ended December 31, 2018. The following outlines the new accounting standards and amendments adopted by the Company effective January 1, 2019:

IFRS 16 Leases

IFRS 16 Leases requires lessees to recognize assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17 Leases. The adoption of IFRS 16 did not have a material impact on the Company's condensed interim consolidated financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments

This new Interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments.

The main features of IFRIC 23 are as follows:

- An entity considers an uncertain tax treatment separately or together with other uncertain tax treatments depending on which approach better predicts the resolution of the uncertainty.
- Taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates are determined based on whether it is probable that a taxation authority will accept an uncertain tax treatment.
- An entity reassesses judgments or estimates relating to uncertain tax treatments when facts and circumstances change.

The adoption of IFRIC 23 did not have a material impact on the Company's condensed interim consolidated financial statements.

Risks and Uncertainties

Mineral Property Exploration and Mining Risks

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing; and obtaining permits for drilling and other exploration activities.

Joint Venture Funding Risk

The Company's strategy includes seeking partners through joint ventures to fund exploration and project development. The main risk of this strategy is that funding partners may not be able to raise sufficient capital in order to satisfy exploration and other expenditure terms in a particular joint venture agreement. As a result, exploration and development of one or more of the Company's property interests may be delayed depending on whether the Company can find another partner or has enough capital resources to fund the exploration and development on its own.

Commodity Price Risk

The Company is exposed to commodity price risk. Declines in the market price of gold, base metals and other minerals may adversely affect the Company's ability to raise capital or attract joint venture partners in order to fund its ongoing operations. Commodity price declines could also reduce the amount the Company would receive on the disposition of one of its mineral properties to a third party.

Financing and Share Price Fluctuation Risks

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration and development of one or more of the Company's projects may be dependent upon the Company's ability to obtain financing through equity or debt financing or other means. Failure to obtain this financing could result in delay or

indefinite postponement of further exploration and development of its projects which could result in the loss of one or more of its properties.

Securities markets have at times in the past experienced a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration stage companies such as the Company, have experienced wide fluctuations in share prices which have not necessarily been related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on the Company's ability to raise additional funds through equity issues and corresponding effect on the Company's financial position.

Political, Regulatory and Currency Risks

The Company's mineral properties are located in economically stressed, but politically stable European countries and consequently may be subject to a higher level of risk compared to less economically stressed countries. Operations, the status of mineral property rights, title to the properties and the recoverability of amounts shown for mineral properties in such nations can be affected by changing economic, regulatory and political situations. The Company's equity financings are sourced in Canadian dollars but for the most part it incurs its exploration expenditures in British pound sterling, Euros, and Serbian dinars. At this time there are no currency hedges in place. Therefore a weakening of the Canadian dollar against the British pound sterling, Euro, or Serbian dinar could have an adverse impact on the amount of exploration conducted.

Insured and Uninsured Risks

In the course of exploration, development and production of mineral properties, the Company is subject to a number of hazards and risks in general, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in damage to the Company's properties or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increased costs, have a material adverse effect on the Company's results and a decline in the value of the securities of the Company.

Environmental and Social Risks

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present. Social risks are not considered significant in the Company's areas of operations.

Competition

The Company will compete with many companies and individuals that have substantially greater financial and technical resources than the Company for the acquisition and development of its projects as well as for the recruitment and retention of qualified employees.