



FINANCIAL REVIEW

Second Quarter Ended June 30, 2022



(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2022

(Expressed in Canadian Dollars)

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

In accordance with National Instrument 51-102 of the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed interim consolidated financial statements for the six months ended June 30, 2022. These financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

Medgold Resources Corp.

(Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

(Expressed in Canadian Dollars)

	June 30, 2022	December 31, 2021
ASSETS		
Current assets		
Cash	\$ 227,989	\$ 396,825
Amounts receivable	4,222	4,280
Prepaid expenses and deposits	5,085	5,599
Total current assets	237,296	406,704
Non-current assets		
Long-term deposits	61,000	61,000
Property and equipment (Note 4)	28,221	42,240
Exploration and evaluation assets (Note 5)	43,020	43,020
Total non-current assets	132,241	146,260
	\$ 369,537	\$ 552,964
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 70,806	\$ 25,528
Due to related parties (Note 9)	143,127	50,227
Total liabilities	213,933	75,755
Shareholders' equity		
Share capital (Note 6)	15,751,347	15,751,347
Other equity reserves (Note 7)	1,688,025	1,649,086
Accumulated other comprehensive loss	(157,952)	(157,952)
Deficit	(17,125,816)	(16,765,272)
Total shareholders' equity	155,604	477,209
	\$ 369,537	\$ 552,964

APPROVED ON BEHALF OF THE BOARD ON AUGUST 23, 2022:

"Jeremy Crozier"
Jeremy Crozier, Director

"Ralph Rushton"
Ralph Rushton, Director

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

Medgold Resources Corp.

(Exploration Stage Company)

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

(Expressed in Canadian Dollars)

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Exploration expenditures (Notes 8 and 9)	\$ 66,468	\$ 68,175	\$ 160,420	\$ 263,842
General and administrative expenses				
Depreciation (Note 4)	7,017	8,151	14,019	16,562
Foreign exchange (gain) loss	(3,410)	564	965	3,456
Legal and accounting	45,037	43,749	48,268	47,096
Management fees (Note 9)	21,750	21,750	43,500	45,500
Office and administration (Note 9)	10,337	14,244	27,418	35,017
Salaries and benefits (Note 9)	18,714	18,215	36,584	35,376
Shareholder communications (Note 9)	500	17,730	735	52,716
Share-based payments (Note 7)	19,577	38,066	38,939	50,197
Transfer agent and regulatory fees	2,778	4,470	9,901	15,747
Travel and accommodation (Note 9)	4,462	5,414	6,095	11,077
	126,762	172,353	226,424	312,744
Loss before other items	(193,230)	(240,528)	(386,844)	(576,586)
Other items				
Interest and other income (Note 5)	325	441	26,300	1,184
Net loss and comprehensive loss for the period	\$ (192,905)	\$ (240,087)	\$ (360,544)	\$ (575,402)
Loss per share, basic and diluted	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)
Weighted average number of shares outstanding	134,789,032	134,789,032	134,789,032	134,789,032

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

Medgold Resources Corp.

(Exploration Stage Company)

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

For the six months ended June 30, 2022 and 2021

(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, 2020	134,789,032	\$ 15,751,347	\$ 88,743	\$ 1,433,178	\$ (157,952)	\$ (15,787,725)	\$ 1,327,591
Loss for the period	-	-	-	-	-	(575,402)	(575,402)
Share-based payments	-	-	-	50,197	-	-	50,197
Balance, June 30, 2021	134,789,032	15,751,347	88,743	1,483,375	(157,952)	(16,363,127)	802,386
Loss for the period	-	-	-	-	-	(402,145)	(402,145)
Share-based payments	-	-	-	76,968	-	-	76,968
Balance, December 31, 2021	134,789,032	15,751,347	88,743	1,560,343	(157,952)	(16,765,272)	477,209
Loss for the period	-	-	-	-	-	(360,544)	(360,544)
Share-based payments	-	-	-	38,939	-	-	38,939
Balance, June 30, 2022	134,789,032	\$ 15,751,347	\$ 88,743	\$ 1,599,282	\$ (157,952)	\$ (17,125,816)	\$ 155,604

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

Medgold Resources Corp.

(Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(Expressed in Canadian Dollars)

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Cash provided by (used in):				
OPERATING ACTIVITIES				
Net loss for the period	\$ (192,905)	\$ (240,087)	\$ (360,544)	\$ (575,402)
Items not involving cash:				
Depreciation	7,017	8,151	14,019	16,562
Share-based payments	19,577	38,066	38,939	50,197
	(166,311)	(193,870)	(307,586)	(508,643)
Changes in non-cash working capital balances:				
Amounts receivable	(1,081)	(2,609)	58	3,545
Prepaid expenses and deposits	285	(2,279)	514	(1,540)
Accounts payable and accrued liabilities	39,381	9,986	45,278	(66,313)
Due to related parties	47,800	(6,743)	92,900	(24,527)
Net cash used in operating activities	(79,926)	(195,515)	(168,836)	(597,478)
Decrease in cash	(79,926)	(195,515)	(168,836)	(597,478)
Cash, beginning of period	307,915	885,180	396,825	1,287,143
Cash, end of period	\$ 227,989	\$ 689,665	\$ 227,989	\$ 689,665

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

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended June 30, 2022

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

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

These condensed interim consolidated financial statements of the Company as at June 30, 2022 and for the period then ended include the Company and its subsidiaries (Note 2).

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these condensed interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material. At June 30, 2022, the Company had not yet achieved profitable operations, has accumulated losses of \$17,125,816 since its inception, and expects to incur further losses in the development of its business. For the period ended June 30, 2022, the Company incurred a net loss of \$360,544. 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.

At the time these condensed interim consolidated financial statements were prepared, the COVID-19 pandemic continued to cause significant disruptions to the global economy and increased volatility in the global financial markets. While the COVID-19 pandemic has not significantly impacted the Company's operations during the current period, the extent to which COVID-19 may adversely impact the Company's business and financing opportunities going forward will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing at the properties, business closures or business disruptions, and the effectiveness of actions taken in Canada, and other countries to contain and treat the disease.

2. BASIS OF PREPARATION

Statement of Compliance

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

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended June 30, 2022

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (continued)

Basis of Measurement

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

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

The preparation of condensed interim consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the condensed interim consolidated financial statements are disclosed in Note 3.

Basis of Consolidation

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

Details of the Company's principal subsidiaries as at June 30, 2022 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

Foreign Currency Translation

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

3. 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.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended June 30, 2022

(Expressed in Canadian Dollars)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

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

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

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

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

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended June 30, 2022

(Expressed in Canadian Dollars)

4. PROPERTY AND EQUIPMENT

	Vehicles	Computer equipment	Furniture and equipment	Total
Cost				
Balance, December 31, 2020 and 2021	\$ 155,745	\$ 26,280	\$ 35,463	\$ 217,488
Balance, June 30, 2022	\$ 155,745	\$ 26,280	\$ 35,463	\$ 217,488
Accumulated amortization				
Balance, December 31, 2020	\$ 99,369	\$ 22,429	\$ 20,641	\$ 142,439
Charge for year	25,211	3,851	3,747	32,809
Balance, December 31, 2021	124,580	26,280	24,388	175,248
Charge for period	11,855	-	2,164	14,019
Balance, June 30, 2022	\$ 136,435	\$ 26,280	\$ 26,552	\$ 189,267
Carrying amounts				
At December 31, 2021	\$ 31,165	\$ -	\$ 11,075	\$ 42,240
At June 30, 2022	\$ 19,310	\$ -	\$ 8,911	\$ 28,221

5. EXPLORATION AND EVALUATION ASSETS

Capitalized acquisition costs as of June 30, 2022 consist of \$43,020 (December 31, 2021: \$43,020) relating to its Serbian mineral property interests.

Serbia

a) Exploration Licences

As of June 30, 2022, the Company held three granted exploration licences, including the Donje Tlamino and Surlica-Dukat licences which comprise the Tlamino Project, and the licence called Zuti Kamen which adjoins the southern border of the Surlica Dukat licence.

b) Tlamino Project Option

Pursuant to an agreement signed in March 2017, as amended, the Company granted to Fortuna Silver Mines Inc. ("Fortuna") the option to acquire an initial 51% interest in the Tlamino Project (the "Project"). During the 2019 fiscal year, Fortuna earned its 51% interest (the "Interest").

During the 2020 fiscal year, the Company entered into an agreement with Fortuna whereby the Company was granted an exclusive option (the "Option") to purchase Fortuna's Interest in the Project for a cash consideration of US\$3.468 million. The Option was exercisable for up to three years but had to be exercised upon the earlier of (i) the date of completion of a sale by the Company of a 100% interest in the Project to a third party, or (ii) the date of completion of a merger between the Company and a third party.

Subsequent to June 30, 2022, the Company entered into two agreements with Fortuna to acquire Fortuna's Interest in the Project. The first agreement terminates the Option and the second converts the Interest to a 1% net smelter return royalty (the "Royalty") in favour of Fortuna. All obligations under the terms of the Option will be extinguished. The Royalty may be purchased at any time by the Company for a cash consideration of \$3.0 million. The agreements are subject to TSX Venture Exchange acceptance.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended June 30, 2022

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

c) Geological data sale

During the period ended June 30, 2022, the Company sold geological data to a third party for proceeds of \$25,804.

Bulgaria

During the 2020 fiscal year, 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.

6. SHARE CAPITAL AND RESERVES

Common Shares

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

There was no share capital activity during the period ended June 30, 2022.

Share Purchase Warrants

There was no share purchase warrants activity during the period June 30, 2022.

As at June 30, 2022, there were 40,870,000 share purchase warrants outstanding (December 31, 2021: 40,870,000) with an exercise price of \$0.10 per share and expiry date of July 14, 2023.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended June 30, 2022

(Expressed in Canadian Dollars)

7. SHARE-BASED PAYMENTS

Option Plan Details

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

The following is a summary of changes in options for the period ended June 30, 2022:

Expiry date	Exercise price	Opening balance	During the period			Closing balance	Vested and exercisable
			Granted	Exercised	Expired / forfeited		
February 23, 2024	\$0.15	80,000	-	-	-	80,000	80,000
June 18, 2024	\$0.11	500,000	-	-	-	500,000	500,000
June 28, 2026	\$0.15	60,000	-	-	-	60,000	60,000
January 15, 2029	\$0.15	500,000	-	-	-	500,000	500,000
March 1, 2031*	\$0.10	6,485,000	-	-	(23,334)	6,461,666	2,161,667
		7,625,000	-	-	(23,334)	7,601,666	3,301,667
Weighted average exercise price		\$0.10	-	-	\$0.10	\$0.10	\$0.11

* Options granted on March 2, 2021, with an expiry date of March 1, 2031, are subject to the following vesting terms:

- 1/3 of the options will vest after twelve months, a cumulative of 2/3 after eighteen months, and a cumulative of 100% after twenty-four months, or
- 100% of the options will vest at any time during the term of the options upon (i) a change of control of the Company resulting from a sale of the Company, or (ii) the sale of the Tlamino Project.

There were no options granted or exercised during the period ended June 30, 2022.

The weighted average remaining contractual life of the options outstanding at June 30, 2022 is 7.98 (December 31, 2021: 8.48) years.

Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the 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.

Expenses Arising from Share-based Payment Transactions

Total expenses arising from the share-based payment transactions related to the granting of stock options and recognized as part of share-based compensation during the period ended June 30, 2022 was \$38,939 (2021: \$50,197).

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended June 30, 2022

(Expressed in Canadian Dollars)

8. EXPLORATION EXPENDITURES

During the six months ended June 30, 2022, the Company incurred the following exploration expenditures:

	Tlamino Project
Geological and other consulting	\$ 58,785
Legal and accounting	30,359
Licenses, rights and taxes	24,289
Office and administration	24,352
Salaries and benefits	18,964
Travel	3,671
	\$ 160,420

During the six months ended June 30, 2021, the Company incurred the following exploration expenditures:

	Tlamino Project	Other	Total
Assaying	\$ 1,589	\$ -	\$ 1,589
Geological and other consulting	104,161	43,219	147,380
Legal and accounting	38,295	-	38,295
Licenses, rights and taxes	24,179	-	24,179
Office and administration	14,297	-	14,297
Salaries and benefits	26,032	-	26,032
Travel	19,009	-	19,009
	227,562	43,219	270,781
Expense recovery	-	(6,939)	(6,939)
	\$ 227,562	\$ 36,280	\$ 263,842

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended June 30, 2022

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS AND BALANCES

The Company had transactions during the periods ended June 30, 2022 and 2021 with related parties who consisted of directors, officers and the following companies with common directors:

Related party	Nature of transactions
Gold Group Management Inc. ("Gold Group")	Shared office, personnel and administrative charges
Mill Street Services Ltd. ("Mill Street")	Management services
Virv International Inc. ("Virv")	Management and geological services

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

- a) 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. Gold Group is controlled by Simon Ridgway, who was a Director and Chairman of the Company until February 2, 2021, at which time Gold Group ceased being a related party.

Transactions up to the date Gold Group ceased to be a related party, consisted of the following cost reimbursements to Gold Group:

	January 1, 2021 to February 2, 2021
General and administrative expenses:	
Office and administration	\$ 3,660
Salaries and benefits	5,310
Shareholder communications	250
Travel and accommodation	53
	\$ 9,273

- b) Amounts due to related parties as of June 30, 2022 consists of \$143,127 (December 31, 2021: \$50,227) owing to Virv, which is controlled by Jeremy Crozier, a Director and the Chief Executive Officer of the Company, for management fees and expense reimbursement.

Key management compensation

The Company has identified certain of its directors and senior officers as its key management personnel. Included for the periods ended June 30, 2022 and 2021 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 June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Management fees	\$ 21,750	\$ 21,750	\$ 43,500	\$ 45,500
Geological and other consulting fees	21,750	21,750	43,500	43,500
Salaries and benefits	7,042	5,958	13,542	11,916
Value of stock option grants recorded as share-based payments	4,612	8,969	9,174	11,827
	\$ 55,154	\$ 58,427	\$ 109,716	\$ 112,743

Key management compensation includes management and geological fees paid to Virv, and management fees to Mill Street, a company controlled by Simon Ridgway who was a Director and Chairman of the Company until February 2, 2021, at which time Mill Street ceased being a related party.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended June 30, 2022

(Expressed in Canadian Dollars)

10. 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 condensed interim consolidated financial statements.

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

General Objectives, Policies and Processes

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

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 June 30, 2022, the Company is exposed to foreign currency risk and interest rate risk.

Foreign Currency Risk

The Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

As at	June 30, 2022		
	British Pound Sterling (CDN equivalent)	US Dollars (CDN equivalent)	Serbian Dinars (CDN equivalent)
Cash	\$ -	\$ 5,219	\$ 10,046
Amounts receivable	-	-	557
Accounts payable and accrued liabilities	(470)	-	(5,621)
Net exposure	\$ (470)	\$ 5,219	\$ 4,982

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended June 30, 2022

(Expressed in Canadian Dollars)

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

a) Market Risk (continued)

Foreign Currency Risk (continued)

As at	December 31, 2021		
	British Pound Sterling (CDN equivalent)	US Dollars (CDN equivalent)	Serbian Dinars (CDN equivalent)
Cash	\$ 401	\$ 5,180	\$ 11,995
Amounts receivable	-	-	2,020
Accounts payable and accrued liabilities	(6,270)	(22)	(11,736)
Net exposure	\$ (5,869)	\$ 5,158	\$ 2,279

Based on the above net exposures at June 30, 2022, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would result in approximately a \$1,000 (December 31, 2021: \$200) 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 June 30, 2022, 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. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. The Company's receivables consist of sales tax receivable from the governments of Canada and Serbia. The Company considers credit risk with respect to these amounts to be low.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. At June 30, 2022, the Company had working capital of \$23,363 (December 31, 2021: \$330,949). All of the Company's financial liabilities had contractual maturities of less than 45 days and are subject to normal trade terms.

Determination of Fair Value

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

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

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended June 30, 2022

(Expressed in Canadian Dollars)

10. 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 June 30, 2022 were calculated as follows:

	Balance at June 30, 2022	Level 1	Level 2	Level 3
Financial Asset:				
Cash	\$ 227,989	\$ 227,989	\$ -	\$ -

11. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its properties and to maintain flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes the components of shareholders' equity. There were no changes in the Company's capital management approach during the period ended June 30, 2022.

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. 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 does not expect its capital resources as of June 30, 2022 to be sufficient to cover its corporate operating costs, potential future mineral property acquisitions, or significant exploration activities through the next twelve months. As such, the Company will need 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 potential property acquisitions and exploration activity.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended June 30, 2022

(Expressed in Canadian Dollars)

12. SEGMENTED REPORTING

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

Period ended June 30, 2022	Canada	Serbia	Other	Total
Exploration expenditures	\$ -	\$ 160,420	\$ -	\$ 160,420
Interest and other income	496	25,804	-	26,300
Net loss	(201,766)	(148,635)	(10,143)	(360,544)

Period ended June 30, 2021	Canada	Serbia	Other	Total
Exploration expenditures	\$ -	\$ 227,562	\$ 36,280	\$ 263,842
Interest and other income	1,184	-	-	1,184
Net loss	(282,837)	(244,123)	(48,442)	(575,402)

As at June 30, 2022	Canada	Serbia	Other	Consolidated
Total current assets	\$ 223,464	\$ 13,832	\$ -	\$ 237,296
Total non-current assets	61,000	71,241	-	132,241
Total assets	\$ 284,464	\$ 85,073	\$ -	\$ 369,537
Total liabilities	\$ 207,842	\$ 5,621	\$ 470	\$ 213,933

As at December 31, 2021	Canada	Serbia	Other	Consolidated
Total current assets	\$ 388,846	\$ 17,457	\$ 401	\$ 406,704
Total non-current assets	61,000	85,260	-	146,260
Total assets	\$ 449,846	\$ 102,717	\$ 401	\$ 552,964
Total liabilities	\$ 57,602	\$ 11,883	\$ 6,270	\$ 75,755



(the “Company”)

INTERIM MANAGEMENT’S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

For the Six Months Ended June 30, 2022

General

This interim Management’s Discussion and Analysis (“Interim MD&A”) supplements, but does not form part of, the unaudited condensed interim consolidated financial statements of the Company for the six months ended June 30, 2022. The following information, prepared as of August 23, 2022, should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements for six months ended June 30, 2022 and the related notes contained therein. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards (“IFRS”). In addition, the following should be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2021 and the related MD&A. All amounts are expressed in Canadian dollars unless otherwise indicated. The June 30, 2022 condensed interim consolidated financial statements have not been reviewed by the Company’s auditors.

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

Forward Looking Information

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

- mineral reserves or resources as they involve the implied assessment, based on estimates and assumptions, that the resources described exist in the quantities predicted or estimated and can be profitably produced in the future;
- 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:

- uncertainty of mineral reserve and resource estimates;
- 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 could result in government imposed restrictions that 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 Interim MD&A.

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

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

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

Business of the Company

The Company is a Vancouver-based mineral exploration entity engaged in the acquisition and exploration of precious and base metals properties. The Company is targeting early- to mid-stage exploration projects in jurisdictions which are mining-friendly, with strong mining codes, and with excellent geological potential. The Company's exploration activities have been focused in Serbia and Bulgaria; however, management is actively investigating potential business opportunities in other regions.

Property Review

Serbia - Overview

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 by 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.

The Company was 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).

The above programs were 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 relinquished the Crnook Licence further to which it then held four granted exploration licences, each covering approximately 100 square kilometres. These licences were located adjacent to the borders of North Macedonia and Bulgaria, in the southeast of Serbia, and include the Donje Tlamino and Surlica-Dukat licences, which comprise the Tlamino Project then optioned to Fortuna, and the adjacent Ljubata and Radovnica licences.

In October 2020, the Serbian Ministry of Mining and Energy issued new exploration licenses for the Donje Tlamino and Surlica Dukat properties that comprise the Tlamino Project. The licenses are each valid for three years and are renewable for terms of three and then two years. At the same time a new exploration license, Zuti Kamen, which covers an area of approximately 6 square kilometres adjoining the southern flank of Surlica Dukat, was also awarded on similar terms.

The Tlamino Gold Project, Serbia

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.

Preliminary Economic Assessment

On January 30, 2020, the Company announced a maiden Mineral Resource Estimate for the Barje Prospect and, in January 2021, the Company completed a Preliminary Economic Assessment (“PEA”) for the Barje Prospect. The purpose of this study was to confirm the self-standing economics of the Tlamino Project, and specifically its capacity to yield a marketable metal concentrate. Addison Mining Services Ltd. and Bara Consulting Ltd., both of the United Kingdom, were appointed as leaders of the PEA and metallurgical studies. Reach Partners Limited, also of the United Kingdom, was engaged to provide guidance in the fields of concentrate specification and marketing terms. Unless otherwise stated, all tonnes referenced in the PEA summary set out below are metric, and ounces are troy ounce.

The highlights of the PEA are as follows:

- Based on simple open-pit mining methods and the production of a flotation concentrate via conventional processing techniques, the pre-tax NPV of the Project, at a discount rate of 8%, is US\$101M, its IRR 49%, and its operating margin 61%.
- The up-front capital cost of the Project is US\$74M (inclusive of a 15% contingency margin and further study and engineering costs) with payback achieved in two years.

- Life of mine C1 cash costs are US\$464/oz Au, and life of mine all-in sustaining costs (“AISC”) are US\$522/ounce Au.
- A gold price of US\$1500/oz and a silver price of US\$16.50/oz was used in the study. At an approximate spot gold price of US\$1,800/oz, the post-tax NPV of the Project, at a discount rate of 8%, is US\$139M, and its IRR 69%.

The key financial metrics of the Project are summarized in Table 1.

Table 1: Barje PEA Key Financial Metrics

Metric	Value	Units
Revenue	458	US\$M
Operating Cost	181	US\$M
Peak Funding Requirement	37	US\$M
Project Capital Cost	74	US\$M
Free Cashflow	153	US\$M
LOM C1 Cash Cost	464	US\$/oz
LOM AISC	522	US\$/oz
Pre-Tax Project NPV8	101	US\$M
Post-Tax Project NPV8	86	US\$M
Pre-Tax Project IRR	49	%
Post-Tax Project IRR	46	%
Operating Margin	61	%
Payback Period	2	years

The PEA is preliminary in nature and is based on Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. As such there may be no certainty that the PEA will be realized. The study was undertaken by Addison Mining Services Ltd., Bara Consulting Ltd. and Reach Partners Limited, all of the United Kingdom. A Technical Report for the Project has been filed on <http://www.sedar.com>.

Basis of Preliminary Economic Assessment

Scoping-level design and preliminary economic analysis thereof was undertaken for the Barje deposit of the Tlamino Project. The Mineral Resource Estimate for Barje as announced on January 30, 2020 has been updated in accordance with the metallurgical testwork and mining parameters identified during the course of the current study. An updated Inferred Mineral Resource of approximately 7.1 Mt at 2.5 g/t Au and 38 g/t Ag, containing approximately 570,000 oz of Au and 8.8 Moz of Ag is herein stated and has been used as a basis for the PEA.

Mining via open pit methods using a conventional truck and shovel fleet is contemplated, delivering approximately 600,000 tpa of two Run of Mine (“ROM”) material types - High-Grade Breccia (“HG_BX”) and Low-Grade Schist (“LG_Sch”) - to stockpile for processing, with a life-of-mine stripping ratio of approximately 4:1. On site mineral processing is via grinding and flotation to a bulk Au-Ag bearing sulphide concentrate for sale to potential offtake customers in Asia. Preliminary economic analysis has been performed in accordance with the preliminary mine design and schedule, metallurgical testing, and concentrate payability analysis developed in the study, and the estimates and analyses therein have been prepared to scoping level (+/-30%). Oxidized material from the Mineral Resource was not considered by the PEA, and the nearby prospects at Liska and Karamanica were similarly omitted. A preliminary site layout, subject to further study, permitting and land access is shown in Figure 1. Key project parameters are presented in Table 2.

Figure 1: Preliminary Site Layout, Barje (looking west)

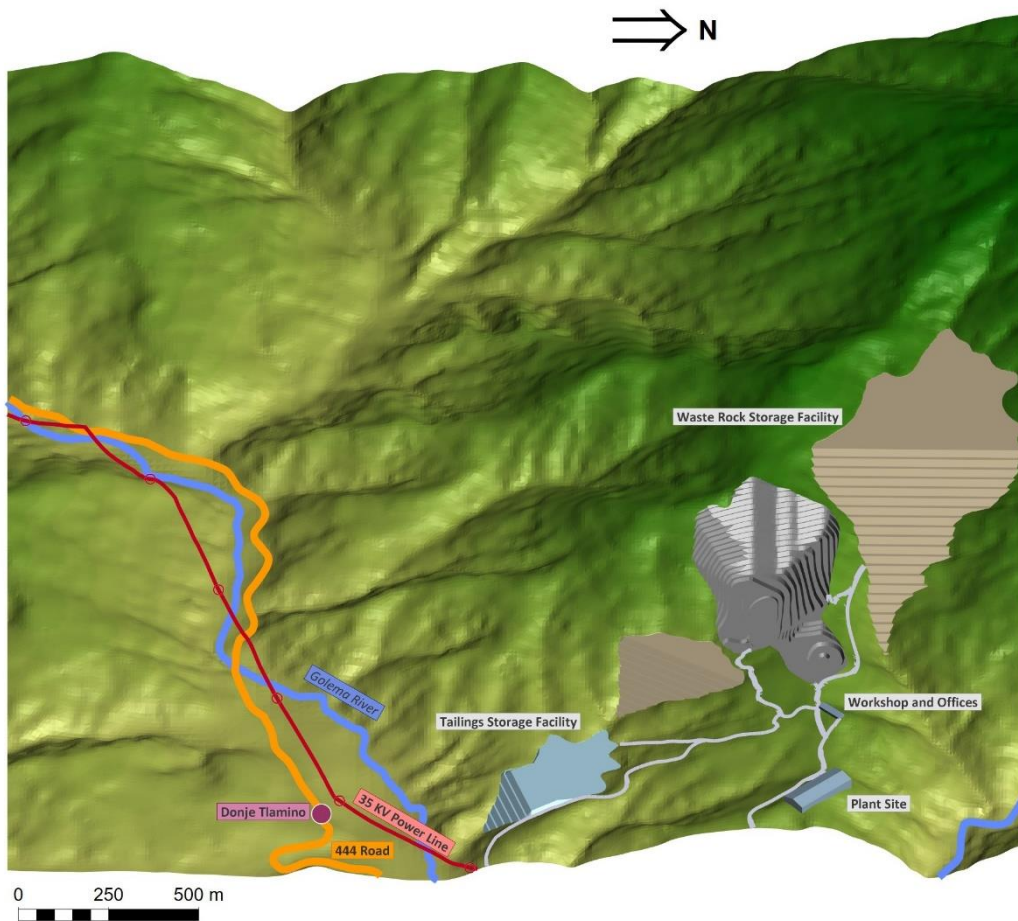


Table 2: Summary of Project Parameters

Parameter	Value	Units
LOM Production Rate	710	ktpa
Waste Mining Rate	3,310	ktpa
LOM Average Strip Ratio	4:1	Waste t:ROM t
Average Mined Gold Grade	2.6	g/t
Total Mined Gold	390	koz
Total Mined Silver	4,022	koz
Cut-off Grade - HG_BX	0.6	g/t AuEq
Cut-off Grade - LG_Sch	1.14	g/t AuEq
LOM	8	years
Mining Cost - OPEX	2.30	US\$/t mined
Process Cost - OPEX	11.50	US\$/t processed
Base Case Au Price	1,500	US\$/oz
Base Case Ag Price	16.50	US\$/oz

Mining

The Barje deposit is relatively flat-lying and situated beneath shallow to medium-depth overburden. While mining via both open pit and underground techniques were initially considered, an open pit method was ultimately selected for the PEA on account of the overall low volume of waste and the generally low RQD of both waste and ore material. The PEA contemplates application of open pit mining methods using hydraulic excavators and wheel loaders charging

articulated dump trucks for haulage of both waste and ROM material. Mining activities will be performed on a contractor basis, and include free-digging of weathered material, and drilling and blasting of fresh rock. Pre-production mining includes removal and stockpiling of topsoil is also assumed.

Mining is expected to be completed over four pit stages with an active life of mine (“**LOM**”) of approximately eight years, followed by a further two years of production from stockpile reclamation. Pit and schedule optimizations prioritize mining and processing of HG_BX material where possible, with LG_Sch material stockpiled and processed periodically throughout the LOM. Mining parameters are summarized in Table 3.

Table 3: Summary of Mining Parameters

LOM Summary	Total	Units
Total Rock	31.7	Mt
Total Waste	26.0	Mt
Total ROM	5.69	Mt
LOM Average Strip Ratio	4:1	Waste t:ROM t
Plant Feed (All)	5.69	Mt
	2.62	g/t Au
	38.9	g/t Ag
Plant Feed (HG_BX)	3.57	Mt
	3.43	Au g/t
	56.1	Ag g/t
Plant Feed (LG_Sch)	2.11	Mt
	1.25	Au g/t
	9.9	Ag g/t
LOM	8	years
Stockpile Reclaim	2	years
Total	10	years
Peak Production Total Rock	10.6	Mt/year
Peak Production Waste	10.0	Mt/year
Peak Production ROM	1.4	Mt/year
Average Production Total Rock	4.0	Mt/year
Average Production Waste	3.3	Mt/year
Average Production ROM	0.7	Mt/year

Processing

Test work on Barje samples reported by the Company on October 28, 2020 demonstrated the production of a flotation concentrate at a primary grind of 75 µm grading 48.9 g/t Au and 824 g/t Ag with recoveries to concentrate of 83.4% for gold and 82.4% for silver from a composite sample representing the HG_BX material. A second composite sample representing the LG_Sch material produced a flotation concentrate at a similar grind grading 24.4 g/t Au and 238 g/t Ag with recoveries to concentrate of 71.2% for gold and 79.2% for silver. Laboratory test work shows that the same grind size and flotation parameters are applicable to both rock types and can result in commercially viable concentrates. These results were incorporated into the PEA and were used in re-assessment of the Mineral Resource Estimate.

A flowsheet contemplating crushing, grinding, and rougher plus cleaner flotation to a bulk Au-Ag concentrate has been developed based on the metallurgical test program. It is envisaged that the two ROM material types be processed in the same concentrator but at different times, i.e. on a campaign basis, in order to maximize revenue from the HG material.

The PEA provides that ROM material is hauled by trucks and tipped on a storage and blending stockpile. Ball milling with feed prepared by three-stage crushing and screening is further assumed as it is deemed to represent a robust option for this material type. A rougher flotation stage followed by two stages of cleaner flotation are sufficient to produce acceptable concentrate of the previously reported specification. Concentrates are dewatered by means of a pressure filter, with concentrate filter cake stored and blended before transport by road and sea for processing at toll facilities in Asia.

Tailings are densified in a high-rate thickener before final dewatering by means of a pressure filter before storage in a dry-stack type Tailings Storage Facility (“TSF”), thus improving the geotechnical properties of the TSF and maximizing recycling of process water. Key processing parameters are presented in Table 4.

Table 4: Summary of Mineral Processing Parameters

Parameter	Value	Units
Flotation Throughput	600	ktpa
Au Recovery HG_BX	85.8	%
Ag Recovery HG_BX	84.3	%
Au Recovery LG_Sch	76.5	%
Ag Recovery LG_Sch	84.3	%
Mass Pull	5	%
Au grade HG conc	49	g/t
Ag grade HG conc	824	g/t
Au grade LG conc	24	g/t
Ag grade LG conc	238	g/t
Recovered Au	390	koz
Recovered Ag	4,022	koz
Payability – HG conc	75	%
Payability – LG conc	40	%
Flotation Process Costs - OPEX	11.50	US\$/processed t
G&A	5.80	US\$/processed t
Concentrate Transport Cost	3.24	US\$/processed t

Capital Costs

The Project is well-served by existing infrastructure including sealed roads and a high voltage power line adjacent to the property. Capital costs for mine development, mine infrastructure, processing plant, and surface infrastructure including mine offices, control, plant building, common workshop and stores, changehouse, water, powerline and substation, and earthworks including tailings, roads and platforms were estimated based on current designs and quotes from recent comparable projects by Bara Consulting.

Plant capital provides for the design and construction of a 600,000 tpa flotation plant including crushing, grinding, froth flotation, concentrate and tailings handling facilities including filtration of tailings for dry stacking. Infrastructure includes for mine support infrastructure, plant infrastructure, dry stack tailings storage facility, power (including backup 35 kV line), water and internal roads. A summary is presented in Table 5. Estimates for closure were also assessed during the ESIA review process.

Table 5: Capital Cost Estimates

Description	Value	Units	Cost
Mine Development	3.25	Mt	US\$7.5M
Process Plant	600,000	tpa	US\$34.6M
Surface Infrastructure			US\$14.0M
Indirect Costs	15	%	US\$8.4M
Contingency	15	%	US\$9.7M
Total			US\$74.2M

Operating Costs

A high-level breakdown of operating costs was developed based on current designs and quotes from recent similar projects by Bara Consulting. Mine operating costs include ore mining and waste mining at US\$2.30/t, plus a stockpile reclaim cost for LG material of US\$1/t equating to US\$0.50/ROM tonne. Process costs include crushing, grinding, flotation, concentrate handling and tailings handling (including filtration) for 600,000 tpa flotation feed. G&A includes

on-mine administration and general costs. Concentrate transport is costed for delivery of concentrate CIF to customers in China. Details are presented in Table 6 below.

Table 6: Operating Cost Estimates

Description	Units	Cost/Unit
<i>Mining</i>		
Mining Cost - ROM	t	US\$2.80
Mining Cost - Waste	t	US\$2.30
<i>Processing</i>		
Processing	t	US\$11.50
Conc Transport (Per ROM t)	t	US\$3.24
G&A	t	US\$5.80

Economics and Sensitivities

The post-tax NPV of the Project, at a discount rate of 8%, is US\$86M, with an IRR of 46%, and an operating margin of 61%. Up-front capital is US\$74M with payback achieved in two years. Life of mine C1 cash costs are US\$464/oz Au, and life of mine AISC are US\$522/oz Au. Sensitivity analysis of key capital and operating cost parameters, and gold price indicates significant upside potential to the project are shown in Figure 2. The Project was demonstrated to be most sensitive to variance in gold price, and least sensitive to variances in capital cost. Specific post-tax NPV and IRR sensitivity ranges are presented in Table 7.

Table 7: NPV and IRR sensitivities, Barje Prospect

Variance	Gold Price US\$/oz	NPV (8%)	IRR	Capital Cost (US\$M)	NPV (8%)	IRR	Operating Cost US\$/t	NPV (8%)	IRR
-30%	1050	10	12	52	102	72	24	118	63
-25%	1125	23	18	56	99	66	26	112	60
-20%	1200	36	23	59	97	61	27	107	57
-15%	1275	48	29	63	94	57	29	102	54
-10%	1350	61	34	67	91	53	31	96	51
-5%	1425	73	40	70	88	49	32	91	49
0%	1500	86	46	74	86	46	34	86	46
5%	1575	98	52	78	83	43	36	80	43
10%	1650	110	57	81	80	40	37	75	40
15%	1725	123	63	85	77	38	39	69	38
20%	1800	135	69	89	74	36	41	64	35
25%	1875	147	76	93	71	34	43	59	32
30%	1950	160	82	96	69	32	44	53	30

Figure 2: Post-Tax NPV and IRR Sensitivity, Barje Deposit



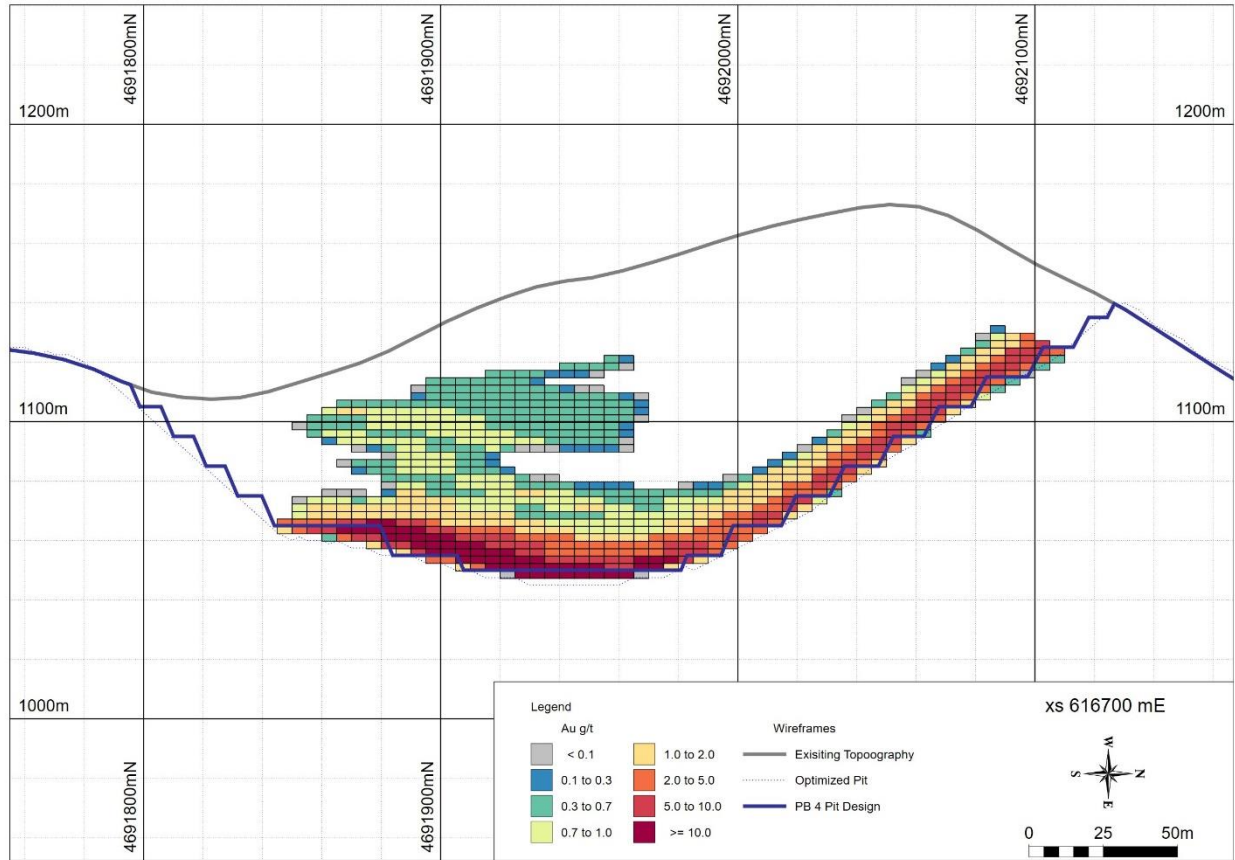
Mineral Resources

Mineral Resources, reported in accordance with National Instrument 43-101, *Standards of Disclosure for Mineral Projects*, (“**NI 43-101**”) and the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards, have been re-estimated for the Barje prospect of the Tlamino Project incorporating updated metallurgical testwork and mining parameters identified during the PEA. No Mineral Resources for other prospects within the Tlamino Project (Liska, Karamanica) have as yet been declared.

The estimated Mineral Resource for Barje, using various cut-off grades for their respective material types, is approximately 7.1 Mt at 2.5 g/t Au and 38 g/t Ag in the Inferred category, and containing 570,000 oz of Au and 8.8 Moz of Ag. This equates to approximately 2.9 g/t AuEq or 670,000 oz AuEq. It is the opinion of the Qualified Person for the Mineral Resource Estimate that all elements included in the Au Equivalent calculation (gold and silver) have a reasonable prospect of being recovered and sold.

The updated Mineral Resource Estimate has an effective date of January 7, 2021 and supersedes the previous initial Mineral Resource Estimate announced on January 30, 2020; there has, however, been no material change to the estimate in terms of tonnage, grade and contained metal. See Table 8 for further information relating to the updated Mineral Resource Estimate. A north-south cross-section illustrating the optimized Barje pit and block model is shown in Figure 3.

Figure 3: North-south cross-section illustrating the optimized Barje pit and block model



No estimates of Mineral Reserves have been completed. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

The Mineral Resources extend from surface to a depth of approximately 110 metres, are laterally extensive over an area of approximately 600 metres from east to west and approximately 350 metres north to south. The thickness of resource mineralization ranges from approximately 10 to 40 metres with some isolated thinner areas. It is closed by bounding faults to the north and south and by drilling to the east and west. There remains some possibility of identifying additional mineralization via infill drilling in areas where the model is currently interpreted to pinch and in which data are sparse, and in the northwest corner of the area of mineralization.

Table 8: Mineral Resource Estimate, Barje Prospect

Tonnes	Density	AuEq		Au		Ag	
		g/t	Contained oz	g/t	Contained oz	g/t	Contained oz
		<i>Total Inferred Resources</i>					
7,100,000	2.7	2.9	670,000	2.5	570,000	38	8,800,000
Including							
<i>High Grade Breccia</i>							
3,200,000	2.8	4.7	470,000	3.9	400,000	65	6,700,000
<i>Low Grade Schist</i>							
2,400,000	2.7	1.2	96,000	1.1	88,000	8.4	650,000
<i>Partially Oxidized Material</i>							
1,500,000	2.5	2.1	100,000	1.7	87,000	29	1,400,000

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 07 2021.
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. Additional drilling is however required to increase the confidence in the Mineral Resource; increased levels of information brought about by further drilling may serve to either increase or decrease the Mineral Resources.
3. Mineral Resources reported in the above table are presented as undiluted and in-situ for an open-pit scenario and are considered to have reasonable prospects for economic extraction. The Mineral Resources constrained by open pit optimization.
4. Break even cut-off grades were estimated for each material type of 0.6 g/t, 0.8g/t and 0.5 g/t AuEq for the High Grade Breccia, Low Grade Schist and Partially Oxidized materials respectively, these cut-off grades were used in Resource Reporting. The cut-off grades were calculated on the basis of the following assumptions: a gold price of US\$1500/oz, a silver price of US\$16.5/oz, mining costs of US\$2.3/t, processing costs including tailings disposal of US\$10/t for sulphide rock and US\$12/t for oxide, G&A costs of US\$4/ROMt and transport costs of US\$2/ROMt.
5. Per metallurgical test work completed to date, recovery to concentrate after flotation of 85.8% for gold and 84.3% for silver were used for the High Grade Breccia material with 75% payability. For the Low Grade Schist recoveries used were 76.5% for gold and 82.7% for silver with 60% payability. For the Partially Oxidized material 80% recovery via leaching for gold and silver was assumed with 98% payability. 5% gross royalty was applied to both metals.
6. Geological and block models for the Mineral Resource Estimate used data from 33 surface drillholes performed by Medgold 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 Medgold 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.
7. 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 mineralized domains.
8. 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 $AuEq = ((Ag \text{ g/t}) \times 0.011)) + (Au \text{ g/t})$ for the High Grade Breccia and Partially Oxidized materials and $AuEq = ((Ag \text{ g/t}) \times 0.012)) + (Au \text{ g/t})$ for the Low Grade Schist.
9. 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/cm³.
10. Estimates in the above table have been rounded to two significant figures.
11. CIM Definition Standards for Mineral Resources have been followed.
12. The independent Qualified Person for Resources 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.

Fortuna Agreements

Pursuant to the Tlamino Option Agreement signed in March 2017, as amended, Fortuna exercised its option to acquire an 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.

In December 2020, the Company entered into an agreement with Fortuna whereby the Company was granted an exclusive option (the “Fortuna Option”) to purchase Fortuna’s 51% interest in the Tlamino Project for a cash consideration of US\$3.468 million. The Fortuna Option was valid for three years and exercisable upon the earlier of (i) the expiry of the term of the Fortuna Option, (ii) the date of completion of a sale by the Company of a 100% interest in the Tlamino Project to a third party, or (iii) the date of completion of a merger between the Company and a third party.

If the Company completed a sale of the Tlamino Project or corporate merger as described above and received consideration attributable to the Project in excess of US\$13 per ounce of the Tlamino Project’s inferred mineral resource, the Company would pay to Fortuna an asset sale bonus equal to 10.2% of any amount in excess of US\$13 per ounce, less all the Company’s costs related to the sale or corporate merger.

At the time of signing of the Fortuna Option agreement, the Company and Fortuna had one common director. The companies currently have no common directors.

In July 2022, the Company and Fortuna entered into two agreements whereby the Fortuna Option will be terminated, the Company will acquire Fortuna’s 51% beneficial interest in the Tlamino Project, and Fortuna will be granted a 1% net smelter return royalty from any future production from the Tlamino Project. The royalty may be purchased by the Company at any time for a cash consideration of \$3 million. These agreements are subject to TSX Venture Exchange acceptance.

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.

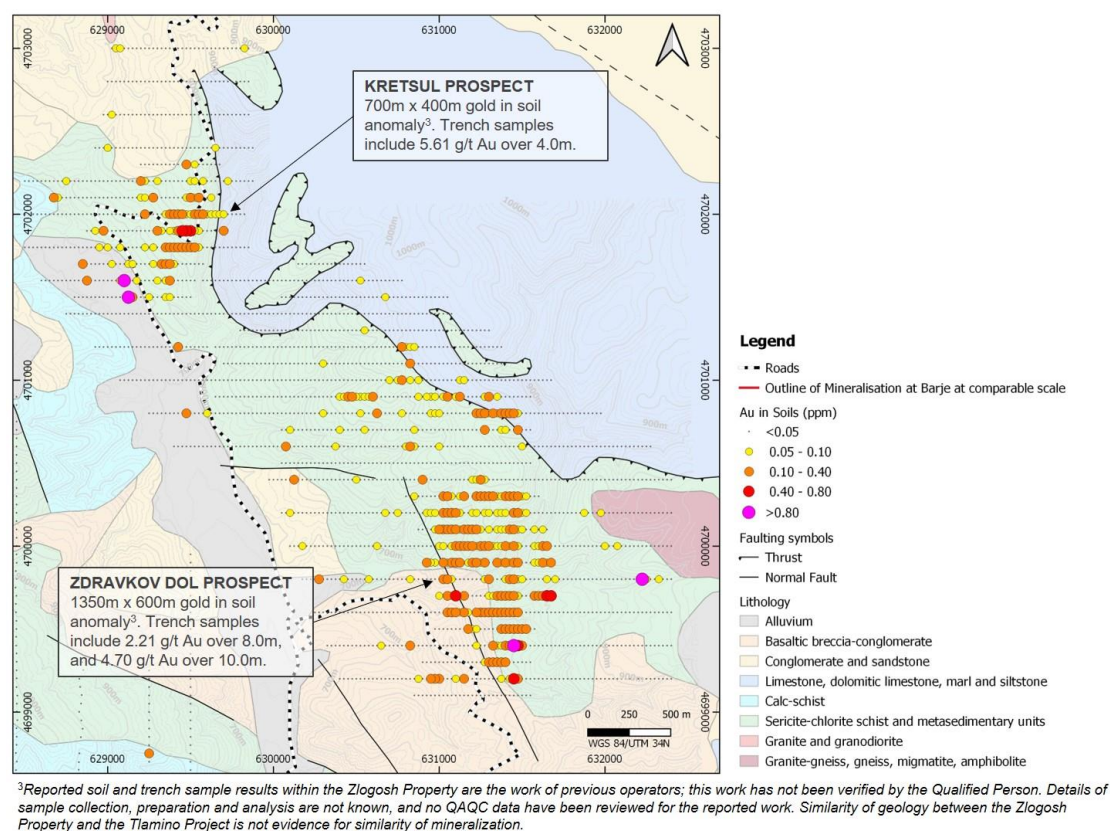
Work by previous operators at Zlogosh identified multiple gold-in-soil anomalies including a 1,350 metre by 600 metre anomaly named the Zdravkov Dol target. Results from limited trench sampling at Zdravkov Dol returned intervals including 4.70 g/t Au over 10.0 metres and 2.21 g/t Au over 8.0 metres. 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 Figure 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.

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.

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. Certain site and administrative aspects of the aforementioned due diligence activities are on hold due to restrictions brought about by the COVID-19 pandemic and are duly provided for under the terms of the Letter Agreement. 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 4: Location of mineralized targets at Zlogosh.



Qualified Persons

Mr. Aleksandar Vuckovic, MAIG, is the Company's Qualified Person as defined by National Instrument 43-101, and has approved the disclosure of the technical information in this Interim MD&A.

The independent Qualified Persons as defined by NI 43-101 regarding the PEA summary technical information included in this Interim MD&A are Mr. Richard Siddle, MAIG, of Addison Mining Services Ltd for Mineral Resources; Dr. Matthew Randall, FIMMM, of Axe Valley Mining Consultants Ltd for Mining; Mr. Ian Jackson, FIMMM, of Bara Consulting for Mineral Processing, and Dr. Andrew Bamber, MCIM, of Bara Consulting Ltd for Economic Analysis.

Quarterly Information

The following table provides information for the eight fiscal quarters ended June 30, 2022:

	June 30, 2022 (\$)	Mar. 31, 2022 (\$)	Dec. 31, 2021 (\$)	Sep. 30, 2021 (\$)	June 30, 2021 (\$)	Mar. 31, 2021 (\$)	Dec. 31, 2020 (\$)	Sep. 30, 2020 (\$)
Exploration expenditures	66,468	93,952	138,063	85,176	68,175	195,667	252,523	367,993
General and administrative expenses	126,762	99,662	133,581	137,239	172,353	140,391	127,913	114,944
Loss for the period	(192,905)	(167,639)	(180,015)	(222,130)	(240,087)	(335,315)	(379,650)	(482,937)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)

Results of Operations

Quarter ended June 30, 2022

For the quarter ended June 30, 2022, the Company had a net loss of \$192,905 compared to a net loss of \$240,087 for the quarter ended June 30, 2021, a decrease of \$47,182. Exploration costs for the current quarter were \$66,468 compared to \$68,175 for the comparative quarter, a decrease of \$1,707.

General and administrative expenses totaled \$126,762 for the current quarter compared to \$172,353 for the comparative quarter, a decrease of \$45,591. This decrease is partly due to minimal shareholder communications expenses being incurred whereas these costs totaled \$17,730 in the comparative quarter. Transfer agent and regulatory fees, travel and accommodation, and office and administration costs were also lower in the current quarter due to less corporate activity and continued cost cutting efforts to preserve capital. The current quarter also recorded a share-based payments expense of \$19,577 compared to \$38,066 for the current comparative, a decrease of \$18,489. The share-based payments expense for both current and comparative periods relate to the granting of stock options during the 2021 fiscal year and the two-year period over which those options vest.

Six months ended June 30, 2022

For the six-month period ended June 30, 2022, the Company had a net loss of \$360,544 compared to a net loss of \$575,402 for the six-month period ended June 30, 2021, a decrease of \$214,858. Reducing the net loss for the current period was the receipt of interest and income of \$26,300, of which \$25,804 was from the sale of mineral property data. The lower net loss for the current period is also partly due to exploration costs of \$160,420 being incurred during the current period compared to \$263,842 for the comparative period, a decrease of \$103,422.

General and administrative expenses totaled \$226,424 for the current period compared to \$312,744 for the comparative period, a decrease of \$86,320. As with the quarterly comparison, there were minimal shareholder communications expenses incurred during the current period whereas \$52,716 was incurred in the comparative period and relating to investor relations and promotional activities. The current period also recorded a share-based payments expense of \$38,939 relating to the granting of stock options while the comparative period recorded an expense of \$50,197, a decrease of \$11,258. Other notable cost decreases for the current period were \$7,599 in office and administration, \$5,846 in transfer agent and regulatory fees, and \$4,982 in travel costs, all due to less corporate activity.

Liquidity and Capital Resources

The Company's cash and cash equivalent resource as at June 30, 2022 was \$227,989 compared to \$396,825 as at December 31, 2021. As at June 30, 2022, the Company had current assets totaling \$237,296 and current liabilities totaling \$213,933, for working capital of \$23,363.

In July 2020, the Company completed a private placement financing for gross proceeds of \$2,000,000 and in 2021, received option fee income of \$91,442. These proceeds continue to be used towards general working capital requirements and to maintain the Company's mineral properties.

The Company does not expect its current capital resources to be sufficient to cover its corporate operating costs, potential future mineral property acquisitions, or significant exploration activities through the next twelve months. As such, the Company will need 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 potential property acquisitions and exploration activity.

Related Party Transactions

See Note 9 of the condensed interim consolidated financial statements for the six months ended June 30, 2022 for details of other related party transactions which occurred in the normal course of business.

Other Data

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

Share Position and Outstanding Options and Warrants

As at the date of this Interim MD&A, the Company's outstanding share position is 134,789,032 common shares and the following stock options and share purchase warrants are outstanding:

No. of options	Exercise price	Expiry date
80,000	\$0.15	February 23, 2024
500,000	\$0.11	June 18, 2024
60,000	\$0.15	June 28, 2026
500,000	\$0.15	January 15, 2029
6,461,666	\$0.10	March 1, 2031
7,601,666		

No. of warrants	Exercise price	Expiry date
40,870,000	\$0.10	July 14, 2023

Accounting Policies and Basis of Presentation

The Company's significant accounting policies and future changes in accounting policies are presented in the audited consolidated financial statements for the year ended December 31, 2021.

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 and continues to be to the present time. The COVID-19 pandemic did not have a significant impact on the Company's operations during the current period.

The extent to which COVID-19 may impact the Company's business, including its operations and the market for its securities, will continue to 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 periods of 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 a 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 Euros and Serbian dinars. At this time there are no currency hedges in place. Therefore, a weakening of the Canadian dollar against the 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.