MEDGOLD
RESOURCES CORP.

FINANCIAL REVIEW

Fiscal Year Ended December 31, 2019

MEDGOLD RESOURCES CORP.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF MEDGOLD RESOURCES CORP.

Opinion

We have audited the consolidated financial statements of Medgold Resources Corp. (the "Company"), which comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $1,246,457 during the year ended December 31, 2019. As stated in Note 1, this event or condition, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, and remain alert for indications that the other information appears to be materially misstated.

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditors' report is Herve Leong-Chung.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
June 10, 2020

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Medgold Resources Corp.

(Exploration Stage Company)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31, 2019 and 2018

(Expressed in Canadian Dollars)

	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents (Note 16)	$ 704,127	$ 1,436,399
Amounts receivable (Note 12)	84,327	182,887
Prepaid expenses and deposits (Note 12)	12,007	15,822
Total current assets	800,461	1,635,108
Non-current assets		
Long-term deposits (Note 12)	61,000	61,000
Property and equipment (Note 6)	108,807	145,990
Exploration and evaluation assets (Note 7)	43,020	43,020
Total non-current assets	212,827	250,010
	$ 1,013,288	**$ 1,885,118**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 104,075	$ 71,917
Due to related parties (Note 12)	78,392	14,958
Total liabilities	182,467	86,875
Shareholders' equity		
Share capital (Note 8)	13,829,198	13,829,198
Other equity reserves (Note 8)	1,499,127	1,220,092
Accumulated other comprehensive loss	(157,952)	(157,952)
Deficit	(14,339,552)	(13,093,095)
Total shareholders' equity	830,821	1,798,243
	$ 1,013,288	**$ 1,885,118**

APPROVED ON BEHALF OF THE BOARD ON JUNE 10, 2020:

"Simon Ridgway"
Simon Ridgway, Director

"Jeremy Crozier"
Jeremy Crozier, Director

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

Medgold Resources Corp.

(Exploration Stage Company)

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the years ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

		2019		2018
Exploration expenditures (Note 10)	$	271,763	$	505,498
General and administrative expenses				
Depreciation (note 6)		34,364		44,093
Foreign exchange loss (gain)		17,271		(21,840)
Legal and accounting		150,869		64,245
Management fees (Note 12)		90,825		110,400
Office and administration (Note 12)		78,747		72,896
Salaries and benefits (Note 12)		119,985		97,354
Shareholder communications (Note 12)		158,155		206,929
Share-based payments (Note 9)		279,035		139,948
Transfer agent and regulatory fees (Note 12)		14,903		16,131
Travel and accommodation (Note 12)		42,142		63,923
		986,296		794,079
Loss before other items		(1,258,059)		(1,299,577)
Other items				
Interest and other income		6,902		8,264
Gain on disposal of property and equipment		4,700		-
Net loss and comprehensive loss for the year	**$**	**(1,246,457)**	**$**	**(1,291,313)**
Loss per share, basic and diluted		$(0.01)		$(0.01)
Weighted average number of shares outstanding		94,789,032		90,762,890

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

Medgold Resources Corp.

(Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31, 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 year	-	-	-	-	-	(1,291,313)	(1,291,313)
Shares issued for private placement	4,902,800	1,421,812	49,028	-	-	-	1,470,840
Share issuance costs	-	(31,697)	-	-	-	-	(31,697)
Options exercised	370,000	61,500	-	-	-	-	61,500
Transfer of reserves on exercise of options	-	64,316	-	(64,316)	-	-	-
Share-based payments	-	-	-	139,948	-	-	139,948
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 year	-	-	-	-	-	(1,246,457)	(1,246,457)
Share-based payments	-	-	-	279,035	-	-	279,035
Balance, December 31, 2019	**94,789,032**	**$13,829,198**	**$ 65,949**	**$ 1,433,178**	**$ (157,952)**	**$ (14,339,552)**	**$ 830,821**

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

Medgold Resources Corp.
(Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2019 and 2018
(Expressed in Canadian Dollars)

	2019	2018
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the year	$ (1,246,457)	$ (1,291,313)
Items not involving cash:		
Depreciation	34,364	44,093
Share-based payments	279,035	139,948
Gain on disposal of property and equipment	(4,700)	-
	(937,758)	(1,107,272)
Changes in non-cash working capital balances:		
Amounts receivable	98,560	14,594
Prepaid expenses and deposits	3,815	12,474
Accounts payable and accrued liabilities	32,158	(4,140)
Due to related parties	63,434	(4,442)
Cash used in operating activities from continuing operations	(739,791)	(1,088,786)
Cash used in operating activities from discontinued operations (Note 5)	-	(20,257)
Net cash used in operating activities	(739,791)	(1,109,043)
FINANCING ACTIVITIES		
Net proceeds from issuance of common shares	-	1,500,643
Net cash provided by financing activities	-	1,500,643
INVESTING ACTIVITIES		
Purchase of property and equipment	(793)	(10,164)
Proceeds on disposal of property and equipment	8,312	-
Cash used in (provided by) investing activities from continuing operations	7,519	(10,164)
Cash provided by investing activities from discontinued operations (Note 5)	-	17,174
Net cash provided by investing activities	7,519	7,010
Effect of changes in exchange rates on cash	-	(617)
Increase (decrease) in cash and cash equivalents	(732,272)	397,993
Cash and cash equivalents, beginning of year	1,436,399	1,038,406
Cash and cash equivalents, end of year	**$ 704,127**	**$ 1,436,399**

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

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 consolidated financial statements of the Company as at December 31, 2019 and for the year then ended include the accounts of the Company and its subsidiaries (Note 3(a)).

These 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 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 December 31, 2019, the Company had not yet achieved profitable operations, has accumulated losses of $14,339,552 since its inception, and expects to incur further losses in the development of its business. For the year December 31, 2019, the Company incurred a net loss of $1,246,457. The Company has been financed primarily through the issuance of equity instruments but management cannot be certain it will continue to be able obtain such funding. All of these conditions 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. Management is continuing to investigate opportunities to raise financing for the Company.

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Basis of Measurement

These 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 consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

The preparation of 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 consolidated financial statements are disclosed in Note 4.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

a) Basis of Consolidation

These 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 December 31, 2019 are as follows:

Name	Place of incorporation	Ownership %	Principal activity
Medgold Istrazivanja d.o.o.	Serbia	100%	Exploration company
MGold International Ltd.	Malta	100%	Holding company
Tlamino Mining Ltd.	Malta	100%	Holding company

The Company formed two Malta subsidiaries, MGold International Ltd. and Tlamino Mining Ltd. on December 24, 2019.

b) 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.

c) Cash and Cash Equivalents

Cash and cash equivalents include cash at banks and on hand, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of change of value.

d) Exploration and Evaluation Assets

The Company capitalizes the acquisition cost of exploration and evaluation assets and expenses all other exploration expenditures. Acquisition costs include the cash consideration paid and the fair value of common shares issued on acquisition, based on the date of issuance of the shares if the fair value of the mineral property is not reliably measurable. Exploration and evaluation assets are classified as intangible assets.

Recoveries for option payments or shares received are recorded on receipt, as the payments or shares received under the agreement are made at the sole discretion of the optionee. Proceeds from the sale of minerals recovered during the exploration stage are recorded when title to the minerals passes, the proceeds are reasonably determinable and the collectability is assured.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Exploration and Evaluation Assets (continued)

Where the Company has entered into option agreements to acquire interests in mineral properties that provide for periodic payments or periodic share issuances, amounts unpaid and unissued are not recorded as liabilities since they are payable and issuable entirely at the Company's option. Option payments are capitalized when the payments are made or received and the share issuances are capitalized using the fair market value of the Company's common shares at the earlier of the date the counterparty's performance is complete or the issuance date.

The Company is in the exploration stage and is in the process of determining whether its exploration and evaluation assets contain ore reserves that are economically recoverable. The recoverability of amounts recorded as exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, maintenance of the Company's legal interests in its mineral claims, obtaining further financing for exploration and development of its mineral claims and commencement of future profitable production, or receiving proceeds from the sale of all or an interest in its mineral properties. Management reviews the carrying value of exploration and evaluation assets on a periodic basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for exploration and evaluation assets represent costs incurred, net of write-downs and recoveries, and are not intended to represent present or future values.

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and which do not contribute to current or future revenue generation are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the costs can be reasonably estimated. Generally, the timing of these accruals coincides with the earlier of completion of a feasibility study or the Company's commitment to a plan of action based on the then known facts.

e) Property, Equipment and Depreciation

Recognition and Measurement

Property and equipment are recorded at cost less accumulated depreciation and any impairment losses.

Depreciation

Depreciation is recognized in profit or loss, and property and equipment is amortized over their estimated useful lives using the following methods:

Leasehold improvements	7 years straight-line
Vehicles	4 - 8 years straight-line
Furniture and equipment	6% - 25% declining-balance
Computer equipment	25% declining-balance

f) Impairment of Non-financial Assets

Non-financial assets, including exploration and evaluation assets, are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Impairment of Non-financial Assets (continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss, except to the extent they reverse gains previously recognized in other comprehensive income (loss).

g) Provisions

Rehabilitation Provision

The Company recognizes and measures the liabilities for obligations associated with the retirement of mineral properties when those obligations result from the acquisition, construction, development or normal operation of the asset. The obligation is measured at fair value and the related costs are recorded as part of the carrying value of the related asset. In subsequent periods, the liability is adjusted for the change in present value and any changes in the discount rate or in the amount or timing of the underlying future cash flows required to settle the obligation. Actual costs to retire mineral properties are deducted from the accrued liability, as these costs are incurred.

As at December 31, 2019 and 2018, the Company had no asset retirement or rehabilitation obligations.

Other Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognized as accretion expense.

h) Income Taxes

Income tax expense comprises current and deferred tax. Current and deferred tax are recognized in net loss, except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income (loss).

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Warrants issued by the Company typically accompany an issuance of shares in the Company (a "unit"), and entitle the warrant holder to exercise the warrants for a stated price and a stated number of common shares in the Company. The fair value of units issued is measured using the residual value approach, with the allocation of proceeds first to shares based on the fair value of the shares on the date of issuance and the remainder to warrants.

j) Earnings/Loss Per Share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

Diluted earnings/loss per share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

k) Share-based Payments

Where equity-settled share options or equity instruments are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period using the graded vesting method. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital.

When the fair value of goods or services received in exchange for the share-based payment cannot be reliably estimated, they are measured by use of a valuation model.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Share-based Payments (continued)

All equity-settled share-based payments are reflected in other equity reserve until exercised. Upon exercise, shares are issued and the amount reflected in other equity reserve is credited to share capital, adjusted for any consideration paid. For those unexercised options and share purchase warrants that expired, the recorded value remains in other equity reserve.

Where a grant of options is cancelled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

l) Financial Instruments

Financial Assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument. The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss.

Financial assets measured at amortized costs

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for the such financial assets, is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if any.

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income.

Financial assets measured at fair value through profit or loss ("FVTPL")

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Financial Instruments (continued)

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial Liabilities

Financial liabilities are classified as amortized cost, based on the purpose for which the liability was incurred. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statements of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemptions, as well as any interest or coupon payable while the liability is outstanding.

Accounts payable and accrued liabilities and amounts due to related parties represent liabilities for goods and services provided to the Company prior to the end of the period, which are unpaid. Accounts payable and accrued liabilities are unsecured and are usually paid within 45 days of recognition.

The Company has made the following designations of its financial instruments:

Cash and cash equivalents	FVTPL
Amounts receivable	Amortized cost
Deposits	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost

m) Adoption of New Accounting Standards and Amendments

The following outlines the new accounting standards and amendments adopted by the Company effective January 1, 2019:

IFRS 16 Leases

The Company adopted IFRS 16 – *Leases* ("IFRS 16"), which requires lessees to recognize right-of-use assets and lease 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 consolidated financial statements as the Company has no leases.

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 consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) New Standards and Interpretations Not Yet Adopted

The Company will be required to adopt the following standards and amendments issued by the IASB as described below.

IFRS 17, *Insurance Contracts*

IFRS 17 is a new standard that requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4, *Insurance Contracts*, and related interpretations.

This standard will be effective for the Company's annual period beginning January 1, 2021. The Company has yet to assess the impact of IFRS 17 on its financial statements.

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 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 currency of the primary 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 the acquisition costs that have been capitalized are economically recoverable. 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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

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.

f) The determination of whether disposal groups or cash-generating units represent a component of the entity, the results of which should be recorded in discontinued operations in the consolidated statements of loss and comprehensive loss and cash flows.

The key estimates applied in the preparation of the 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.

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.

(Expressed in Canadian Dollars)

5. DISCONTINUED OPERATIONS

During the 2017 fiscal year, the Company sold its 100% interest in its Portuguese subsidiary MedCenterra Unipessoal Lda. ("MedCenterra") for cash payments totalling €167,500 ($243,741) (equivalent to the amount of exploration bonds previously paid by MedCenterra for the Boticas and Chaves licences). €19,000 ($28,041) of this amount was received during the year ended December 31, 2018. The Company was also entitled to receive a payment equal to any amounts recovered by MedCenterra from the Portuguese Mining Authority for exploration bonds previously paid by MedCenterra for the Valongo and Lagares licences, up to a maximum of €95,000, of which the entire €95,000 ($141,487) was received during the year ended December 31, 2018.

There were no results of operations relating to discontinued operations for the years ended December 31, 2019 and 2018.

		2019		2018
Cash provided from (used by) discontinued operations				
OPERATING ACTIVITIES:				
Net loss from discontinued operations	$	-	$	-
		-		-
Changes in non-cash working capital balances:				
Amounts receivable		-		7,456
Accounts payable and accrued liabilities		-		(27,713)
Operating cash flow used in discontinued operations	$	-	$	(20,257)
INVESTING ACTIVITY				
Refund of reclamation bonds	$	-	$	17,174
Cash provided by investing activities from discontinued operations	$	-	$	17,174

In early 2015, the Company entered into an agreement whereby its former 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 was appealed by the plaintiff; however, in February 2020, the Court of Appeal upheld the original court decision in favour of the Company, and the Company was entitled to receive partial reimbursement of its court/legal fees. The plaintiff has a further right to submit another appeal, the deadline of which was originally set at April 21, 2020. Due to the COVID-19 pandemic, however, judicial deadlines in Portugal are currently suspended.

(Expressed in Canadian Dollars)

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, December 31, 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 year	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 year	1,656	25,235	3,543	3,930	34,364
Disposals	-	(28,974)	-	-	(28,974)
Balance, December 31, 2019	**$ 12,906**	**$ 73,337**	**$ 18,942**	**$ 16,402**	**$ 121,587**
Carrying amounts					
At December 31, 2018	$ 1,656	$ 111,255	$ 10,088	$ 22,991	$ 145,990
At December 31, 2019	**$ -**	**$ 82,408**	**$ 7,338**	**$ 19,061**	**$ 108,807**

7. EXPLORATION AND EVALUATION ASSETS

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

Serbia

a) Exploration Licences

As of December 31, 2019, the Company held four granted exploration licences. Two of the licences, Donje Tlamino and Surlica-Dukat, comprise the Tlamino Project optioned to Fortuna Silver Mines Inc. (“Fortuna”) and the adjacent Ljubata and Radovnica licences, comprising the Ljubata Project. In April 2019, the Company submitted the withdrawal of the Crnook Licence, formerly part of the Ljubata Project.

Although the current terms of the licences have expired, the licences are currently valid, and the Company has submitted to the Ministry of Mining and Energy applications for extensions of the licences. The Company is awaiting a decision from the Ministry regarding the extension applications.

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. Fortuna earned their 51% interest during the year ended December 31, 2019.

The Company and Fortuna have one common director.

Bulgaria

Subsequent to December 31, 2019, the Company entered into an exclusive letter agreement with Gecon EOOD (“Gecon”), a private Bulgarian company, with respect to an exploration licence application on the Zlogosh Property in western Bulgaria.

Under the terms of the agreement, the Company has the right to complete certain due diligence activities on the property which, if satisfactory, gives the Company the right to enter into an option agreement with Gecon to earn an initial 51% interest in Gecon by financing approximately €330,000 in permitting and permitting-related expenditures, followed by a second option to earn a further 44% interest in Gecon by incurring approximately €650,000 in exploration expenditures. The remaining 5% interest in Gecon may be purchased by the Company for €200,000 in cash on the third anniversary of Zlogosh exploration licence once awarded or, at the election of the residual shareholder, for €200,000 in shares of the Company subsequent to the attainment of incurring exploration expenditures to the value of €1,000,000.

(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 year ended December 31, 2019.

During the year ended December 31, 2018, the following share capital activity occurred:

i) On October 17, 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 consists 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. The warrants are subject to an acceleration provision such that if the closing price of the Company's shares for ten consecutive trading days is $0.60 or greater, the Company may give notice to the holders of the warrants that the warrants will expire thirty calendar days after receipt of such notice. Of the $1,470,840 in gross proceeds, $1,421,812 was allocated to share capital and $49,028 to warrants. Share issuance costs associated with this financing totalled $31,697 of which $22,409 was cash finder's fees; and

ii) A total of 370,000 options were exercised for gross proceeds of $61,500. The Company reallocated the fair value of these options previously recorded in the amount of $64,316 from other equity reserve to share capital.

Share Purchase Warrants

A summary of share purchase warrants activity for the years ended December 31, 2019 and 2018 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 and 2019	4,902,800	$0.40

The warrants outstanding expire on October 17, 2020.

(Expressed in Canadian Dollars)

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 year ended December 31, 2019:

			During the year				
Expiry date	**Exercise price**	**Opening balance**	**Granted**	**Exercised**	**Expired / forfeited**	**Closing balance**	**Vested and exercisable**
February 7, 2019	$0.20	100,000	-	-	(100,000)	-	-
February 26, 2020	$0.20	-	100,000		(100,000)	-	-
February 23, 2024	$0.15	3,230,000			(1,300,000)	1,930,000	1,930,000
June 18, 2024	$0.11	-	500,000	-	-	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	-	(2,700,000)	6,615,000	6,615,000
Weighted average exercise price		$0.17	$0.15	-	$0.18	$0.15	$0.15

The following is a summary of changes in options for the year ended December 31, 2018:

			During the year				
Expiry date	**Exercise price**	**Opening balance**	**Granted**	**Exercised**	**Forfeited/ cancelled**	**Closing balance**	**Vested and exercisable**
February 7, 2019	$0.20	-	100,000	-	-	100,000	100,000
February 23, 2024	$0.15	3,230,000	-	-	-	3,230,000	3,230,000
June 28, 2026	$0.15	2,170,000	-	(250,000)	-	1,920,000	1,920,000
July 24, 2027	$0.20	645,000	-	(120,000)	(105,000)	420,000	420,000
February 7, 2028	$0.20	-	150,000	-	-	150,000	150,000
July 24, 2028	$0.37	-	300,000	-	-	300,000	300,000
		6,045,000	550,000	(370,000)	(105,000)	6,120,000	6,120,000
Weighted average exercise price		$0.16	$0.29	$0.17	$0.20	$0.17	$0.17

9. SHARE-BASED PAYMENTS (continued)

Fair Value of Options Issued During the Year

The weighted average fair value at grant date of options granted during the year ended December 31, 2019 was $0.10 (2018: $0. 21) per option.

The weighted average remaining contractual life of the options outstanding at December 31, 2019 is 6.75 (2018: 6.35) years.

There were no options exercised during the year ended December 31, 2019. The weighted average market price on the date options were exercised during the year ended December 31, 2018 was $0.20 per option.

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 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 pricing model.

The model inputs for options granted during the year ended December 31, 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% (2018: expected volatility factors ranging from 65% to 119%, risk-free interest rates ranging from 1.63% to 2.41%, 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 accompanying 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 year ended December 31, 2019 was $279,035 (2018: $139,948).

(Expressed in Canadian Dollars)

10. EXPLORATION EXPENDITURES

During the year ended December 31, 2019, the Company incurred the following exploration expenditures:

	Serbia			
	Tlamino Project	Ljubata Project	Other	Total
Assaying	$ 144,369	$ 4,923	$ -	**$ 149,292**
Drilling	420,139	28,150	-	**448,289**
Field expenses	24,412	1,055	-	**25,467**
Geological and other consulting	404,884	31,953	51,861	**488,698**
Licenses, rights and taxes	22,117	32,094	14,157	**68,368**
Office and administration	183,696	12,990	4,297	**200,983**
Salaries and benefits	379,459	51,940	4,478	**435,877**
Travel	93,134	2,453	5,581	**101,168**
	1,672,210	165,558	80,374	**1,918,142**
Expense recoveries*	(1,646,379)	-	-	**(1,646,379)**
	$ 25,831	$ 165,558	$ 80,374	**$ 271,763**

During the year ended December 31, 2018, the Company incurred the following exploration expenditures:

	Serbia			
	Tlamino Project	Ljubata Project	Other	Total
Assaying	$ 278,426	$ 33,925	$ 8,879	**$ 321,230**
Drilling	653,838	-	-	**653,838**
Field expenses	53,272	6,661	-	**59,933**
Geological and other consulting	307,170	135,246	458	**442,874**
Geophysics	49,073	-	-	**49,073**
Licenses, rights and taxes	25,022	35,570	17,649	**78,241**
Office and administration	113,595	60,768	10,184	**184,547**
Salaries and benefits	399,237	124,767	23,227	**547,231**
Travel	107,466	39,430	8,734	**155,630**
	1,987,099	436,367	69,131	**2,492,597**
Expense recoveries*	(1,987,099)	-	-	**(1,987,099)**
	$ -	$ 436,367	$ 69,131	**$ 505,498**

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

(Expressed in Canadian Dollars)

11. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the statutory income tax rates:

		2019		2018
Net loss for the year	$	(1,246,457)	$	(1,291,313)
Statutory income tax rate		27.00%		27.00%
Expected income tax recovery		(336,543)		(348,655)
Decrease (increase) resulting from:				
Non-deductible expenses and others		75,791		37,786
Differences between Canadian and foreign tax rates		160,204		267,119
Change in timing differences		119		1,525
Impact of foreign exchange on tax assets and liabilities		41,769		(27,903)
Under provided in prior years		(416,733)		59,875
Unused tax losses and tax offsets not recognized		475,393		10,253
Income tax recovery	$	**-**	$	**-**

The tax rates represent the federal and provincial statutory rate applicable for the 2019 taxation year, 27% for Canada, 15% for Serbia, and 19% for the United Kingdom.

The Company recognizes tax benefits on losses or other deductible amounts where it is probable the Company will generate sufficient taxable income for the recognition of deferred tax assets. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

		2019		2018
Non-capital loss carry-forwards	$	12,834,255	$	10,994,333
Exploration and evaluation assets		10,225,930		10,225,930
Property and equipment		187,599		178,944
Share issuance cost		20,722		31,956
Unrecognized deductible temporary differences	**$**	**23,268,506**	**$**	**21,431,163**

Subject to certain restrictions, the Company has non-capital losses of $5,909,560 (2018: $3,745,083) available to reduce future Canadian taxable income. The non-capital losses expire as follows:

Year		
2026	$	1,505,389
2028		57,142
2029		184,122
2032		263,577
2033		485,883
2034		539,445
2035		680,434
2036		462,708
2037		522,527
2038		596,487
2039		611,846
	$	**5,909,560**

(Expressed in Canadian Dollars)

11. INCOME TAXES (continued)

The Company also has non-capital losses for income tax purposes of $3,461,957 (2018: $3,535,236) available to reduce future UK taxable income, non-capital losses for income tax purposes of $3,462,738 (2018: $2,161,383) available to reduce future Serbian taxable income. The UK non-capital losses do not expire, and the Serbian non-capital losses expire in five years as follows:

Year		
2021	$	571,800
2022		1,026,175
2023		1,864,763
	$	**3,462,738**

12. RELATED PARTY TRANSACTIONS AND BALANCES

The Company's related parties with transactions during the years ended December 31, 2019 and 2018 consist of directors, officers and the following companies with common directors or controlled by those officers and 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, personnel and administrative 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 consolidated financial statements are as follows:

a) During the years ended December 31, 2019 and 2018, the Company reimbursed Gold Group for the following costs:

		2019		**2018**
General and administrative expenses:				
Office and administration	$	65,473	$	67,861
Salaries and benefits		119,985		96,663
Shareholder communications		3,896		1,775
Transfer agent and regulatory fees		2,738		2,639
Travel and accommodation		4,975		11,516
	$	**197,067**	**$**	**180,454**

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 years ended December 31, 2019 and 2018 include those for the Chief Financial Officer and the Corporate Secretary.

(Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) During the year ended December 31, 2019, the Company reimbursed Radius $Nil (2018: $12,079) in shared salary and benefits for the services of a geological consultant.

c) Amounts receivable as at December 31, 2019 include $27,444 (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 December 31, 2019 include an amount of $1,137 (2018: $2,902) paid to Gold Group for administrative expenses paid in advance on the Company’s behalf.

e) Long-term deposits as of December 31, 2019 consist of $61,000 (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 December 31, 2019 consists of $20,226 (2018: $14,958) owing to Gold Group and $58,166 (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.

Key Management Compensation

The Company has identified certain of its directors and senior officers as its key management personnel. Included for the years ended December 31, 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.

	2019	**2018**
Management fees	$ 90,825	$ 110,400
Geological fees	152,675	135,600
Salaries and benefits	34,833	30,709
Value of stock option grants recorded as share-based payments	168,785	-
	$ 447,118	**$ 276,709**

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.

(Expressed in Canadian Dollars)

13. 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 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 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 notes.

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.

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 December 31, 2019, the Company is exposed to foreign currency risk and interest rate risk.

Foreign Currency Risk

As at December 31, 2019 and 2018, the Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

	December 31, 2019			
	British Pound Sterling (CDN equivalent)	US Dollars (CDN equivalent)	Euros (CDN equivalent)	Dinars (CDN equivalent)
Cash	$ 9,473	$ 2,326	$ 12,329	$ 79,269
Amounts receivable	-	-	-	55,149
Accounts payable and accrued liabilities	(40,182)	-	(19,394)	(42,569)
Net exposure	**$ (30,709)**	**$ 2,326**	**$ (7,065)**	**$ 91,849**

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

a) Market Risk (continued)

Foreign Currency Risk (continued)

	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 December 31, 2019, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would result in approximately a $5,600 (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 December 31, 2019, the Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with Canadian, British and Serbian financial institutions. The Company considers this risk to be limited.

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 and cash equivalents. The Company limits exposure to credit risk by maintaining its cash and cash equivalents with large financial institutions. The Company's receivables consist of VAT receivable from the government of Serbia and receivables from Fortuna (Note 12). 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 December 31, 2019, the Company had working capital of $617,994 (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 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.

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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 December 31, 2019 were calculated as follows:

	Balance at December 31, 2019	Level 1	Level 2	Level 3
Financial Asset:				
Cash	$ 704,127	$ 704,127	$ -	$ -

14. 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 year ended December 31, 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.

(Expressed in Canadian Dollars)

15. 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.

Year ended December 31, 2019	Canada	England	Serbia	Total
Exploration expenditures	$ -	$ -	$ 271,763	$ 271,763
Interest and other income	6,902	4,700	-	11,602
Net (loss)	(878,122)	(63,887)	(304,448)	(1,246,457)
Capital expenditures*	-	-	793	793

Year ended December 31, 2018	Canada	England	Serbia	Total
Exploration expenditures	$ -	$ -	$ 505,498	$ 505,498
Interest and other income	8,264	-	-	8,264
Net loss	(499,726)	(140,961)	(650,626)	(1,291,313)
Capital expenditures*	-	-	10,164	10,164

*Capital expenditures consists of additions of property and equipment and exploration and evaluation assets

As at December 31, 2019	Canada	England	Serbia	Consolidated
Total current assets	$ 639,186	$ 19,749	$ 141,526	$ 800,461
Total non-current assets	61,000	-	151,827	212,827
Total assets	**$ 700,186**	**$ 19,749**	**$ 293,353**	**$ 1,013,288**
Total liabilities	**$ 102,130**	**$ 37,426**	**$ 42,911**	**$ 182,467**

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**

(Expressed in Canadian Dollars)

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The Company does not hold any deposits with maturities of greater than three months from the date of acquisition. Cash at banks earn interest at floating rates based on daily bank deposit rates. As at December 31, 2019 and 2018, cash and cash equivalents is comprised of the following:

	2019	2018
Cash	$ 300,661	$ 1,436,399
Cash equivalents	403,466	-
	$ 704,127	$ 1,436,399

17. EVENTS AFTER THE REPORTING DATE

Subsequent to December 31, 2019, the following events, which have not been disclosed elsewhere in these consolidated financial statements, have occurred:

a) A total of 80,000 stock options exercisable at $0.15 per share were forfeited unexercised.

b) Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

(the “Company”)

MANAGEMENT’S DISCUSSION AND ANALYSIS

Year End Report – December 31, 2019

General

This Management’s Discussion and Analysis (“MD&A”) supplements, but does not form part of, the annual audited consolidated financial statements of the Company for the fiscal year ended December 31, 2019. The following information, prepared as of June 10, 2020, should be read in conjunction with the December 31, 2019 consolidated financial statements. The Company reports its financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All amounts are expressed in Canadian dollars unless otherwise indicated.

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

Forward Looking Information

This 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 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;
- uncertainties relating to general economic conditions; and
- risks relating to a global pandemic, including the coronavirus COVID-19, which unless contained could cause a slowdown in global economic growth and impact the Company’s business, operations, financial condition and share price.

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

Forward-looking Statements contained in this 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 targeting early- to mid-stage exploration projects in the Balkan region, in jurisdictions which are mining-friendly, with strong mining codes, and with excellent geological potential. The Company’s exploration activities are currently focused in Serbia and Bulgaria.

Due to restrictions on travel and for the safety of our employees because of the COVID-19 pandemic, the Company has curtailed certain operations for the time being. Most of the geological staff have returned home and in our corporate offices, most staff are working from home. We will return to the field and office when it is safe and cost effective to do so; meanwhile we will preserve the cash position of the Company.

Serbia - Exploration Review

The Company is targeting gold-silver epithermal systems associated with the 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. (NYSE: FSM) (TSX: FVI) (“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. Exploration drilling programs conducted at the Tlamino Project in 2018 and 2019 led to the drill-definition of a zone of continuous gold mineralization at the Barje Prospect at Tlamino measuring 700 metres by 250 metres. In January 2020, the Company established a maiden Mineral Resource Estimate for the Barje prospect (see “Mineral Resource Estimate” below).

All exploration programs conducted at the Tlamino Project have been fully funded by Fortuna and directed by a joint Fortuna-Medgold technical committee pursuant to the terms of the Tlamino Option Agreement announced on March 7, 2017.

After a reassessment of previous exploration data, the Company notified the Ministry of Mining and Energy in April 2019 that it was relinquishing the Crnook Licence; a final technical report for the licence was submitted to the Ministry in June 2019. Following the relinquishment of the Crnook Licence the Company 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.

Although the current terms of the licences have expired, the licences are currently valid, and the Company has submitted to the Ministry of Mining and Energy applications for extensions of the licences. The Company is awaiting a decision from the Ministry regarding the extension applications.

Pursuant to the Tlamino Option Agreement signed in March 2017, as amended, Fortuna has exercised its option to acquire a initial 51% interest in the Tlamino Project having spent a minimum of US$3.0 million on exploration of the Tlamino Project prior to the third anniversary of the date of the Option Agreement.

The Tlamino Gold Project

The Tlamino Gold Project is located in southern Serbia, and includes three prospects: Barje, Liska and Karamanica. Outcropping mineralization was first observed at the Barje Prospect by Yugoslav State agencies in the 1950s and 1960s when a short adit was opened but no drilling was carried out. The prospect was then held by private and public companies between approximately 2005 and 2012 during which time limited drilling failed to intersect significant mineralization.

The Company, with its Option partner Fortuna, carried out drilling at the Barje, Liska and Karamanica prospects in multiple phases between May 2018 and October 2019. A total of 33 diamond drill holes were completed at the Barje prospect over 4,991.5 metres, which identified gold and silver mineralization with lesser amounts of lead, zinc and copper. Drilling at the Liska prospect included 10 drill holes over 2,139.4 metres. While this drilling identified the presence of mineralization, the metal grades returned are not considered to be economically significant, or, where potentially economic, are currently interpreted to be isolated with a lack of demonstrated continuity. Drilling of 10 holes at the Karamanica prospect over 1,996.5 metres returned only weak mineralization associated variously with fault zones, dark carbonaceous schists, and the margins of porphyritic intrusions.

Mineral Resource Estimate

On January 30, 2020, the Company announced a maiden Mineral Resource Estimate for the Barje prospect. An Inferred Mineral Resource containing approximately 680,000 oz AuEq in 7.1 Mt grading 3.0 g/t AuEq at cut-off grade of 0.7 g/t AuEq was reported and is presented in Table 1 below. An example cross-section and a block model view of the resource are given in Figure 1 below. The Mineral Resource estimate was prepared in accordance with National Instrument 43-101 and CIM Definition Standards by Addison Mining Services Ltd. of the United Kingdom.

Table 1 –Mineral Resource Estimate for the Barje Prospect.

Resource Category	Tonnage (tonnes)	Au		Ag		AuEq	
		Contained oz	g/t	Contained oz	g/t	Contained oz	g/t
Inferred	7,100,000	570,000	2.5	8,600,000	38	680,000	3.0

Notes to the Mineral Resource Estimate:

1. The independent Qualified Person for the Mineral Resource Estimate, as defined by NI 43-101, is Mr. Richard Siddle, MSc, MAIG, of Addison Mining Services Ltd since November 2014. The effective date of the Mineral Resource Estimate is January 13, 2020.

2. These Mineral Resources are not Mineral Reserves as they do not have demonstrated economic viability. The quantity and grade of reported Inferred Resources in this Mineral Resource Estimate are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as Indicated or Measured, however it is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

3. Mineral Resources in Table 1 are presented as undiluted and in-situ for an open-pit scenario and are considered to have reasonable prospects for economic extraction. Pit optimization was carried out assuming pit slopes of 45° with other parameters as per the cut-off grade (see below).

4. A cut-off grade of 0.7 g/t AuEg was used for the Mineral Resource Estimate. This cut-off grade was calculated on the basis of the following assumptions: a gold price of 1350 USD/oz, a silver price of 16 USD/oz, mining costs of 3.30 USD/t, mining recovery and dilution of 5% and processing costs including tailings and concentrate handling of $21/t. G&A costs were included within mining and processing costs. Per metallurgical test work completed to date, recovery to concentrate after flotation of 89.4% for gold and 92.3% for silver were assumed; metals were assumed to be 80% payable. Recovery of gold and silver from partially oxidized material has not been tested. For the selection of cut-off grade and for pit optimization parameters, the partially oxidized material was assumed to have the same concentrate recoveries as indicated from the combined fresh rock composites.

5. Geological and block models for the Mineral Resource Estimate used data from 33 surface drillholes performed by the Company in 2018 and 2019; data from four drillholes completed by Avala Resources Ltd., a prior operator, were used to constrain the model though they did not intercept significant mineralization. The drill database was validated prior to resource estimation and QA/QC checks were made using industry-standard control charts for blanks, core duplicates and commercial certified reference material inserted into assay batches by the Company and by comparison of umpire assays performed at a second laboratory. No QA/QC was possible on the data relating to the drilling by Avala.

6. The geological model as applied to the Mineral Resource Estimate comprises two mineralized domains, a shallowly inclined high-grade hydrothermal breccia unit and a lower-grade schist unit immediately overlying the hydrothermal breccia. Individual wireframes were created for each domain. Weathering domains of fresh and partially oxidized material were defined within the two mineralised domains.

7. The block model was prepared using Micromine version 2020, Services Pack 1, A 10 m x 10 m x 4 m block model was created with sub-blocks of minimum 2 m x 2 m x 2 m on domain boundaries. Grade estimation from drillhole data was carried out for Au, Ag, As, Cu, Pb, Zn, Fe, S using Ordinary Kriging and was validated by comparison of input and output statistics, kriging neighbourhood analysis and by inspection of the assay data and block model in cross section. A gold equivalent (AuEq) grade was calculated for each block using the formula AuEq = ((Ag g/t) x 0.012)) + (Au g/t).

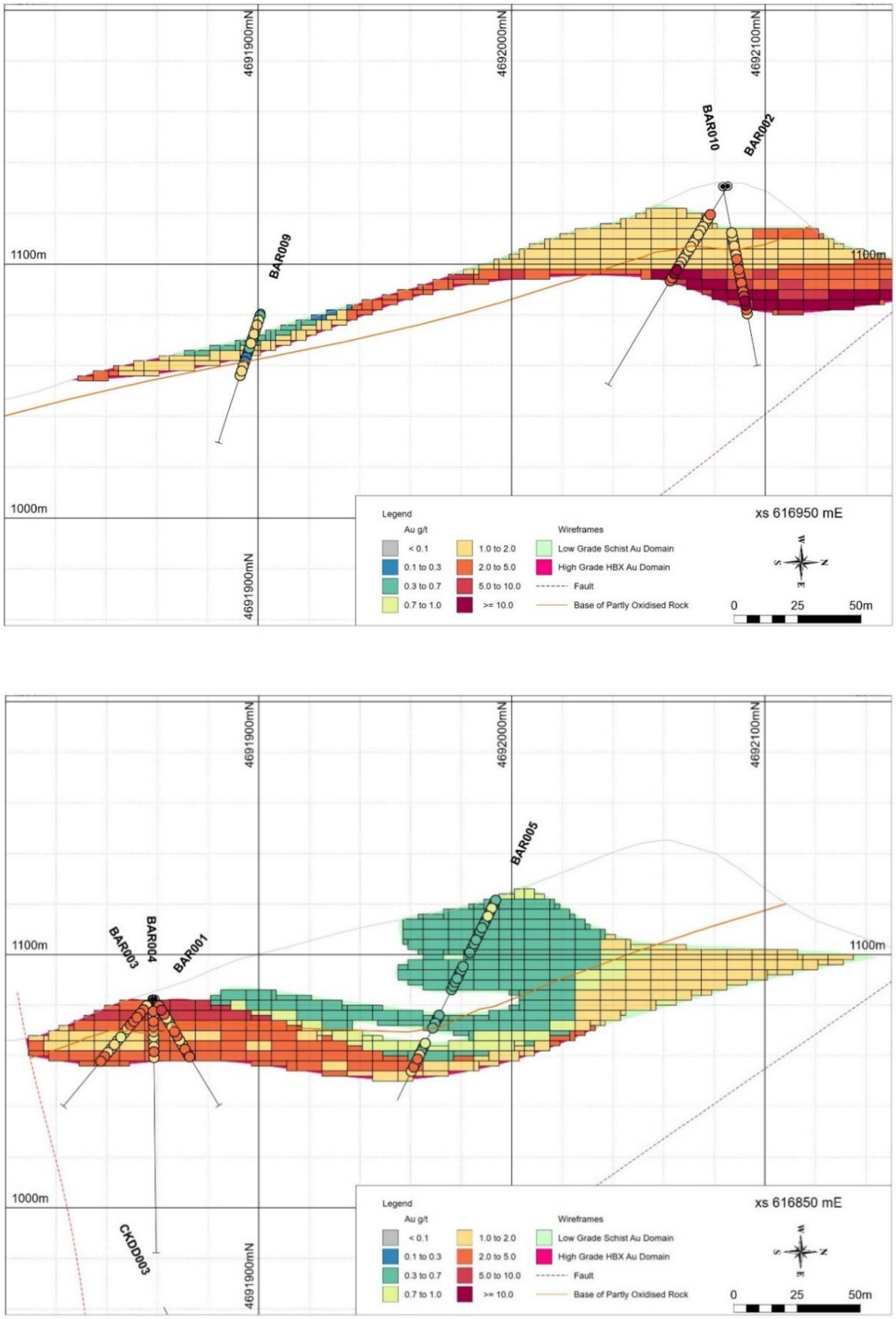
8. Bulk density values were calculated for each block of the model based on a broad linear relationship observed between 152 measured bulk density values within the mineralized domains and the assayed values of As, Cu, Fe, S, Pb and Zn. Blocks within the partially oxidized material were assigned a single bulk density value of 2.54 g/cm^3.

9. Estimates in Table 1 have been rounded to two significant figures.

10. CIM Definition Standards for Mineral Resources have been followed.

11. The independent Qualified Person has been made aware that the Company's previously approved three-year work program for the Donje Tlamino exploration licence covering the Barje Prospect ended 31st October 2019. The Company met all minimum work and expenditure requirements related to this work program and has submitted an additional work program to cover a further 3-year exploration period. The Company has no reason to expect that the additional work program should not be renewed. The independent Qualified Person is not aware of any additional known environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues that could materially affect the Mineral Resource Estimate.

Figure 1 – Cross-sections through the Barje Mineral Resource Estimate for the Barje Prospect



Metallurgical Test Work

Metallurgical test work for the Mineral Resource Estimate included bulk rougher flotation tests on two composite samples blended from approximately 50 kg of drill core representing medium- and high-grade gold mineralization within unweathered hydrothermal breccias at the Barje Prospect. The composites reported head grades of 2.04 g/t and

10.99 g/t Au and gold recoveries to concentrate of 88.2% and 90.5%, respectively. The same composites reported silver head grades of 15.1 g/t Ag and 107.2 g/t Ag, and silver recoveries to concentrate of 88.2% and 96.4% respectively. A summary of these results is presented in Table 2.

The metallurgical test work used conventional flotation methodology at a grind size of -74 microns, a pH of 8.2, a conditioning time of 3 minutes and a flotation time of 9 minutes. Metallurgical analyses were performed by Resource Development Inc. of Wheat Ridge, Colorado, and were overseen by Woods Process Services LLC of Denver, Colorado.

Table 2 - Summary of recoveries from baseline bulk sulphide rougher flotation tests

Grade								**Distribution (percentage by weight)**					
Flot 1 (*"HBX" Breccia*)													
Fraction	Wt%	Au g/t	Ag g/t	Cu %	Pb %	Zn %	As %	Au	Ag	Cu	Pb	Zn	As
Feed	100	2.04	15.1	0.01	0.07	0.17	0.75	100	100	100	100	100	100
Conc.	10.7	16.83	124	0.08	0.57	1.2	5.86	88.2	88.2	65.9	93.2	74.2	83.4
Tails	89.3	0.27	2.05	0	0.01	0.05	0.14	11.8	11.8	34.1	6.8	25.8	16.6
Flot 2 (*"XXX" Breccia*)													
Fraction	Wt%	Au g/t	Ag g/t	Cu %	Pb %	Zn %	As %	Au	Ag	Cu	Pb	Zn	As
Feed	100	10.99	107.2	0.04	0.77	2.13	3.74	100	100	100	100	100	100
Conc.	27.3	36.48	379	0.15	2.69	1.2	12.1	90.5	96.4	91.6	95.3	91.4	88.3
Tails	72.7	1.42	5.13	0	0.05	2.48	0.6	9.5	3.6	8.4	4.7	8.6	11.7
Combined													
Fraction	Wt%	Au g/t	Ag g/t	Cu %	Pb %	Zn %	As %	Au	Ag	Cu	Pb	Zn	As
Feed	100	6.52	61.15	0.03	0.42	1.15	2.245	100	100	100	100	100	100
Conc.	19	26.66	251.5	0.12	1.63	1.2	8.98	89.35	92.3	78.75	94.25	82.8	85.85
Tails	81	0.85	3.59	0	0.03	1.265	0.37	10.65	7.7	21.25	5.75	17.2	14.15

Zlogosh Property, Bulgaria

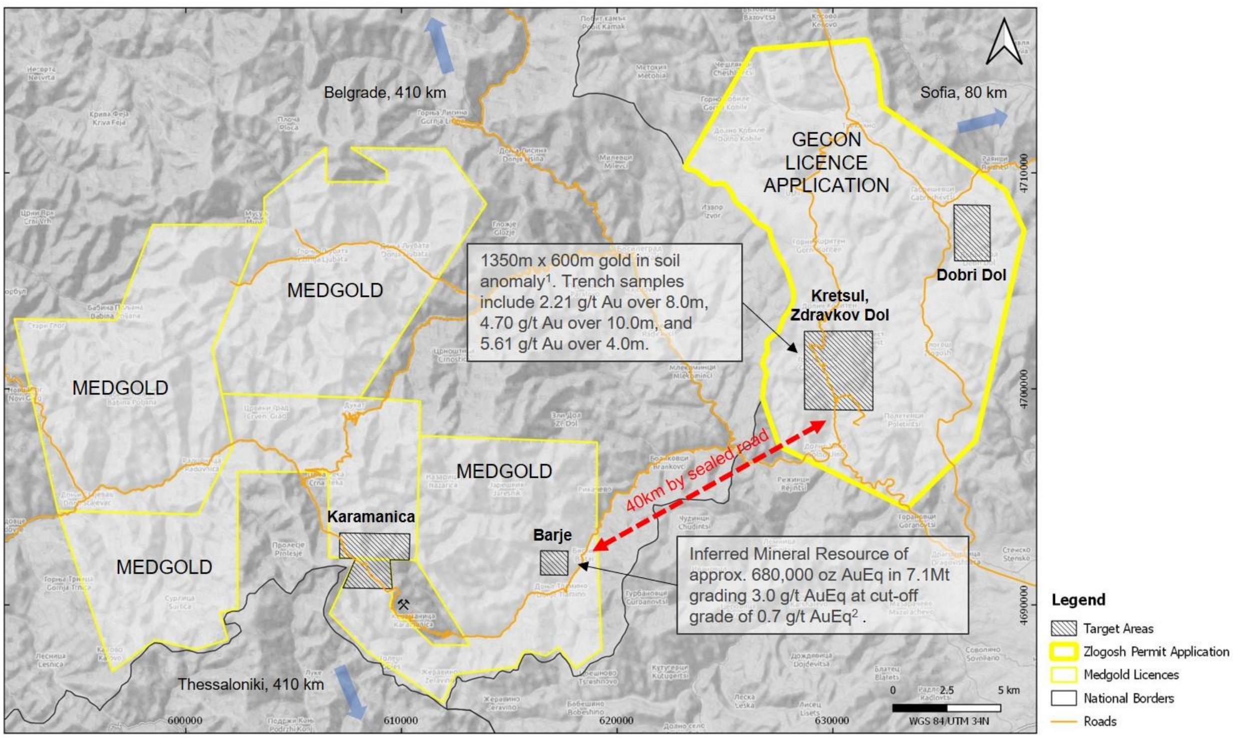
In April 2020, the Company entered into an exclusive Letter Agreement with Gecon EOOD with respect to an Exploration License application made by Gecon at Zlogosh ("Zlogosh", the "Zlogosh Property"), Kyustendil Oblast, western Bulgaria. The main mineralized targets at Zlogosh are situated approximately 40 kilometres by road from the Company's Tlamino Project in Serbia, with which they appear to share considerable geological similarity. The location of Zlogosh relative to the Tlamino Project is shown in Figure 2.

Work by previous operators at Zlogosh identified multiple gold-in-soil anomalies including a 1,350 metre by 600 metre anomaly named the Zdravkov Dol target. Results from limited trench sampling at Zdravkov Dol returned intervals including 4.70 g/t Au over 10.0 metres and 2.21 g/t Au over 8.0 metres. Other gold-in-soil targets include Kretsul, which returned 5.61 g/t Au over 4.0 metres in trench sampling, and Dobri Dol which returned 3.04 g/t Au over 10.0 metres and 8.64 g/t Au over 5.0 metres in trenching. The location of mineralized targets at Zlogosh is shown in Figures 1 and 2. Reported soil and trench sample results within the Zlogosh Property are the work of previous operators; this work has not been verified by the Qualified Person. Details of sample collection, preparation and analysis are not known, and no QAQC data have been reviewed for the reported work. Similarity of geology between the Zlogosh Property and the Tlamino Project is not evidence for similarity of mineralization.

Subject to satisfactory completion of due diligence, the Company is planning to conduct drilling and other exploration activities at Zlogosh to test a conceptual exploration target of a similar or greater order than that seen at the Tlamino Project (see the Company's news release dated January 30, 2020). Extensive historical datasets of stream sediment, soil and rock samples are available for Zlogosh, and the Company intends to apply its understanding gained at Tlamino to these similar and highly prospective targets. The Company remains committed to the advancement of the Tlamino Project in parallel with activities at Zlogosh.

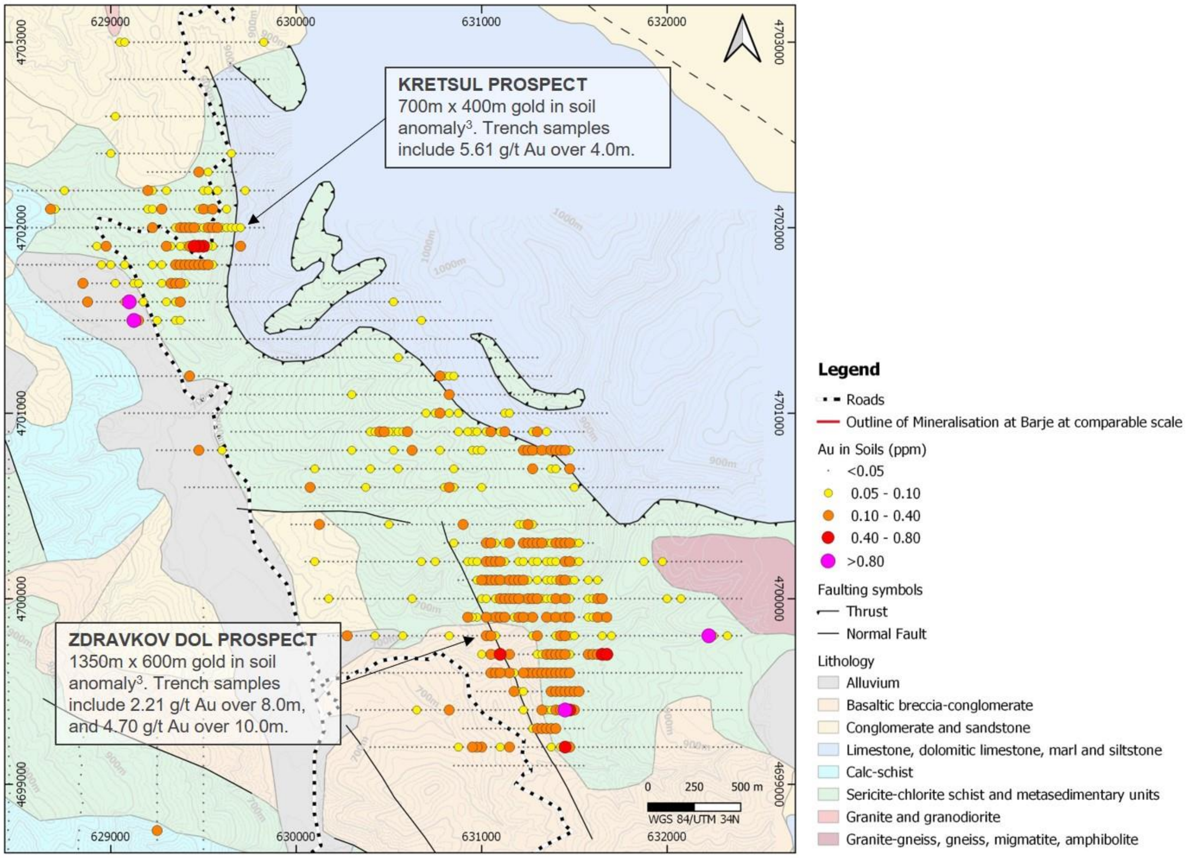
Under the terms of the Letter Agreement, the Company has the right to complete certain due diligence activities regarding Zlogosh which, if satisfactory, give the Company the right to enter into an option agreement with Gecon EOOD. The Letter Agreement provides that said option agreement will allow the Company to earn an initial 51% interest in Gecon EOOD by financing approximately €330,000 in permitting and permitting-related expenditures, followed by a second option to earn a further 44% interest in Gecon EOOD by incurring approximately €650,000 in exploration expenditures. The remaining 5% interest in Gecon EOOD may be purchased by the Company for €200,000 in cash on the third anniversary of the Zlogosh Exploration License once awarded or, at the election of the residual shareholder, for €200,000 in shares of the Company subsequent to the attainment of exploration expenditures to the value of €1,000,000. Gecon EOOD is a private company incorporated under the laws of the Republic of Bulgaria.

Figure 2: Location of the Zlogosh Property relative to the Tlamino Project



[1]Reported soil and trench sample results within the Zlogosh Property are the work of previous operators; this work has not been verified by the Qualified Person. Details of sample collection, preparation and analysis are not known, and no QAQC data have been reviewed for the reported work. Similarity of geology between the Zlogosh Property and the Tlamino Project is not evidence for similarity of mineralization.
[2]Medgold News Release dated January 30, 2020

Figure 3: Location of mineralized targets at Zlogosh.



[3]Reported soil and trench sample results within the Zlogosh Property are the work of previous operators; this work has not been verified by the Qualified Person. Details of sample collection, preparation and analysis are not known, and no QAQC data have been reviewed for the reported work. Similarity of geology between the Zlogosh Property and the Tlamino Project is not evidence for similarity of mineralization.

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 MD&A.

Selected Annual Information

The following table provides financial results for the years ended December 31, 2019, 2018 and 2017:

	2019 ($)	2018 ($)	2017 ($)
Exploration expenditures from continuing operations	271,763	505,498	1,349,910
General and administrative expenses from continuing operations	986,296	794,079	691,312
Loss from continuing operations	1,246,457	1,291,313	2,036,749
Loss from discontinued operations	-	-	547,564
Basic and diluted loss per share from continuing operations	0.01	0.01	0.02
Basic and diluted loss per share from discontinued operations	-	-	0.01
Total assets	1,013,288	1,885,118	1,572,135
Total liabilities	182,467	86,875	123,170
Cash dividends	-	-	-

Discontinued operations for the 2017 fiscal year relate to former operations in Portugal and Spain. The removal of discontinued operations did not have a significant impact on the Company's overall performance since 2017 as exploration activities had shifted to Serbia.

Exploration expenditures for 2019 and 2018 were less than 2017 due to more exploration activity at the Tlamino Project which was funded by Fortuna. General and administrative expenses for the 2019 fiscal year was higher than that for 2018 and 2017 due primarily to a share-based payments expense relating to the granting of stock options. The share-based payment expense for 2019 was $279,035 compared to $139,948 for 2018 and $128,554 for 2017.

Quarterly Information

The following table provides information for the eight fiscal quarters ended December 31, 2019:

	Dec. 31, 2019 ($)	**Sep. 30, 2019 ($)**	**June 30, 2019 ($)**	**Mar. 31, 2019 ($)**	**Dec. 31, 2018 ($)**	**Sep. 30, 2018 ($)**	**June 30, 2018 ($)**	**Mar. 31, 2018 ($)**
Exploration expenditures	125,001	32,762	28,489	85,511	123,703	89,726	103,102	188,967
General and administrative expenses	239,565	180,044	211,948	354,739	154,151	255,357	237,751	146,820
Loss for the period	(363,035)	(211,231)	(234,556)	(437,635)	(273,071)	(343,798)	(339,918)	(334,526)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)	(0.00)

General and administrative expenses 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.

Results of Operations

Quarter ended December 31, 2019

For the quarter ended December 31, 2019, the Company had a net loss of $363,035 compared to a net loss of $273,071 for the quarter ended December 31, 2018, an increase of $89,964.

Exploration costs, net of expense recoveries, for the current and comparative quarters were similar as they were $125,001 and $123,703, respectively.

General and administrative expenses totaled $239,565 for the current quarter compared to $154,151 for the comparative quarter, an increase of $85,414. The most significant cost increase in the current quarter was in legal and accounting costs which were $58,735 higher and relate partially to the Company's former operations in Portugal and to corporate planning and restructuring activities. Also contributing to the general and administrative expenses being higher in the current quarter was a foreign exchange gain of $3,821 compared to $25,463 for the comparative quarter.

Year ended December 31, 2019

For the year ended December 31, 2019, the Company had a net loss of $1,246,457 compared to a net loss of $1,291,313 for the year ended December 31, 2018, a decrease of $44,856.

Exploration costs, net of expense recoveries, for the current year were $271,763 compared to $505,498 for the comparative year, a decrease of $233,735. Exploration costs for the current year were less due to a greater percentage of exploration activity taking place on the Tlamino Project and being funded by Fortuna whereas the Company incurred more expenditures on its Ljubata Project during the comparative year.

General and administrative expenses totaled $986,296 for the current year compared to $794,079 for the comparative year, an increase of $192,217. This increase is primarily due to the current year including a share-based payments expense of $279,035 relating to the granting of stock options compared to $139,948 in the comparative year. Legal and accounting costs were also $86,624 higher in the current year and as in the quarterly comparison, relate mostly to former operations in Portugal and to corporate planning and restructuring activities. Most notable cost decreases during the current year were $48,774 in shareholder communications, $21,781 in travel and accommodation, and $19,575 in management fees. Shareholder communications and travel costs were less in the current year due to less investor relations promotional activities than in the comparative year. Management fees were less due to the appointment of a new Chief Executive Officer and the manner in which his compensation is allocated between exploration and administrative expense.

Liquidity and Capital Resources

The Company's cash and cash equivalent resource as at December 31, 2019 was $704,127 compared to $1,436,399 as at December 31, 2018. As at December 31, 2019, the Company had current assets totaling $800,461 and current liabilities totaling $182,467, for working capital of $617,994.

The most recent equity financing that the Company undertook was a private placement in October 2018 that consisted of issuing 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. During the 2019 and 2018 fiscal years, the Company's operations on the Tlamino Project has largely been funded by Fortuna. Current cash and cash equivalent resources are being used for exploration work and general working capital requirements.

The Company expects its current capital resources to be sufficient to cover its corporate operating costs but not potential future mineral property acquisitions or exploration expenditures through the next twelve months. As such, the Company will seek to raise additional capital and believes it will be able to do so, but recognizes the uncertainty attached thereto. Actual funding requirements may vary from those planned due to a number of factors, including the progress of property acquisition and exploration activity.

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 year ended December 31, 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.

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 business, the Company is exposed to risks that arise from it 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 the 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.

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 December 31, 2019, the Company is exposed to foreign currency risk and interest rate risk.

Foreign Currency Risk

As at December 31, 2019, the Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

	December 31, 2019			
	British Pound Sterling (CDN equivalent)	**US Dollars (CDN equivalent)**	**Euros (CDN equivalent)**	**Dinars (CDN equivalent)**
Cash	$ 9,473	$ 2,326	$ 12,329	$ 79,269
Amounts receivable	-	-	-	55,149
Accounts payable and accrued liabilities	(40,182)	-	(19,394)	(42,569)
Net exposure	**$ (30,709)**	**$ 2,326**	**$ (7,065)**	**$ 91,849**

Based on the above net exposures at December 31, 2019, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would approximately result in a $5,600 (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 December 31, 2019, the Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with Canadian, British and Serbian financial institutions. The Company considers this risk to be limited.

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 and cash equivalents. The Company limits exposure to credit risk by maintaining its cash and cash equivalents with large financial institutions. The Company's receivables consist of VAT receivable from the government of Serbia and receivables from Fortuna. 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. All of the Company's financial liabilities had contractual maturities of less than 45 days and are subject to normal trade terms.

Related Party Transactions

The Company had transactions during the periods ended December 31, 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, personnel and administrative charges
Mill Street Services Ltd. (“Mill Street”)	Management and geological services
Virv International Inc. (“Virv”)	Management and geological services
Wellhead Management Ltd. (“Wellhead”)	Former management and geological services
Fortuna	Investment in the Company and mineral property option agreement

During the periods ended December 31, 2019 and 2018, the Company reimbursed Gold Group, a company controlled by the Executive Chairman of the Company, for the following costs:

	Three months ended December 31,		Year ended December 31,	
	2019	**2018**	**2019**	**2018**
General and administrative expenses:				
Office and administration	$ 18,704	$ 15,615	$ 65,473	$ 67,861
Salaries and benefits	34,379	26,489	119,985	96,663
Shareholder communications	500	-	3,896	1,775
Transfer agent and regulatory fees	-	-	2,738	2,639
Travel and accommodation	713	2,546	4,975	11,516
	$ 54,296	**$ 44,650**	**$ 197,067**	**$ 180,454**

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 years ended December 31, 2019 and 2018 include those for the Chief Financial Officer and the Corporate Secretary.

During the year ended December 31, 2019, the Company reimbursed Radius $Nil (2018: $12,079) in shared salary and benefits for the services of a geological consultant.

Amounts receivable as at December 31, 2019 include $27,444 (2018: $130,376) due from Fortuna for project funding pursuant to the Tlamino Project option agreement.

Prepaid expenses and deposits as at December 31, 2019 include an amount of $1,137 (2018: $2,902) paid to Gold Group for administrative expenses paid in advance on the Company’s behalf.

Long-term deposits as of December 31, 2019 consist of $61,000 (2018: $61,000) paid to Gold Group as a deposit pursuant to an office and administrative agreement.

Amounts due to related parties as of December 31, 2019 consists of $20,226 (2018: $14,958) owing to Gold Group and $58,166 (2018: $Nil) to the Chief Executive Officer for expenses incurred on behalf of the Company. The amount for Gold Group is due on a monthly basis and secured by a deposit.

Key Management Compensation

The Company has identified certain of its directors and senior officers as its key management personnel. Included for the periods ended December 31, 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 December 31,		Year ended December 31,	
	2019	**2018**	**2019**	**2018**
Management fees	$ 24,000	$ 27,600	$ 90,825	$ 110,400
Geological fees	34,500	33,900	152,675	135,600
Salaries and benefits	9,625	7,792	34,833	30,709
Value of stock option grants recorded as share-based payments	-	-	168,785	-
	$ 68,125	**$ 69,292**	**$ 447,118**	**$ 276,709**

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.

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 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
1,880,000	$0.15	February 23, 2024
500,000	$0.11	June 18, 2024
1,260,000	$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
6,535,000		

No. of warrants	Exercise price	Expiry date
4,902,800	$0.40	October 16, 2020

Accounting Policies and Basis of Presentation

The following outlines the new accounting standards and amendments adopted by the Company effective January 1, 2019:

IFRS 16 Leases

The Company adopted IFRS 16 – *Leases* ("IFRS 16"), which requires lessees to recognize right-of-use assets and lease 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 consolidated financial statements as the Company has no leases.

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 consolidated financial statements.

Future Accounting Changes

The Company will be required to adopt the following standards and amendments issued by the IASB as described below.

IFRS 17 Insurance Contracts

IFRS 17 is a new standard that requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4, *Insurance Contracts*, and related interpretations.

This standard will be effective for the Company's annual period beginning January 1, 2021. The Company has yet to assess the impact of IFRS 17 on its financial statements.

Risks and Uncertainties

Global Pandemic

The Company faces risks related to health epidemics and other outbreaks of communicable diseases, which could significantly disrupt its operations and may materially and adversely affect its business and financial conditions. The Company's business could be adversely impacted by the effects of the COVID-19 coronavirus which was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has spread from China where the virus was originally reported to several other countries, including Canada and European countries in which the Company operates, and infections have been reported globally.

The extent to which COVID-19 may impact the Company's business, including its operations and the market for its securities, will depend on future developments which cannot be predicted, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the outbreak. The continued spread of COVID-19 globally could materially and adversely impact the Company's business, financial condition and results of operations including without limitation, employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, restrictions to any drill programs and/or the timing to process drill and other metallurgical testing, and other factors that will depend on future developments beyond the Company's control.

The international response to the spread of COVID-19 has led to significant restrictions on travel, temporary business closures, quarantines, global stock market volatility and a general reduction in consumer activity. Such public health crises can result in operating and supply chain delays and disruptions, global stock market and financial market volatility, declining trade and market sentiment, reduced movement of people and labour shortages, and travel and shipping disruption and shutdowns, including as a result of government regulation and prevention measures, or a fear of any of the foregoing, all of which could affect commodity prices, interest rates, credit ratings, credit risk and inflation.

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.