



FINANCIAL REVIEW

First Quarter Ended March 31, 2023



(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2023

(Unaudited – Prepared by Management)

(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 three months ended March 31, 2023. These condensed interim consolidated 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)

	March 31, 2023	December 31, 2022
ASSETS		
Current assets		
Cash	\$ 64,182	\$ 87,009
Amounts receivable	10,274	6,526
Prepaid expenses and deposits	12,153	2,087
Total current assets	86,609	95,622
Non-current assets		
Long-term deposits	61,000	61,000
Property and equipment (Note 4)	10,049	14,072
Deferred acquisition costs (Note 1)	142,132	32,888
Exploration and evaluation assets (Note 5)	43,020	43,020
Total non-current assets	256,201	150,980
	\$ 342,810	\$ 246,602
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 293,250	\$ 150,785
Due to related party (Note 10)	284,279	235,179
Total current liabilities	577,529	385,964
Non-current liability		
Convertible debenture – liability component (Note 6)	62,208	-
Total liabilities	639,737	385,964
Shareholders' deficiency		
Share capital (Note 7)	15,751,347	15,751,347
Other equity reserves (Note 6)	1,739,121	1,726,467
Accumulated other comprehensive loss	(157,952)	(157,952)
Deficit	(17,629,443)	(17,459,224)
Total shareholders' deficiency	(296,927)	(139,362)
	\$ 342,810	\$ 246,602

APPROVED ON BEHALF OF THE BOARD ON MAY 26, 2023:

“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 March 31,	
	2023	2022
Exploration expenditures (Notes 9 and 10)	\$ 42,031	\$ 93,952
General and administrative expenses		
Accretion expense (Note 6)	1,440	-
Depreciation (Note 4)	4,023	7,002
Foreign exchange loss	216	4,375
Legal and accounting	1,191	3,231
Management fees (Note 10)	43,500	21,750
Office and administration	26,219	17,081
Salaries and benefits (Note 10)	32,278	17,870
Shareholder communications	1,365	235
Share-based payments (Notes 8 and 10)	5,513	19,362
Transfer agent and regulatory fees	6,970	7,123
Travel and accommodation	5,781	1,633
	128,496	99,662
	(170,527)	(193,614)
Interest and other income (Note 5)	308	25,975
Net loss and comprehensive loss for the period	\$ (170,219)	\$ (167,639)
Loss per share, basic and diluted	\$(0.00)	\$(0.00)
Weighted average number of shares outstanding	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 (DEFICIENCY) (UNAUDITED)

For the three months ended March 31, 2023 and 2022

(Expressed in Canadian Dollars)

			Other equity reserves					
	Number of common shares	Share capital	Warrants reserve	Share-based payment reserve	Equity portion of convertible debenture reserve	Accumulated other comprehensive loss	Deficit	Total shareholders' equity (deficiency)
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	-	-	-	-	-	-	(167,639)	(167,639)
Share-based payments	-	-	-	19,362	-	-	-	19,362
Balance, March 31, 2022	134,789,032	15,751,347	88,743	1,579,705	-	(157,952)	(16,932,911)	328,932
Loss for the period	-	-	-	-	-	-	(526,313)	(526,313)
Share-based payments	-	-	-	58,019	-	-	-	58,019
Balance, December 31, 2022	134,789,032	15,751,347	88,743	1,637,724	-	(157,952)	(17,459,224)	(139,362)
Loss for the period	-	-	-	-	-	-	(170,219)	(170,219)
Convertible debenture equity component	-	-	-	-	7,141	-	-	7,141
Share-based payments	-	-	-	5,513	-	-	-	5,513
Balance, March 31, 2023	134,789,032	\$ 15,751,347	\$ 88,743	\$ 1,643,237	\$ 7,141	\$ (157,952)	\$ (17,629,443)	\$ (296,927)

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 March 31,	
	2023	2022
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the period	\$ (170,219)	\$ (167,639)
Items not involving cash:		
Depreciation	4,023	7,002
Convertible debenture accretion expense	1,440	-
Share-based payments	5,513	19,362
	(159,243)	(141,275)
Changes in non-cash working capital balances:		
Amounts receivable	(3,748)	1,139
Prepaid expenses and deposits	(10,066)	229
Accounts payable and accrued liabilities	26,130	5,897
Due to related parties	49,100	45,100
Net cash used by operating activities	(97,827)	(88,910)
FINANCING ACTIVITY		
Proceeds on convertible debenture	75,000	-
Net cash provided by financing activity	75,000	-
Decrease in cash	(22,827)	(88,910)
Cash, beginning of period	87,009	396,825
Cash, end of period	\$ 64,182	\$ 307,915

Supplemental cash flow information:

Deferred acquisition cost in accounts payable and accrued liabilities	\$ 109,244	\$ -
Convertible debenture share issuance costs in accounts payable and accrued liabilities	\$ 7,091	\$ -

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 three months ended March 31, 2023

(Expressed in Canadian Dollars)

1. CORPORATE INFORMATION

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.

Proposed Acquisition of Balkan Metals Corp.

The Company entered into a non-binding arm’s length letter of intent dated November 23, 2022, and then an amalgamation agreement dated January 27, 2023, and as amended subsequently, to acquire (the “Acquisition”) all of the issued and outstanding common shares of Balkan Metals Corp. (“Balkan Metals”), a private British Columbia company which holds a portfolio of exploration licenses in Serbia, some of which are contiguous to the Company’s existing Serbian exploration permits.

To complete the Acquisition, the following steps have been or are intended to be conducted (the “Transactions”):

- The Company has issued a convertible debenture (the “Debenture”) to Balkan Metals in the maximum principal amount of \$150,000, whereby Balkan Metals will reimburse certain of the Company’s expenses related to the Transactions, of which \$75,000 was advanced during the period ended March 31, 2023 and an additional \$48,534 advanced subsequently.
- The Company will consolidate its common shares on a 16:1 basis.
- The Company will settle up to \$330,000 in accounts payable by issuing up to 1,650,000 post-consolidation common shares of the Company at a deemed price of \$0.20 per share.
- Balkan Metals will arrange a private placement financing in the Company to raise \$2.0 million.
- In consideration for the transfer to the Company of 100% of the issued shares of Balkan Metals, the Company expects to issue an aggregate of 38,966,091 post-consolidation common shares to the shareholders of Balkan Metals, being one Medgold Share for each Balkan Metals Share.
- The name of the Company will be changed to “Balkan Metals Corp.”.

The Transactions will constitute a “reverse takeover” pursuant to the policies of the TSX Venture Exchange (“TSX-V”) and are subject to receipt of TSX-V acceptance and receipt of approval of the shareholders of the Company to be sought at a shareholders’ meeting.

As of March 31, 2023, transaction costs of \$142,132 relating to the Acquisition were incurred and recorded as a deferred acquisition cost.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2023

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION

Statement of Compliance

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

Basis of Measurement

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

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

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

Going Concern and Continuance of Operations

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 March 31, 2023, the Company had not yet achieved profitable operations, has accumulated losses of \$17,629,443 since its inception, and expects to incur further losses in the development of its business. For the three-month period ended March 31, 2023, the Company incurred a net loss of \$170,219. The Company has been financed primarily through the issuance of equity instruments, but management cannot be certain it will continue to be able to 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, complete the proposed Acquisition, 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.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2023

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (continued)

Basis of Consolidation

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

Details of the Company's principal subsidiaries as at March 31, 2023 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.

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:

- 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.
- 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.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2023

(Expressed in Canadian Dollars)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

- c) 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.

- 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) Judgment is required in the assessment of whether a proposed transaction (Note 1) is an asset acquisition or business combination and if the transaction constitutes a reverse takeover whereby there is a change in control. Judgment is also required for preliminary expenditures that are considered deferred acquisition costs towards an eventual asset acquisition and whether the deferred acquisition costs will be recoverable.

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.
- c) The inputs in determining the bifurcation of convertible debenture instruments into its liability and equity components.

The Company is required to make certain estimates when determining the fair value of the components of convertible debentures, including the discount rate. These estimates affect the liability and equity components recognized in the condensed interim consolidated statements of financial position and the accretion expense recognized in profit and loss.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2023

(Expressed in Canadian Dollars)

4. PROPERTY AND EQUIPMENT

	Vehicles	Computer equipment	Furniture and equipment	Total
Cost				
Balance, December 31, 2021	\$ 155,745	\$ 26,280	\$ 35,463	\$ 217,488
Disposal	(46,301)	-	-	(46,301)
Balance, December 31, 2022	109,444	26,280	35,463	171,187
Disposal	-	(8,929)	(6,460)	(15,389)
Balance, March 31, 2023	\$ 109,444	\$ 17,351	\$ 29,003	\$ 155,798
Accumulated amortization				
Balance, December 31, 2021	\$ 124,580	\$ 26,280	\$ 24,388	\$ 175,248
Charge for year	22,235	-	4,393	26,628
Disposal	(44,761)	-	-	(44,761)
Balance, December 31, 2022	102,054	26,280	28,781	157,115
Charge for period	2,909	-	1,114	4,023
Disposal	-	(8,929)	(6,460)	(15,389)
Balance, March 31, 2023	\$ 104,963	\$ 17,351	\$ 23,435	\$ 145,749
Carrying amounts				
At December 31, 2022	\$ 7,390	\$ -	\$ 6,682	\$ 14,072
At March 31, 2023	\$ 4,481	\$ -	\$ 5,568	\$ 10,049

5. EXPLORATION AND EVALUATION ASSETS

Capitalized acquisition costs as of March 31, 2023 consist of \$43,020 (December 31, 2022: \$43,020) relating to its Serbian mineral property interests.

Serbia

a) Exploration Licences

As of March 31, 2023, 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. In November 2022, the Company submitted to the Ministry an application to terminate the Zuti Kamen exploration license.

b) Geological data sale

During the period ended March 31, 2022, the Company sold geological data to a third party for proceeds of \$25,804.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2023

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

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 had the right to complete certain due diligence activities on the property which, if satisfactory, gave the Company the right to enter into an option agreement with Gecon to earn an initial 51% interest in Gecon. Subsequent to March 31, 2023, the Company decided to terminate this agreement.

6. CONVERTIBLE DEBENTURE

On January 27, 2023, the Company issued a convertible debenture for a maximum principal sum of \$150,000 with a maturity date of January 27, 2025 and bearing interest at the rate of 5% per annum, compounded monthly and payable in arrears. Principal and accrued interest are to be converted into common shares of the Company in the event that the Acquisition (Note 1) is not completed, otherwise principal and accrued interest are to be settled with cash upon maturity. The debenture, if converted before the first anniversary, is convertible into a maximum of 3,000,000 common shares of the Company at the rate of \$0.05 per share and if converted after the first anniversary, convertible into a maximum of 1,500,000 common shares of the Company at the rate of \$0.10 per share.

For accounting purposes, the convertible debenture is allocated into corresponding debt and equity components at the date of issue. The Company uses the residual value method, which allocates value first to the debt component, based on fair value and then the residual value, to the equity component (comprising the conversion feature). The debt component is subsequently accreted to face value of the convertible debenture at the effective interest rate.

During the period ended March 31, 2023, the Company received the first tranche of \$75,000 in convertible debenture funding. Upon the issuance of the first tranche, the fair value was separated into a liability component of \$67,150 and an equity component of \$7,850 included in other equity reserves. The equity component was calculated as the difference between the gross proceeds received of \$75,000 and the discounted cash flows associated with the debt using an estimated market rate for non-convertible instruments of 11% per annum.

Issuance costs of \$7,091 were incurred and have been recorded against the liability and equity components and are being amortized to the condensed interim consolidated statements of comprehensive loss over the life of the convertible debenture. During the period ended March 31, 2023, accretion of interest of \$1,440 was charged to profit or loss.

	Liability component	Equity component
Face value of debenture at date of issue, January 27, 2023	\$ 67,150	\$ 7,850
Issuance costs allocated	(6,382)	(709)
Accretion of discount	1,440	-
Balance, March 31, 2023	\$ 62,208	\$ 7,141

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2023

(Expressed in Canadian Dollars)

7. 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 periods ended March 31, 2023 and 2022.

Share Purchase Warrants

There was no share purchase warrant activity during the periods ended March 31, 2023 and 2022.

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

8. 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-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 March 31, 2023:

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
March 1, 2031	\$0.10	6,461,666	-	-	-	6,461,666	6,461,666
		7,101,666	-	-	-	7,101,666	7,101,666
Weighted average exercise price		\$0.10	-	-	-	\$0.10	\$0.10

There were no options granted or exercised during the periods ended March 31, 2023 and 2022.

The weighted average remaining contractual life of the options outstanding at March 31, 2023 is 7.33 (December 31, 2022: 7.58) 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.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2023

(Expressed in Canadian Dollars)

8. SHARE-BASED PAYMENTS (continued)

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 stock options granted during the 2021 fiscal year and recognized as part of share-based compensation during the period ended March 31, 2023 was \$5,513 (2022: \$19,362).

9. EXPLORATION EXPENDITURES

During the three months ended March 31, 2023 and 2022, the Company incurred the following exploration expenditures on the Tlamino Project:

	Three months ended March 31,	
	2023	2022
Assaying	\$ 2,633	\$ -
Geological and other consulting	12,646	29,557
Legal and accounting	9,899	15,605
Licenses, rights and taxes	19,706	24,816
Office and administration	14,055	12,009
Salaries and benefits	10,007	9,491
Travel	3,085	2,474
	72,031	93,952
Expense recovery	(30,000)	-
	\$ 42,031	\$ 93,952

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2023

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS AND BALANCES

The Company had transactions during the periods ended March 31, 2023 and 2022 with related parties who consisted of directors, officers and the following company controlled by Jeremy Crozier, a Director and the Chief Executive Officer of the Company:

Related party	Nature of transactions
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:

The amount due to related party as of March 31, 2023 consists of \$284,279 (December 31, 2022: \$235,179) owing to Virv for management fees and expense reimbursement. The balance due is unsecured, non-interest bearing and due on demand.

Key management compensation

The Company has identified certain of its directors and senior officers as its key management personnel. Included for the periods ended March 31, 2023 and 2022 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 March 31,	
	2023	2022
Management fees	\$ 43,500	\$ 21,750
Geological and other consulting fees (included in exploration expenditures)	-	21,750
Salaries and benefits	9,961	6,500
Value of stock option grants recorded as share-based payments	1,299	4,562
	\$ 54,760	\$ 54,562

Key management compensation includes management and geological fees paid to Virv.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2023

(Expressed in Canadian Dollars)

11. 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 March 31, 2023, 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	March 31, 2023	
	US Dollars (CDN equivalent)	Serbian Dinars (CDN equivalent)
Cash	\$ 5,408	\$ 6,378
Accounts payable and accrued liabilities	-	(34,835)
Net exposure	\$ 5,408	\$ (28,457)

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2023

(Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

a) Market Risk (continued)

Foreign Currency Risk (continued)

As at	December 31, 2022			
	British Pound Sterling (CDN equivalent)	US Dollars (CDN equivalent)	Euros (CDN equivalent)	Serbian Dinars (CDN equivalent)
Cash	\$ -	\$ 5,437	\$ -	\$ 3,277
Accounts payable and accrued liabilities	(490)	-	(6,934)	(30,987)
Net exposure	\$ (490)	\$ 5,437	\$ (6,934)	\$ (27,710)

Based on the above net exposures at March 31, 2023, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would result in approximately a \$2,300 (December 31, 2022: \$3,000) 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 March 31, 2023, the Company does not have any borrowings except for the accumulated interest owing on a convertible debenture, of which the interest rate is fixed for the duration of the debenture. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with Canadian 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 March 31, 2023, the Company had a working capital deficiency of \$490,920 (December 31, 2022: \$290,342). All of the Company's financial liabilities had contractual maturities of less than 45 days and are subject to normal trade terms except for convertible debenture debt which is due by January 27, 2025.

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, accounts payable and accrued liabilities, and due to related party approximate fair values due to their short-term nature and convertible debenture debt is discounted to reflect its fair value due to its long-term nature.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2023

(Expressed in Canadian Dollars)

11. 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 March 31, 2023 were calculated as follows:

	Balance at March 31, 2023	Level 1	Level 2	Level 3
Financial Asset:				
Cash	\$ 64,182	\$ 64,182	\$ -	\$ -

12. 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 March 31, 2023.

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 March 31, 2023 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 entered into a proposed reverse take-over transaction agreement that will provide additional capital (Note 1). The Company will continue to seek to raise additional capital in the future 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 three months ended March 31, 2023

(Expressed in Canadian Dollars)

13. 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. The Company operates in a single reportable operating segment, being the exploration and evaluation of mineral properties. The mineral property interests and substantially all property and equipment are located in Serbia and substantially all of the exploration expenditures are incurred in Serbia. Substantially all of the Company's other assets and expenditures are located and incurred in Canada.



(the “Company”)

INTERIM MANAGEMENT’S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

For the Three Months Ended March 31, 2023

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 three months ended March 31, 2023. The following information, prepared as of May 26, 2023, should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements for three months ended March 31, 2023 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, 2022 and the related MD&A. All amounts are expressed in Canadian dollars unless otherwise indicated. The March 31, 2023 condensed interim consolidated financial statements have not been reviewed by the Company’s auditors.

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

Forward Looking Information

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

- the proposed acquisition of Balkan Metals Corp.;
- 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:

- whether the proposed acquisition of Balkan Metals Corp. will be completed as planned;
- 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:

- the proposed acquisition of Balkan Metals Corp. will be completed as planned;
- 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 formerly Bulgaria; however, management has been actively investigating potential business opportunities in other regions.

Proposed Acquisition of Balkan Metals Corp.

Pursuant to a definitive amalgamation agreement dated January 27, 2023, and as amended, (the "Amalgamation Agreement") to acquire (the "Acquisition") all of the issued and outstanding common shares of Balkan Metals Corp. ("Balkan Metals"), a private British Columbia company which holds a portfolio of exploration licenses in Serbia, some of which are contiguous to the Company's existing Serbian exploration permits. With mineral rights covering

close to 1,000 square kilometers, the resulting company will be the largest holder of highly prospective exploration ground in the Republic of Serbia.

In addition, the Company has issued a convertible debenture (the “Debenture”) to Balkan Metals in the maximum principal amount of \$150,000, whereby Balkan Metals will advance funds to provide the Company with interim working capital financing until April 30, 2023. The Debenture matures in two years and has a conversion price of \$0.05 if converted in the first year, and \$0.10 if converted in the second year.

Amounts advanced under the Debenture will bear interest at 5% per annum, calculated and compounded monthly, and accrued interest may be paid by the issuance of shares of the Company; however, any interest amount accrued pursuant to the Debenture will be converted at the lowest conversion price permitted by the TSX Venture Exchange (“TSXV”). The settlement of such interest with shares will be subject to TSXV approval.

Upon execution of the Amalgamation Agreement, Balkan Metals made a cash payment to the Company of \$30,000 which funds are to be used to cover the renewal of the Company’s Serbian exploration licences. Balkan Metals has to date made cash advances to the Company under the Debenture totalling \$123,534.

To complete the Acquisition, the following steps are intended to be conducted (the “Transactions”):

- The Company will consolidate its common shares on a 16:1 basis.
- The Company will settle up to \$330,000 in accounts payable by issuing up to 1,650,000 post-consolidation common shares of the Company at a deemed price of \$0.20 per share.
- Balkan Metals will arrange a private placement financing in the Company to raise \$2.0 million. See the description of the Concurrent Financing under the heading “*Other Key Terms of the Transactions*” below.
- In consideration for the transfer to the Company of 100% of the issued shares of Balkan Metals, the Company expects to issue an aggregate of 38,966,091 post-consolidation common shares to the shareholders of Balkan Metals, being one post-consolidation Medgold common share for each Balkan Metals share.
- The name of the Company will be changed to “Balkan Metals Corp.”.

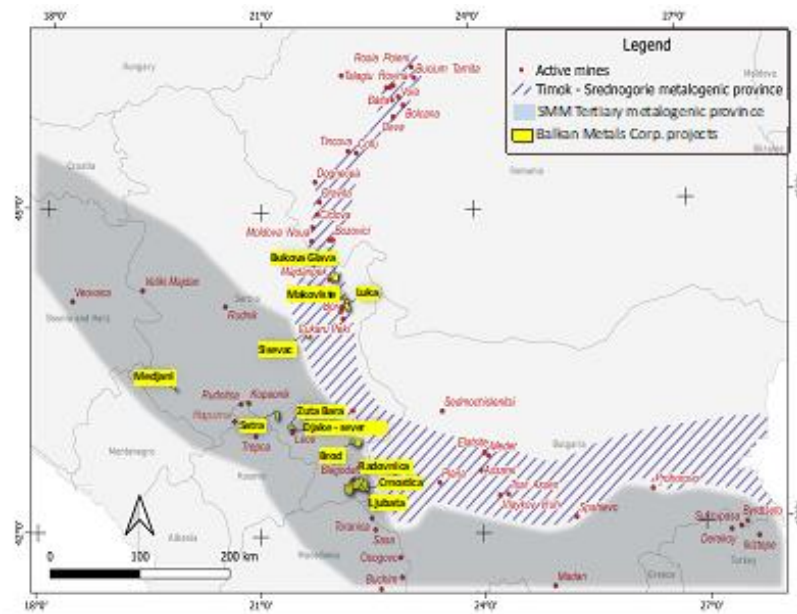
It is anticipated that upon completion of the Transactions, the Company (the “Resulting Issuer”) will have a maximum of 48,956,801 common shares issued and outstanding, of which approximately 80% will be owned by the former Balkan Metals Shareholders.

The Acquisition will constitute a “reverse takeover” pursuant to the policies of the TSXV and are subject to receipt of TSXV acceptance and receipt of approval of the Company’s shareholders to be sought at a shareholders’ meeting.

Upon completion of the Acquisition, Ralph Rushton will remain on the Board of Directors and Kevin Bales will continue as CFO of the Resulting Issuer. Dr. Elena Clarici will be appointed as Director, Executive Chair and CEO of the resulting company, and Michael Thomsen and Eric Rasmussen will be appointed as directors.

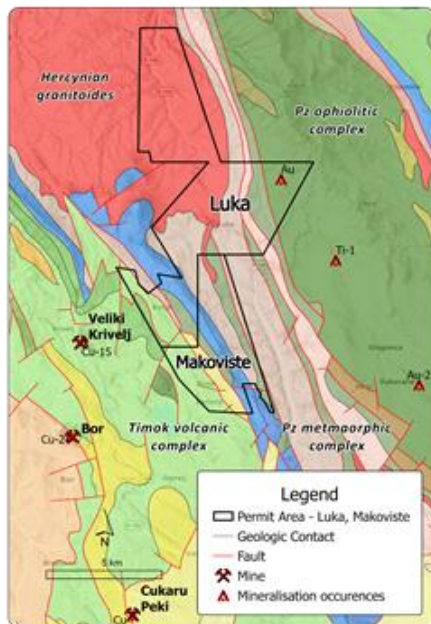
The Balkan Metals Properties

Balkan Metals controls over 760 km² of mineral rights spanning two of the most prospective metallogenic provinces in the “Tethyan Belt” of Serbia: (1) the Timok Magmatic Complex, host of world class Cu-Au porphyry style deposits, typically Carlin-style sediment-hosted upper zones with so-called porphyry centers beneath; and (2) the Serbo-Macedonian Massif, located to the west of Timok which continues to northern Greece.



The Resulting Issuer's principal project will be Balkan Metals' Timok East Project, which comprises the Luka, Makovište and Bukova Glava exploration permits, covering 126 km², approximately 250 kilometres from the capital city of Belgrade in eastern Serbia.

The Luka permit is located close to Zijin's Bor Mining Complex: 5 kilometres northeast of the historic Bor copper mine and 3 kilometres from the Veliki Krivelj copper mine. The Bor Mining Complex is a mature producing operation that comprises two operating mines, the Bor Copper Mine and Čukaru Peki.



Cu-Au anomalies within the permit area point to potentially undiscovered porphyry centres. In 2016, the previous operators of the Luka permit - First Quantum Minerals Ltd. ("**FQM**") completed an extensive regional stream sampling program which identified several anomalous zones and conducted an E-W trending trenching program mapping a strong Silica-Pyrite-Clay alteration zone with Cu-oxide veining at surface, revealing grades up to 3% Cu. FQM also identified high-grade quartz-pyrite-gold veins (1 – 200 g/t Au) from potential cover sequence rock. Balkan Metals is planning an infill 200 metre grid soil sampling and geophysics to confirm the source of the Cu anomalism and to define drill targets.

The Makovište permit is contiguous to the Luka permit, to its SSE. Strong Cu -Au anomalism in sampling completed by FQM is noted from ridge and spur samples adjacent to the Luka permit over a strike of approximately 4 kilometres long, which remains open.

The Bukova Glava permit is located 5 kilometres east of Zijin's Majdanpek copper open-pit mine, itself part of the Bor Mining complex. Historic soil sampling data show a correlation between Au, Mo, As and Sn of similar character to Majdanpek. In 2016, results of their extensive regional stream sampling program prompted FQM to stake the Bukova Glava permit on the grounds of its potential for porphyry intrusions similar

to Majdanpek. Balkan Metals is planning to expand detailed geological mapping and grid soil sampling, started in March 2022, as well as geophysics with the objective of identifying potential porphyry intrusions.

Other Key Terms of the Transaction

The other key terms of the Transaction are as follows:

- (1) In consideration of the exclusivity the Company has granted to Balkan Metals pursuant to the LOI, Balkan Metals has made a non-refundable cash payment to the Company in the amount of \$20,000 at the signing of the LOI.
- (2) Upon the written request of the Company, Balkan Metals will make non-refundable cash payments to the Company in the amount of \$20,000 in each of the months of May, June and July 2023, such funds to be used for general working capital purposes.
- (3) Concurrently with closing of the Transaction, Balkan Metals is to arrange and close a private placement (the “Concurrent Financing”) of a minimum of 10,000,000 units (the “Units”) of the Resulting Issuer, at an expected minimum price of \$0.20 per Unit, to raise minimum gross proceeds of \$2,000,000. The net proceeds of the Concurrent Financing will be used by the Resulting Issuer to fund exploration of its Serbian properties (and principally, the Timok East Project) and for working capital and general corporate purposes. A finder’s fee may be paid in respect of the Concurrent Financing.

As required by the policies of the TSXV, trading of the Company’s common shares has been halted in connection with the announcement of the Acquisition. Trading will remain halted pending the satisfaction of the TSXV’s initial filing requirements in respect of the Transactions and the TSXV’s initial assessment of the Acquisition and related matters. The shareholders of the Company are advised that trading may remain halted until the TSXV provides its final acceptance of the Transactions.

Current 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. In November 2022, the Company submitted to the Ministry an application to terminate the Zuti Kamen exploration license.

In July 2022, the Company and Fortuna entered into two agreements whereby the Fortuna Option was terminated, the Company acquired Fortuna’s 51% beneficial interest in the Tlamino Project, and Fortuna was 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.

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)

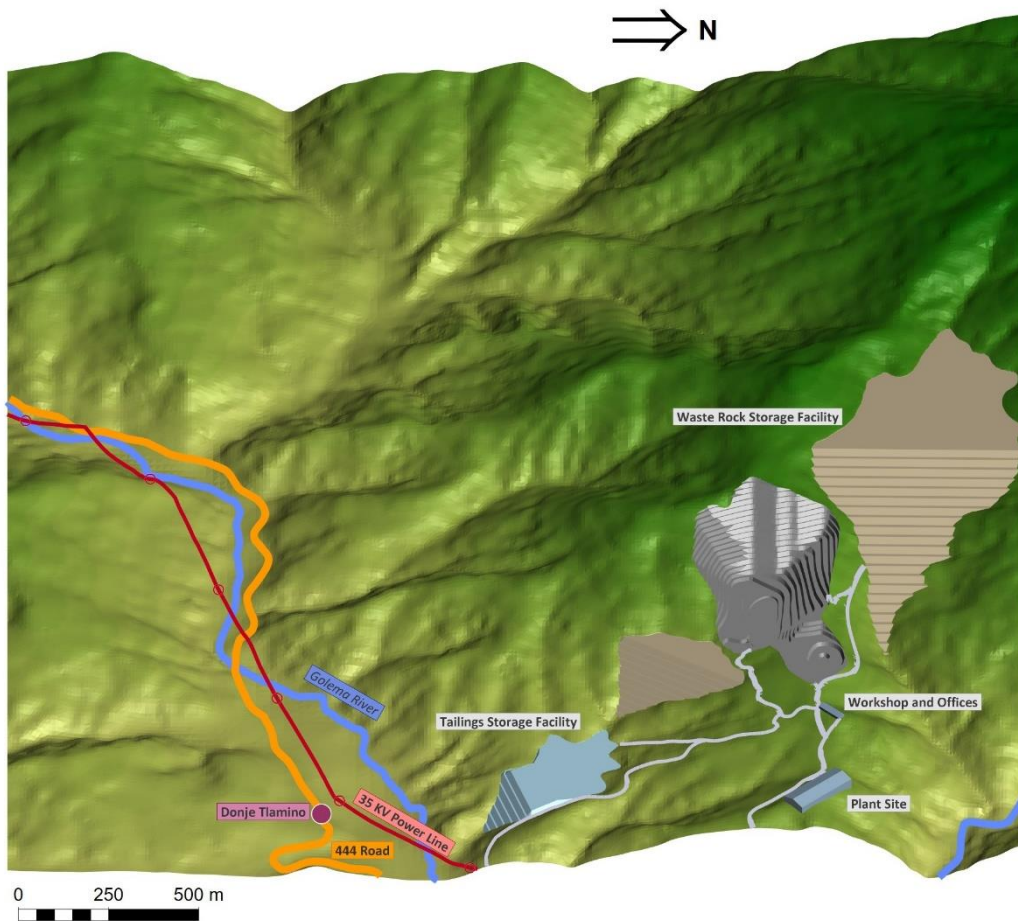


Table 2: Summary of Project Parameters

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



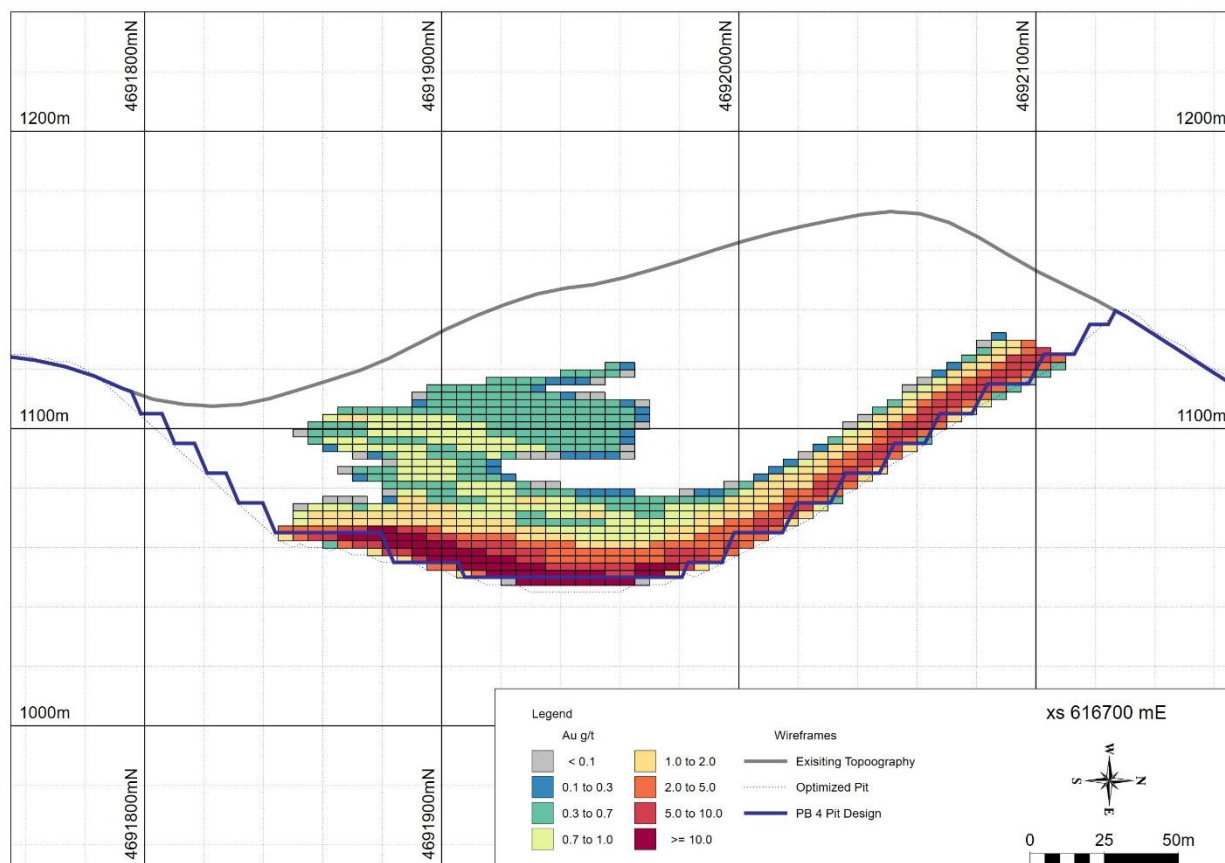
Mineral Resources

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.

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. 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.

Under the terms of the Letter Agreement, the Company had the right to complete certain due diligence activities regarding Zlogosh which, if satisfactory, would have been given the Company the right to enter into an option agreement with Gecon EOOD. Certain site and administrative aspects of the aforementioned due diligence activities were on hold due to restrictions brought about by the COVID-19 pandemic and were duly provided for under the terms of the Letter Agreement.

In April 2023, the Company terminated the Letter Agreement and therefore did not enter into an option agreement.

Qualified Persons

Mr. Aleksandar Vučković, 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 MD&A.

The independent Qualified Persons as defined by NI 43-101 regarding the PEA summary technical information included in this 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 March 31, 2023:

	Mar. 31, 2023 (\$)	Dec. 31, 2022 (\$)	Sep. 30, 2022 (\$)	June 30, 2022 (\$)	Mar. 31, 2022 (\$)	Dec. 31, 2021 (\$)	Sep. 30, 2021 (\$)	June 30, 2021 (\$)
Exploration expenditures	42,031	76,352	74,332	66,468	93,952	138,063	85,176	68,175
General and administrative expenses	128,496	97,076	86,917	126,762	99,662	133,581	137,239	172,353
Loss for the period	(170,219)	(172,817)	(160,591)	(192,905)	(167,639)	(180,015)	(222,130)	(240,087)
Basic and diluted loss per share	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

Exploration expenditures for all quarters presented were mostly to maintain the Tlamino Project and perform limited exploration activities. General and administrative expenses for the first three quarters presented were higher than the subsequent quarterly periods due to share-based expense relating to the granting of stock options at the beginning of the 2021 fiscal year. This share-based expense was spread over all quarters presented as the options became fully vested during the most recently completed quarter but most of the expense was recorded during the 2021 fiscal year.

Results of Operations

Quarter ended March 31, 2023

For the quarter ended March 31, 2023, the Company had a net loss of \$170,219 compared to a net loss of \$167,639 for the quarter ended March 31, 2022, an increase of \$2,580. Reducing the net loss for the comparative quarter was interest and income of \$25,975, of which \$25,804 was from the sale of mineral property data.

Exploration costs for the current quarter were \$42,031 compared to \$93,952 for the comparative quarter, a decrease of \$51,921. The current quarter exploration costs were lower due in part to no management fees being recorded as an exploration cost.

General and administrative expenses totaled \$128,496 for the current quarter compared to \$99,662 for the comparative quarter, an increase of \$28,834. Notable cost increases for the current quarter were in management fees, salaries and benefits, and office and administration. Management fees were higher due to the Chief Executive Officer's compensation being recorded entirely as a general and administrative expense for the current quarter whereas a portion was allocated as an exploration expense in the comparative quarter. Salaries and benefits and office and administration costs for the current quarter were higher due to the proposed Acquisition. A notable decrease for the current quarter was in share-based payments expense though this expense for both the current and comparative quarters relate to the granting of stock options during the 2021 fiscal year and the vesting of the options over a two-year period, ending during the current quarter.

Liquidity and Capital Resources

The Company's cash as at March 31, 2023 were \$64,182 compared to \$87,009 as at December 31, 2022. As at March 31, 2023, the Company had current assets totaling \$86,609 and current liabilities totaling \$577,529, for a working capital deficiency of \$490,920.

The Company last completed a private placement financing in 2020 for gross proceeds of \$2,000,000. These proceeds were used for general working capital requirements and maintaining the Company's mineral properties. During the period ended March 31, 2023, the Company received convertible debenture funding of \$75,000 and an additional \$48,534 subsequently for a total of \$123,534 from Balkan Metals which is being used for general working capital requirements.

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 entered into the proposed Acquisition agreement that will provide additional capital as detailed above. The Company will continue to seek to raise additional capital in the future 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 10 of the condensed interim consolidated financial statements for the three months ended March 31, 2023 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
6,461,666	\$0.10	March 1, 2031
7,101,666		

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, 2022.

Risks and Uncertainties

Mineral Property Exploration and Mining Risks

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

Joint Venture Funding Risk

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

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 though no longer considered to be a global emergency. 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.