



ELECTRUM
d i s c o v e r y c o r p

(formerly Medgold Resources Corp.)

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF ELECTRUM DISCOVERY CORP.

Opinion

We have audited the consolidated financial statements of Electrum Discovery Corp. and its subsidiaries (collectively the "Company"), which comprise:

- ♦ the consolidated statements of financial position as at December 31, 2023 and 2022;
- ♦ the consolidated statements of loss and comprehensive loss for the years then ended;
- ♦ the consolidated statements of cash flows for the years then ended;
- ♦ the consolidated statements of changes in shareholders' equity (deficiency) for the years then ended; and
- ♦ the notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company has accumulated losses of \$17,838,677 and incurred a net loss of \$379,453 during the year ended December 31, 2023. As stated in Note 2, this event or condition, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no key audit matters to communicate in our auditors' report.

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Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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- ♦ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ♦ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ♦ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ♦ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ♦ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Michelle Chi Wai So.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia

April 26, 2024

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Electrum Discovery Corp. (formerly Medgold Resources Corp.)

(Exploration Stage Company)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31, 2023 and 2022

(Expressed in Canadian Dollars)

	2023	2022
ASSETS		
Current assets		
Cash	\$ 50,316	\$ 87,009
Amounts receivable	15,994	6,526
Prepaid expenses and deposits	145	2,087
Total current assets	66,455	95,622
Non-current assets		
Long-term deposits	61,000	61,000
Property and equipment (Note 5)	2,458	14,072
Deferred acquisition costs (Note 1)	167,193	32,888
Exploration and evaluation assets (Note 6)	43,020	43,020
Total non-current assets	273,671	150,980
	\$ 340,126	\$ 246,602
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 443,484	\$ 150,785
Due to related party (Note 12)	284,484	235,179
Total current liabilities	727,968	385,964
Non-current liability		
Convertible debenture – liability component (Note 7)	113,705	-
Total liabilities	841,673	385,964
Shareholders' deficiency		
Share capital (Note 8)	15,751,347	15,751,347
Other equity reserves (Note 9)	1,743,735	1,726,467
Accumulated other comprehensive loss	(157,952)	(157,952)
Deficit	(17,838,677)	(17,459,224)
Total shareholders' deficiency	(501,547)	(139,362)
	\$ 340,126	\$ 246,602

APPROVED ON BEHALF OF THE BOARD ON APRIL 26, 2024:

"Dr. Elena Clarici" (Signed)
Dr. Elena Clarici, Director

"Michael Thomsen" (Signed)
Michael Thomsen, Director

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

Electrum Discovery Corp. (formerly Medgold Resources Corp.)

(Exploration Stage Company)

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS*For the years ended December 31, 2023 and 2022*

(Expressed in Canadian Dollars)

	2023	2022
Exploration expenditures (Notes 10 and 12)	\$ 161,641	\$ 311,104
General and administrative expenses		
Accretion expense (Note 7)	16,107	-
Depreciation (Note 5)	11,614	26,628
Foreign exchange loss (gain)	234	(1,367)
Legal and accounting	48,971	38,092
Management fees (Note 12)	39,500	108,750
Office and administration	74,325	52,147
Salaries and benefits (Note 12)	93,943	80,151
Shareholder communications	8,527	2,015
Share-based payments (Notes 9 and 12)	5,513	77,381
Transfer agent and regulatory fees	13,814	14,952
Travel and accommodation	11,100	11,668
	323,648	410,417
	(485,289)	(721,521)
Interest and other income (Notes 1 and 6)	81,074	27,569
Gain on disposal of equipment (Note 5)	24,762	-
Net loss and comprehensive loss for the year	\$ (379,453)	\$ (693,952)
Loss per share, basic and diluted	\$(0.05)	\$(0.08)
Weighted average number of shares outstanding	8,424,301	8,424,301

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

Electrum Discovery Corp. (formerly Medgold Resources Corp.)

(Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

For the years ended December 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	8,424,301	\$ 15,751,347	\$ 88,743	\$ 1,560,343	\$ -	\$ (157,952)	\$ (16,765,272)	\$ 477,209	
Loss for the year	-	-	-	-	-	-	(693,952)	(693,952)	
Share-based payments	-	-	-	77,381	-	-	-	77,381	
Balance, December 31, 2022	8,424,301	15,751,347	88,743	1,637,724	-	(157,952)	(17,459,224)	(139,362)	
Loss for the year	-	-	-	-	-	-	(379,453)	(379,453)	
Convertible debenture equity component	-	-	-	-	11,755	-	-	11,755	
Share-based payments	-	-	-	5,513	-	-	-	5,513	
Balance, December 31, 2023	8,424,301	\$ 15,751,347	\$ 88,743	\$ 1,643,237	\$ 11,755	\$ (157,952)	\$ (17,838,677)	\$ (501,547)	

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

Electrum Discovery Corp. (formerly Medgold Resources Corp.)

(Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

	2023	2022
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the year	\$ (379,453)	\$ (693,952)
Items not involving cash:		
Convertible debenture accretion expense	16,107	-
Depreciation	11,614	26,628
Foreign exchange	(2,914)	1,540
Gain on disposal of equipment	(24,762)	-
Share-based payments	5,513	77,381
	(373,895)	(588,403)
Changes in non-cash working capital balances:		
Amounts receivable	18,208	(2,246)
Prepaid expenses and deposits	1,942	3,512
Accounts payable and accrued liabilities	158,106	92,369
Due to related party	49,305	184,952
Net cash used in operating activities	(146,334)	(309,816)
FINANCING ACTIVITY		
Proceeds on convertible debentures	123,534	-
Net cash provided from financing activity	123,534	-
INVESTING ACTIVITY		
Deferred acquisition costs	(13,893)	-
Net cash used by investing activity	(13,893)	-
Decrease in cash	(36,693)	(309,816)
Cash, beginning of year	87,009	396,825
Cash, end of year	\$ 50,316	\$ 87,009

Supplemental Cash Flow Information – Note 16

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

Electrum Discovery Corp. (formerly Medgold Resources Corp.)

(Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

1. CORPORATE INFORMATION

Electrum Resources Corp, formerly 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.

Subsequent 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 April 30, 2023, 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. The Company completed the Acquisition subsequently on January 15, 2024.

To complete the Acquisition, the following steps were conducted (the “Transactions”) subsequent to December 31, 2023:

- The Company completed a consolidation of the issued shares, warrants, stock options, and convertible debentures outstanding at January 15, 2024 on a one new for sixteen old basis. As a result, the Company’s issued shares as at December 31, 2023 were reduced to 8,424,301. All references to common shares, warrants, stock options, convertible debentures, and per share amounts in these consolidated financial statements have been updated to reflect the share consolidation.
- The Company settled \$330,000 in accounts payable by issuing 1,650,000 post-consolidation common shares of the Company at a deemed price of \$0.20 per share.
- The Company settled \$250,000 in Balkan Metals accounts payable by issuing 1,666,667 post-consolidation common shares of the Company at a deemed price of \$0.15 per share.
- Balkan Metals completed a private placement consisting of the sale of 21,600,000 units at a price of \$0.10 per unit for gross proceeds of \$2,160,000. Each unit consisted of one Balkan Metals share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.20 per share for a period of two years. Balkan Metals paid cash finders’ fees totaling \$41,300 and issued 413,000 share purchase warrants having an exercise price of \$0.20 per share for a period of twelve months. As a result of the amalgamation, the holders of Balkan Metal common shares and share purchase warrants received pursuant to this financing were exchanged for common shares and share purchase warrants of the Company on a one for one basis.
- In consideration for the transfer to the Company of 100% of the issued shares of Balkan Metals, the Company issued an aggregate of 51,572,096 post-consolidation common shares to the shareholders of Balkan Metals, being one Company share for each Balkan Metals share.
- The name of the Company was changed to “Electrum Discovery Corp”.

The Acquisition constitutes a “reverse takeover” pursuant to the policies of the TSX Venture Exchange (“TSX-V”). For accounting purposes, the Acquisition is considered to be outside the scope of IFRS 3 *Business Combinations* (“IFRS 3”) since the Company’s activities, prior to the Acquisition, were limited to the management of cash resources and the maintenance of its listing and mineral property title and did not constitute a business. The transaction is accounted for considering with IFRS 2 *Share-based Payment* whereby Balkan Metals is deemed to have issued shares in exchange for the net assets of the Company together with its listing status at the fair value of the consideration received by Balkan Metals.

Electrum Discovery Corp. (formerly Medgold Resources Corp.)

(Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

1. CORPORATE INFORMATION (continued)

Subsequent Acquisition of Balkan Metals Corp. (continued)

As of December 31, 2023, transaction costs of \$167,193 relating to the Acquisition were incurred and recorded as a deferred acquisition cost.

During the year ended December 31, 2023, the Company and Balkan Metals agreed to extend the previously agreed deadline for closing the Acquisition of April 30, 2023. In consideration of the extension, Balkan Metals made cash payments to the Company totaling \$80,000 which were recorded as income during the current year.

2. BASIS OF PREPARATION

Statement of Compliance

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

Basis of Measurement

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

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

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

Going Concern and Continuance of Operations

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material. At December 31, 2023, the Company had not yet achieved profitable operations, has accumulated losses of \$17,838,677 (2022: \$17,459,224) since its inception, and expects to incur further losses in the development of its business. For the year ended December 31, 2023, the Company incurred a net loss of \$379,453 (2022: \$693,952). 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 (Note 1), 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.

Electrum Discovery Corp. (formerly Medgold Resources Corp.)

(Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICIES

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

a) Basis of Consolidation

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

Details of the Company's principal subsidiaries as at December 31, 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

b) Foreign Currency Translation

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

c) Cash and Cash Equivalents

Cash and cash equivalents include cash at banks and on hand, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of change of value. The Company had no cash equivalents as at December 31, 2023 and 2022.

d) Exploration and Evaluation Assets

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

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

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(Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

d) Exploration and Evaluation Assets (continued)

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

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

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

e) Property, Equipment and Depreciation

Recognition and Measurement

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

Depreciation

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

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

f) Impairment of Non-financial Assets

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

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For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

f) Impairment of Non-financial Assets (continued)

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

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

g) Provisions

Rehabilitation Provision

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

As at December 31, 2023 and 2022, the Company had no asset retirement or rehabilitation obligations.

Other Provisions

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

h) Income Taxes

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

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

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

i) Share Capital

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

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

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

j) Earnings/Loss Per Share

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

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

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

k) Share-based Payments

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

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

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

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

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3. MATERIAL ACCOUNTING POLICIES (continued)

k) Share-based Payments (continued)

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

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

l) Financial Instruments

Financial Assets

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

Financial assets measured at amortized cost

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

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

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

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

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

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

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

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3. MATERIAL ACCOUNTING POLICIES (continued)

l) Financial Instruments (continued)

Financial Assets (continued)

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

Financial Liabilities

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

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

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

Cash	FVTPL
Deposits	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related party	Amortized cost
Liability portion of convertible debenture	Amortized cost

m) Convertible Debenture Liabilities

Convertible debentures issued by the Company are 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.

n) Business Combinations and Asset Acquisitions

At the time of an acquisition, the Company considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Company accounts for an acquisition as a business combination where an integrated set of activities and assets is acquired. More specifically, consideration is given to the extent to which significant processes are acquired.

When the acquisition of subsidiaries does not represent a business combination, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized.

Costs related to an acquisition are classified as deferred acquisition costs until the acquisition is completed. Deferred acquisition costs related to acquisition transactions that do not complete are written off and recognized in profit or loss.

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3. MATERIAL ACCOUNTING POLICIES (continued)

o) New Standards and Interpretations Not Yet Adopted

The Company has reviewed upcoming policies and determined that none are expected to have an impact on the Company's consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

- a) The determination of the Company's and its subsidiaries' functional currency is determined based on management's assessment of the currency of the primary economic environment in which the entities operate.
- b) 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.
- 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 an acquisition 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.

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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

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

- 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.
- 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 consolidated statements of financial position and the accretion expense recognized in profit and loss.

5. 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
Disposals	(84,067)	(8,929)	(6,460)	(99,456)
Balance, December 31, 2023	\$ 25,377	\$ 17,351	\$ 29,003	\$ 71,731
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 year	7,390	-	4,224	11,614
Disposals	(84,067)	(8,929)	(6,460)	(99,456)
Balance, December 31, 2023	\$ 25,377	\$ 17,351	\$ 26,545	\$ 69,273
Carrying amounts				
At December 31, 2022	\$ 7,390	\$ -	\$ 6,682	\$ 14,072
At December 31, 2023	\$ -	\$ -	\$ 2,458	\$ 2,458

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6. EXPLORATION AND EVALUATION ASSETS

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

Serbia

a) Exploration Licences

As of December 31, 2023, the Company held two granted exploration licences, the Donje Tlamino and Surlica-Dukat licences which comprise the Tlamino Project. In November 2022, the Company submitted to the Ministry an application to terminate the Zuti Kamen exploration license which adjoins the southern border of the Surlica Dukat licence, and during the year ended December 31, 2023, the termination of the Zuti Kamen licence was approved.

b) Tlamino Project Option

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

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

During the 2022 fiscal year, the Company entered into two agreements with Fortuna to acquire Fortuna's Interest in the Project. The first agreement terminated the Option and the second converted the Interest to a 1% net smelter return royalty (the "Royalty") in favour of Fortuna. All obligations under the terms of the Option were extinguished. The Royalty may be purchased at any time by the Company for a cash consideration of \$3.0 million.

c) Geological Data Sale

During the 2022 fiscal year, the Company sold geological data pertaining to previously held Serbian properties to a third party for proceeds of \$25,804, which is recorded in other income.

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. During the year ended December 31, 2023, the Company decided to terminate this agreement.

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7. 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 were to be converted into common shares of the Company in the event that the Acquisition (Note 1) was not completed, otherwise principal and accrued interest are to be settled with cash upon maturity. The debenture, if converted before the first anniversary, was convertible into a maximum of 187,500 common shares of the Company at the rate of \$0.80 per share and if converted after the first anniversary, convertible into a maximum of 93,750 common shares of the Company at the rate of \$1.60 per share. Subsequent to December 31, 2023, the Acquisition was completed, resulting in the convertible debenture debt becoming an intercompany balance upon which it will be eliminated upon consolidation after the date of the Acquisition.

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.

In February 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.

In April 2023, the Company received a second and final tranche of \$48,534 in convertible debenture funding. Upon the issuance of the second tranche, the fair value was separated into a liability component of \$43,140 and an equity component of \$5,394 included in other equity reserves. The equity component was calculated as the difference between the gross proceeds received of \$48,534 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 \$14,181 were incurred and have been recorded against the liability and equity components and are being amortized to the consolidated statements of comprehensive loss over the life of the convertible debentures. During the year ended December 31, 2023, accretion of interest of \$16,107 was charged to profit or loss.

	Liability component	Equity component
Face value of debentures at date of issue	\$ 110,290	\$ 13,244
Issuance costs allocated	(12,692)	(1,489)
Accretion of discount	16,107	-
Balance, December 31, 2023	\$ 113,705	\$ 11,755

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8. SHARE CAPITAL AND RESERVES

Common Shares

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

There was no share capital activity during the years ended December 31, 2023 and 2022.

Share Purchase Warrants

During the year ended December 31, 2023, a total of 2,554,375 share purchase warrants with an exercise price of \$1.60 per share expired unexercised. There was no share purchase warrant activity during the year ended December 31, 2022.

As at December 31, 2023, there were no share purchase warrants outstanding (2022: 2,554,375 with an exercise price of \$1.60 per share).

9. SHARE-BASED PAYMENTS

Option Plan Details

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

The following is a summary of changes in options for the year ended December 31, 2023:

Expiry date	Exercise price	Opening balance	During the year			Closing balance	Vested and exercisable
			Granted	Exercised	Expired / forfeited		
February 23, 2024	\$2.40	5,000	-	-	-	5,000	5,000
June 18, 2024	\$1.76	31,250	-	-	-	31,250	31,250
June 28, 2026	\$2.40	3,750	-	-	-	3,750	3,750
March 1, 2031	\$1.60	403,855	-	-	(729)	403,126	403,126
		443,855	-	-	(729)	443,126	443,126
Weighted average exercise price		\$1.60	-	-	\$1.60	\$1.63	\$1.63

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9. SHARE-BASED PAYMENTS (continued)

Option Plan Details (continued)

The following is a summary of changes in options for the year ended December 31, 2022:

Expiry date	Exercise price	Opening balance	During the year			Closing balance	Vested and exercisable
			Granted	Exercised	Expired / forfeited		
February 23, 2024	\$2.40	5,000	-	-	-	5,000	5,000
June 18, 2024	\$1.76	31,250	-	-	-	31,250	31,250
June 28, 2026	\$2.40	3,750	-	-	-	3,750	3,750
January 15, 2029	\$2.40	31,250	-	-	(31,250)	-	-
March 1, 2031	\$1.60	405,313	-	-	(1,458)	403,855	269,479
		476,563	-	-	(32,708)	443,855	309,479
Weighted average exercise price		\$1.68	-	-	\$2.36	\$1.63	\$1.64

Fair Value of Options Issued During the Year

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

The weighted average remaining contractual life of the options outstanding at December 31, 2023 is 6.58 (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.

Options Issued to Non-Employees

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

Expenses Arising from Share-based Payment Transactions

Total expenses arising from the share-based payment transactions related to the granting of stock options and recognized as part of share-based compensation during the year ended December 31, 2023 were \$5,513 (2022: \$77,381).

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10. EXPLORATION EXPENDITURES

During the years ended December 31, 2023 and 2022, the Company incurred the following exploration expenditures on the Tlamino Project:

	2023	2022
Assaying	\$ 5,205	\$ 10,767
Geological and other consulting (Note 12)	20,855	121,732
Legal and accounting	30,223	52,328
Licenses, rights and taxes	34,482	24,202
Office and administration	53,037	51,596
Salaries and benefits	36,272	38,090
Travel	11,567	12,389
	191,641	311,104
Expense recovery	(30,000)	-
	\$ 161,641	\$ 311,104

11. INCOME TAXES

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

	2023	2022
Net loss for the year	\$ (379,453)	\$ (693,952)
Statutory income tax rate	27.00%	27.00%
Expected income tax recovery	(102,452)	(187,367)
Decrease (increase) resulting from:		
Non-deductible expenses and others	1,624	21,149
Differences between Canadian and foreign tax rates	13,163	34,399
Change in timing differences	(11,835)	6,753
Impact of foreign exchange on tax assets and liabilities	(4,224)	(11,654)
Over (under) provided in prior years	264,630	144,298
Unused tax losses and tax offsets not recognized	(160,906)	(7,578)
Income tax recovery	\$ -	\$ -

The tax rates represent the federal and provincial statutory rate applicable for the 2023 taxation year, 27% for Canada, and 15% for Serbia.

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11. INCOME TAXES (continued)

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

	2023	2022
Non-capital loss carry-forwards	\$ 10,847,894	\$ 12,356,297
Exploration and evaluation assets	10,255,930	10,225,930
Property and equipment	231,889	214,699
Unrecognized deductible temporary differences	\$ 21,335,713	\$ 22,796,926

Subject to certain restrictions, the Company has non-capital losses of \$7,991,639 (2022: \$7,794,188) available to reduce future Canadian taxable income. The non-capital losses expire as follows:

Year	
2026	\$ 1,505,389
2028	57,142
2029	184,122
2032	263,577
2033	485,883
2034	539,445
2035	680,434
2036	462,708
2037	522,527
2038	596,487
2039	992,081
2040	618,345
2041	507,855
2042	368,249
2043	207,395
	\$ 7,991,639

The Company also has non-capital losses for income tax purposes of \$2,856,255 (2022: \$4,562,109) available to reduce future Serbian taxable income. The Serbian non-capital losses expire in five years as follows:

Year	
2024	\$ 1,465,014
2025	634,990
2026	404,382
2027	176,220
2028	175,649
	\$ 2,856,255

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12. RELATED PARTY TRANSACTIONS AND BALANCES

The Company's related parties with transactions during the years ended December 31, 2023 and 2022 consist of directors, officers, and the following company controlled by directors and/or officers:

Related party	Nature of transactions
Virv International Inc. ("Virv")	Management and geological services

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

The amount due to related party as of December 31, 2023 consists of \$284,484 (2022: \$235,179) owing to Virv for management fees and expense reimbursement. The balance due was unsecured, non-interest bearing and due on demand.

Subsequent to December 31, 2023, upon completion of the Acquisition (Note 1), \$128,280 of the related party debt to Virv was settled with the issuance of 641,400 common shares at a deemed price of \$0.20 per share and \$152,000 became due after one year. With the completion of the Acquisition, Virv also agreed to waive a total of \$47,500 in management fees charged during the 2023 fiscal year, the amount of which was recorded as a cost recovery against management fees in the year ended December 31, 2023.

Key Management Compensation

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

	2023	2022
Management fees	\$ 39,500	\$ 108,750
Geological and other consulting fees (included in exploration expenditures)	-	65,250
Salaries and benefits	32,170	29,251
Value of stock option grants recorded as share-based payments expense	1,299	18,232
	\$ 72,969	\$ 221,483

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

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13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

- Market risk
- Credit risk
- Liquidity risk

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

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

General Objectives, Policies and Processes

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

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

a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, interest rate risk, and equity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. As at December 31, 2023, the Company is exposed to foreign currency risk and interest rate risk.

Foreign Currency Risk

As at December 31, 2023 and 2022, the Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

As at	December 31, 2023		
	US Dollars (CAD equivalent)	Euros (CAD equivalent)	Serbian Dinars (CAD equivalent)
Cash	\$ 5,212	\$ -	\$ 2,025
Amounts receivable	-	-	14,285
Accounts payable and accrued liabilities	-	(4,704)	(66,706)
Net exposure	\$ 5,212	\$ (4,704)	\$ (50,396)

Electrum Discovery Corp. (formerly Medgold Resources Corp.)

(Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

General Objectives, Policies and Processes (continued)

a) Market Risk (continued)

Foreign Currency Risk (continued)

As at	December 31, 2022			
	British Pound Sterling (CAD equivalent)	US Dollars (CAD equivalent)	Euros (CAD equivalent)	Serbian Dinars (CAD 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 December 31, 2023, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would result in approximately a \$5,000 (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 December 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 seek additional capital resources when needed in an effort to have sufficient funds to meet its liabilities. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. At December 31, 2023, the Company had a working capital deficiency of \$661,513 (2022: \$290,342). The Company's accounts payable and accrued liabilities and due to related party balances had contractual maturities of less than 45 days and were subject to normal trade terms. The Company's convertible debenture debt is due by January 27, 2025 (Note 7). Subsequent to December 31, 2023, upon completion of the Acquisition (Note 1), a total of \$283,514 in current liabilities as of December 31, 2023 became due on July 13, 2024.

Electrum Discovery Corp. (formerly Medgold Resources Corp.)

(Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Determination of Fair Value

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

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

Fair Value Hierarchy

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

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

The fair values of the Company's financial assets measured at fair value on a recurring basis as of December 31, 2023 were calculated as follows:

	Balance at December 31, 2023	Level 1	Level 2	Level 3
Financial Asset:				
Cash	\$ 50,316	\$ 50,316	\$ -	\$ -

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its properties and to maintain flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes the components of shareholders' equity. There were no changes in the Company's capital management approach during the year ended December 31, 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 December 31, 2023 to be sufficient to cover its corporate operating costs, potential future mineral property acquisitions, or exploration activities through the next twelve months. As such, the Company completed the Acquisition 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.

Electrum Discovery Corp. (formerly Medgold Resources Corp.)

(Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

15. SEGMENTED REPORTING

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. 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.

16. SUPPLEMENTAL CASH FLOW INFORMATION

	2023	2022
Consideration received for equipment disposal included in accounts receivable	\$ 15,655	\$ -
Interest paid	\$ -	\$ -
Taxes paid	\$ -	\$ -

17. EVENTS AFTER THE REPORTING DATE

Subsequent to December 31, 2023, the following events which have not been disclosed elsewhere in these consolidated financial statements have occurred:

- i) A total of 3,898,785 stock options with an exercise price of \$0.20 per share, life of five years, and vesting over eighteen months were granted and 480,000 deferred share units awarded.
- ii) A total of 75,000 stock options with an exercise price of \$0.20 per share, life of five years, and vesting over twenty-four months were granted.
- iii) A total of 5,000 stock options with an exercise price of \$2.40 per share expired unexercised and a total of 1,875 stock options were forfeited unexercised.
- iv) A total of 72,453 share purchase warrants with an exercise price of \$0.15 per share expired unexercised.



(formerly Medgold Resources Corp.)

(the “Company”)

MANAGEMENT’S DISCUSSION AND ANALYSIS

Year End Report – December 31, 2023

General

This Management’s Discussion and Analysis (“**MD&A**”) supplements, but does not form part of, the annual audited consolidated financial statements of the Company for the fiscal year ended December 31, 2023. The following information, prepared as of April 26, 2024, should be read in conjunction with the December 31, 2023 consolidated financial statements. The Company reports its financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. All amounts are expressed in Canadian dollars unless otherwise indicated.

Additional information relevant to the Company’s activities can be found on SEDAR+ at (www.sedarplus.ca).

Forward Looking Information

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

- the 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 pandemics, epidemics and public health crises, and the impact they might have on the Company's business, operations, financial condition and/or share price;

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

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

- 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 the Republic of Serbia ("**Serbia**"); however, management has been actively investigating potential business opportunities in other regions.

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 April 30, 2023, 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 kilometres, the resulting company (the "**Resulting Issuer**") is the largest holder of highly prospective exploration ground in the Republic of Serbia.

To complete the Acquisition, the following steps were conducted (the “**Transactions**”) subsequent to December 31, 2023:

- The Company completed a consolidation of the issued shares, warrants, stock options, and convertible debentures outstanding at January 15, 2024 on a one new for sixteen old basis. As a result, the Company's issued shares as at December 31, 2023 were reduced to 8,424,301. **All references to common shares, warrants, stock options, convertible debentures, and per share amounts in these consolidated financial statements have been updated to reflect the share consolidation.**
- The Company settled \$330,000 in accounts payable by issuing 1,650,000 post-consolidation common shares of the Company at a deemed price of \$0.20 per share.
- The Company settled \$250,000 in Balkan Metals accounts payable by issuing 1,666,667 post-consolidation common shares of the Company at a deemed price of \$0.15 per share.
- Balkan Metals completed a private placement consisting of the sale of 21,600,000 units at a price of \$0.10 per unit for gross proceeds of \$2,160,000. Each unit consisted of one Balkan Metals share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.20 per share for a period of two years. Balkan Metals paid cash finders' fees totaling \$41,300 and issued 413,000 share purchase warrants having an exercise price of \$0.20 per share for a period of twelve months. As a result of the amalgamation, the holders of Balkan Metal common shares and share purchase warrants received pursuant to this financing were exchanged for common shares and share purchase warrants of the Company on a one for one basis.
- In consideration for the transfer to the Company of 100% of the issued shares of Balkan Metals, the Company issued an aggregate of 51,572,096 post-consolidation common shares to the shareholders of Balkan Metals, being one Company share for each Balkan Metals share.
- The name of the Company was changed to “Electrum Discovery Corp”.

The Acquisition constitutes a “reverse takeover” pursuant to the policies of the TSX Venture Exchange (“**TSX-V**”).

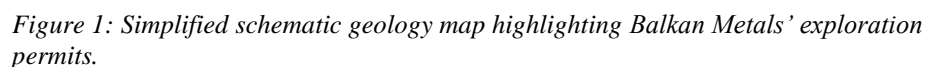
Upon completion of the Acquisition, Ralph Rushton remained on the Board of Directors and Kevin Bales continued on as CFO of the Resulting Issuer. Dr. Elena Clarici was appointed as Director, Executive Chair and CEO of the Resulting Issuer, and Michael Thomsen and Eric Rasmussen were appointed as directors. Subsequent to the completion of the Acquisition, R. Michael Jones was appointed as a fifth director.

The Balkan Metals Properties

Balkan Metals controls over 760 square kilometres of mineral rights spanning two of the most prospective metallogenic provinces in the Tethyan Metallogenic Belt, crossing the Republic of Serbia, so called West Tethyan Belt (the “**West Tethyan**”): (1) the Timok Magmatic Complex (the “**TMC**”), host of world class Cu-Au porphyry style deposits; and (2) the Serbo-Macedonian Massif (the “**SMM**”), located to the west of TMC, and continues to northern Greece (Figure 1).

Balkan Metals' exploration portfolio is composed of 12 mineral permits and 3 mineral permit applications. Certain Balkan Metals' permits are grouped in two principal projects:

1. Timok East Project (Luka, Makovište and Bukova Glava permits) situated on the eastern fringe of Timok Magmatic Complex; and
2. Besna Kobila Project (Radovnica, Ljubata and Crnoštica permits) adjacent to the Company's Tlamino Project and located in the SMM Tertiary metallogenic province in the southern Serbia.



Current exploration is centred on the contiguous Luka and Makovište permits (74 square kilometres combined), portions of which were previously held and explored by First Quantum Minerals Ltd. ("**FQM**") between 2016 and 2020. During that period, 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.

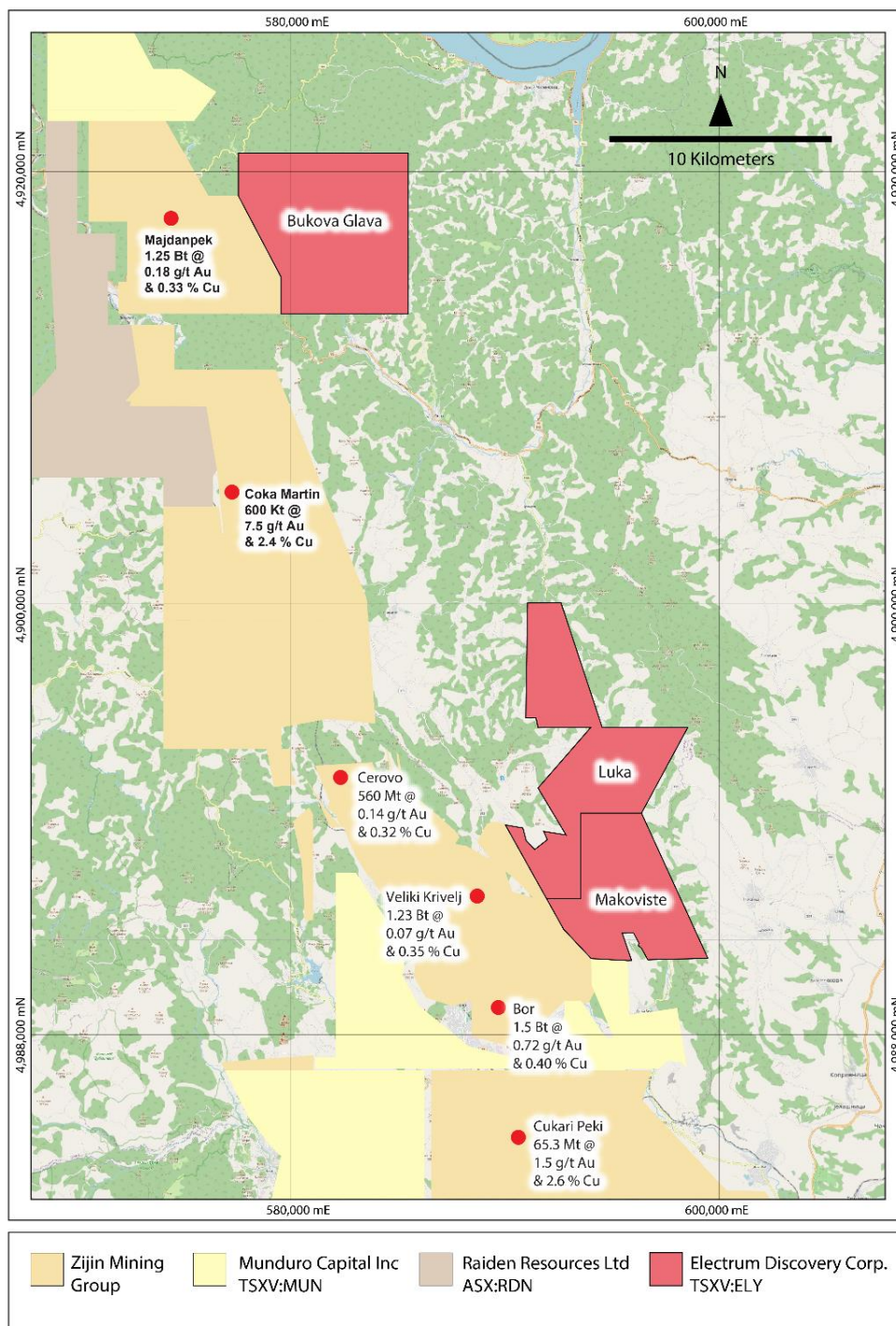


Figure 2: Map showing the Company's and major third-party mineral exploration and mining companies' properties in the Bor region. Third-party resource figures sourced from Jelenkovic, Rade & Milovanović, Dragan & Koželj, Dejan & Banješević, Miodrag. (2016). *The Mineral Resources of the Bor Metallogenic Zone: A Review. Geologia Croatica. 69. 143-155.*

The Makovište permit is contiguous to the Luka permit, to its SSE side. 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.

Exploration work planned for 2024 comprises infill soil sampling and geophysics to confirm the source of the Cu anomalism and to define drill targets.

Timok East Exploration Program

Luka and Makovište together cover four distinct geological domains as laid out below (Table 1). Following the acquisition of Balkan Metals, exploration work was set to target the historic copper anomalism concordant with Jurassic and Cretaceous limestones, originally identified by FQM. Furthermore, initial field work by the Company has validated further targets of interest in Palaeozoic metasedimentary and ophiolitic rocks to the east of the limestones. See Figure 3.

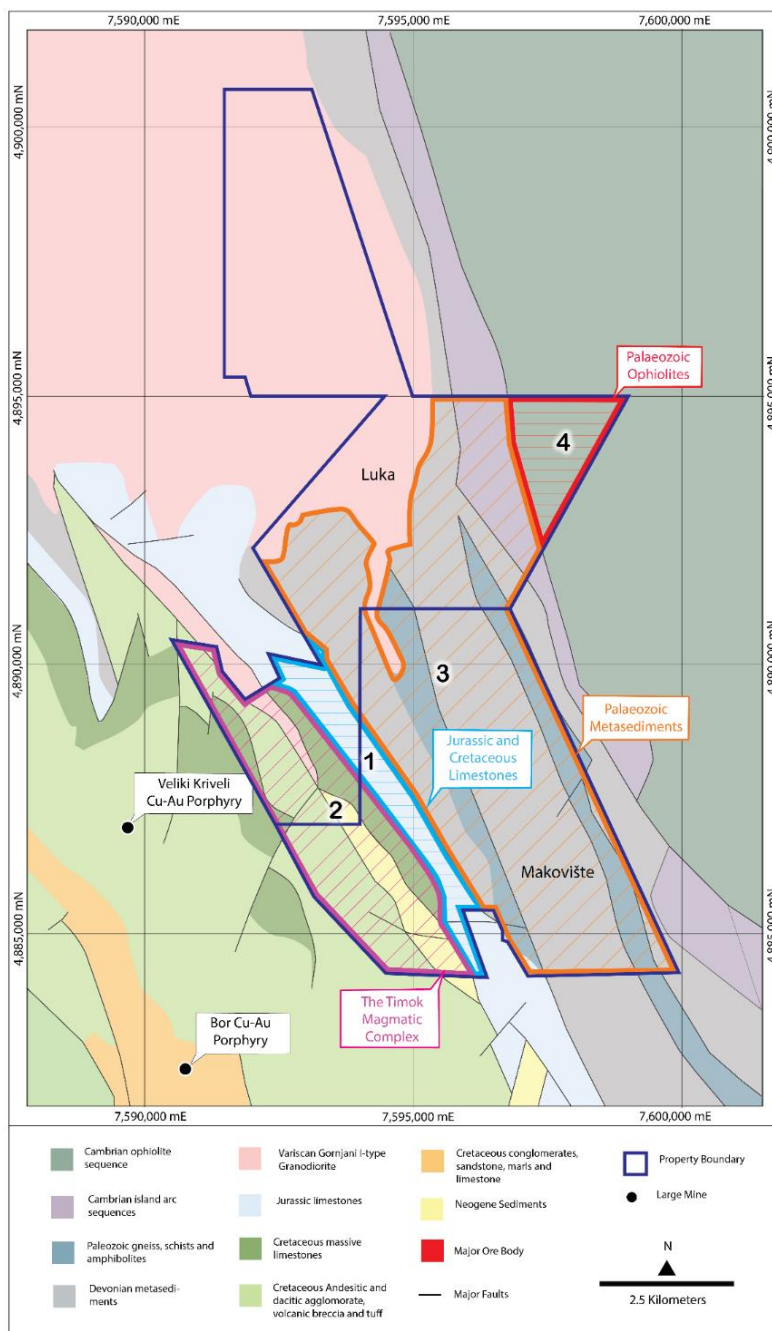


Figure 3: Simplified schematic geology map highlighting the four geological domains of the Timok East Project.

Table 1: Luka and Makovište Exploration Permits: Exploration Targets over Distinctive Geological Domains

Zone	Geology	Target	Historic Work¹	2024 Work
1	Jurassic and Cretaceous Limestone	Replacement / skarn type gold-base metal mineralisation linked to the Veliki Krivelj porphyry system and associated intrusion.	Ridgeline and 400 x 400 m gridded soil sampling by FQM defined a linear 5 km copper anomaly over the limestone ridge.	Detailed geological mapping and resonance rock chip sampling across the anomalous zone to better understand the source of anomalism and in order to effectively design follow-up exploration methods to further develop the target.
2	The Timok Magmatic Complex	Satellite porphyry copper mineralisation associated with the Veliki Krivelj deposit, located 3 km to the west across analogous geological terrain.	Ridgeline and 400 x 400 m gridded soil sampling by FQM in the northern Makovište and western Luka concessions identified anomalous copper values up to 291 ppm.	Orientation hand auger soil sampling survey to establish appropriate exploration method to test the under-explored Makovište portion of the TMC and to further define anomalous zones in Luka.
3	Palaeozoic Meta-sediments	Various types of hydrothermal precious and base-metal mineralisation, including porphyry and epithermal type – linked to the proximal Bor mineralised trend.	400 x 400 m gridded soil sampling by FQM defined two large (>1 km ²) copper anomalies in the southern Luka and northern Makovište concessions. Historic rock chip sampling identified copper mineralisation (up to 3.1% Cu) in stockwork material in the centre of Makovište.	Infill 200 x 200 m gridded soil sampling over historic anomalies to delineate target structure orientations and vector in on anomalies for follow-up exploration. Follow-up soil sampling and rock-chip sampling over copper mineralised stockwork using a 25 x 50 m grid.
4	Palaeozoic Ophiolites	Orogenic style -shear hosted high-grade gold.	Historic ridge soil sampling by FQM in 2018, detected increased-level gold anomalies. Historic rock chip sampling by Reservoir Minerals / Orogen Gold PLC ² confirmed the continuation of the Gindusa gold system on the Luka property.	Detailed geological mapping and rock chip sampling to define the strike and grade of the Gindusa extension. Two soil traverses across the zone, to identify parallel structures of interest and potential gold mineralisation associated with the ophiolite suture zone to the west.

Zone 1. Jurassic and Cretaceous Limestone

Since March 2024, when the exploration program started, geological mapping and rock chip sampling have been under way in an area of extensive outcropping Jurassic and Cretaceous limestones anomalous in copper at the Makovište exploration permit. The anomaly has a strike length of ~6 kilometres (Figure 4) and is approximately 270 metres wide. Furthermore, orientation mapping work is underway on the anomaly, aiming to develop an efficient targeting strategy for further testing.

¹ See Company's Independent Technical Report Timok East Project, Bor District, Republic of Serbia, with an effective date of March 23, 2023 filed on SEDAR+ at www.sedarplus.ca for more information.

² See Orogen Gold PLC Annual Report, 2012

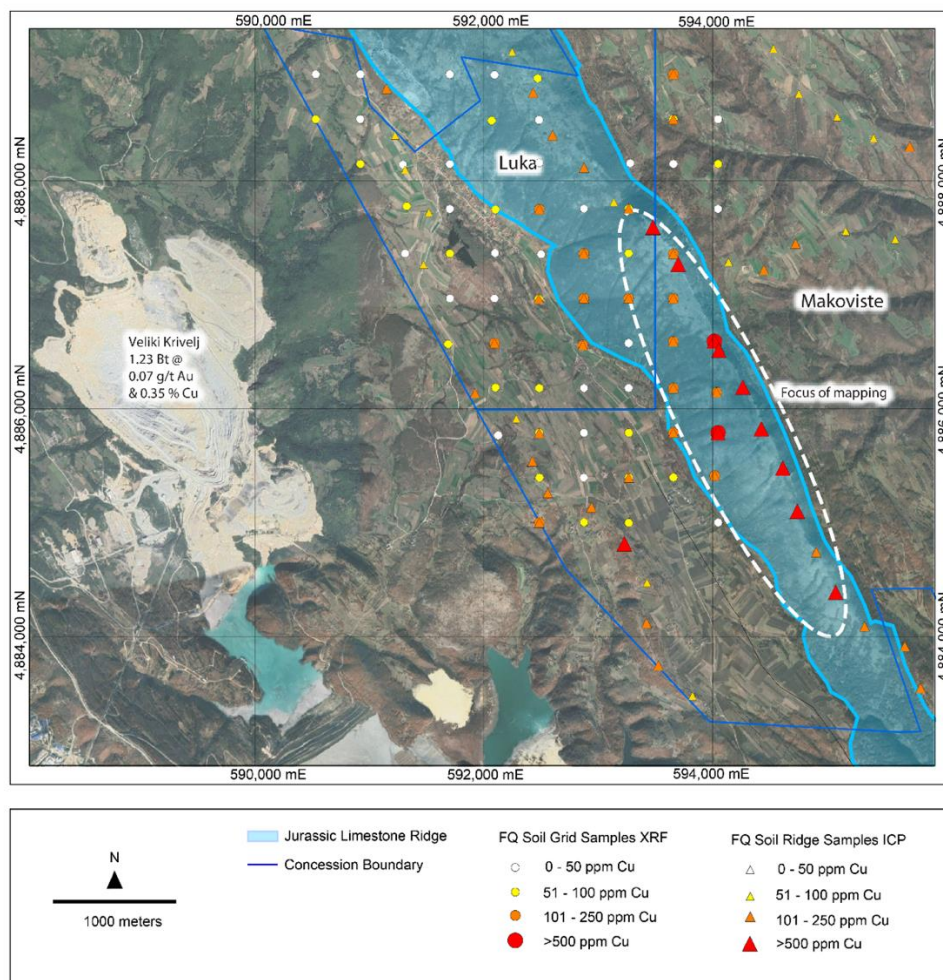


Figure 4: Simplified schematic map highlighting the Jurassic limestone ridge and associated copper anomalism defined by historical soil sampling.

Zone 2. The Timok Magmatic Complex

This domain hosts the major porphyry and epithermal copper and gold deposits of Bor, Veliki Krivelj, Čukari Peki and Majdanpek, which fall to the immediate west of the Jurassic and Cretaceous limestone targets described earlier. Copper anomalism across the domain was identified by FQM via soil sampling at Luka but was never properly tested. The Makovište portion of the TMC domain remains unexplored. In March 2024, the Company initiated exploration with a hand auger sampling program. Once initial orientation works are completed, the Company plans to pursue a 400 x 400-metre soil, and/or auger sampling grid over the unexplored portion of the TMC within the Makovište exploration permit with a view to the identification of further porphyry targets.

Zone 3. Palaeozoic Metasediment

Palaeozoic gneisses, schists, and amphibolites are present as three northeast-southwest trending thrust slices within the Luka and Makovište exploration permits. Historic exploration work identified two zones of geological interest in this domain: in the areas of the northern Makovište and southern Luka exploration permits, two large copper anomalies were identified by FQM via soil sampling, the results of which are shown with contours in Figure 5.

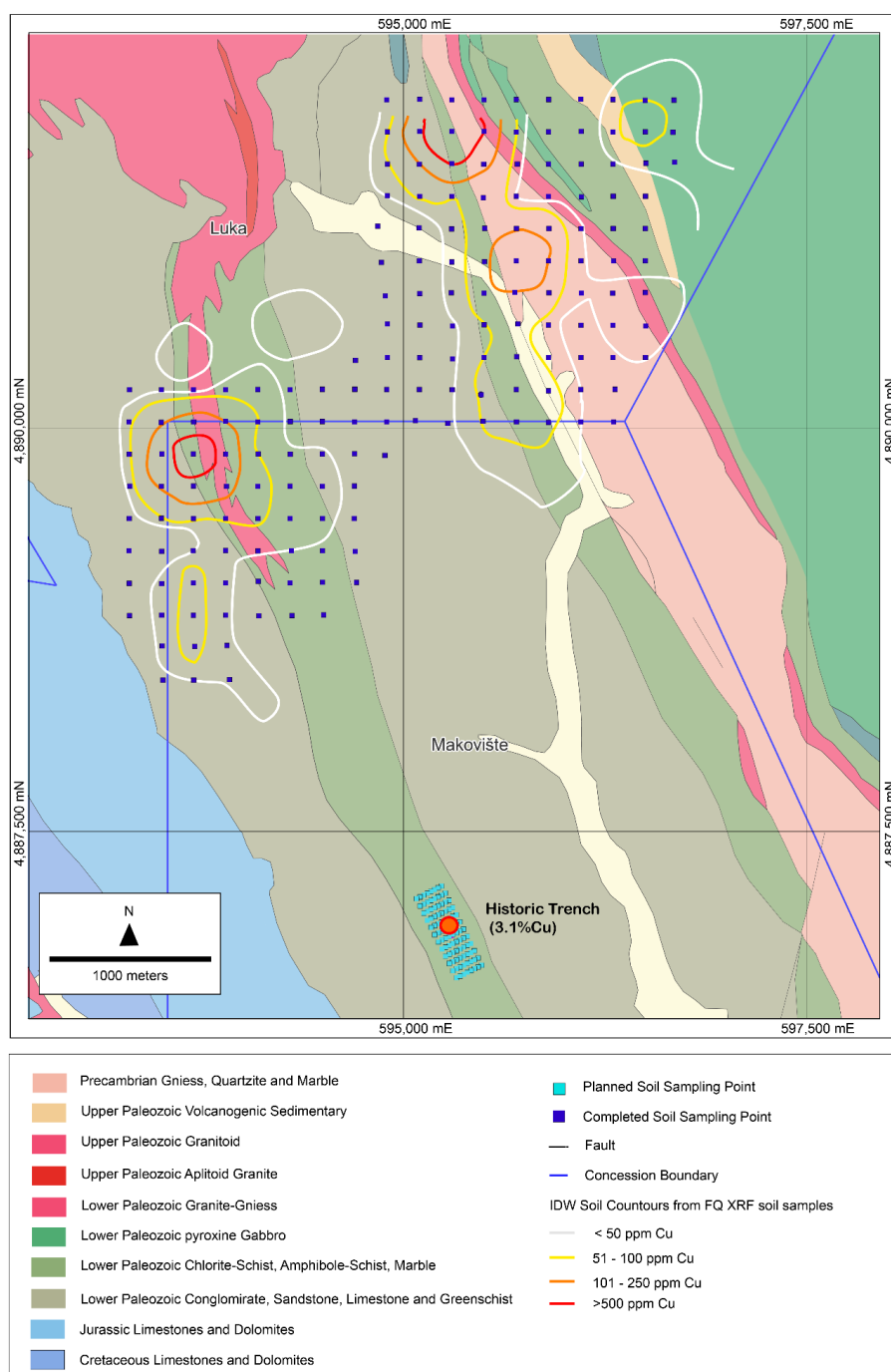


Figure 5: Geology map showing the Palaeozoic Metasediments. Highlighting copper anomalies identified by historic soil and rock chip sampling completed by FQM and the Company's present soil sampling grids over these anomalies.

In March 2024, in conjunction with geological mapping of this area, the Company has completed a 200 x 200 metre infill soil sampling grid comprising 169 samples to define targets for follow-up exploration.

Geological mapping of Palaeozoic metasediments by the Company has also recorded the presence of secondary copper mineralization (malachite and azurite) associated with exposed stockwork and alteration in historic trenches in central Makovište. While no historic follow-up work of this occurrence appears to have been pursued a historical rock chip sample returned a grade of 3.1% Cu. During initial exploration in March 2024, the Company has completed a 50 x

25 metre soil sampling grid consisting of 81 samples to define potential copper anomalism along strike to the north and south of this trench, and providing a target for follow-up surface trenching.

Zone 4. Palaeozoic Ophiolite

Cambrian ophiolites comprising ultrabasic and basic cumulates, sheeted dykes and volcanics crop out in the northeastern corner of the Luka exploration permit. Within this domain, the Company's mapping, identified four shafts linked to the historic mining of orogenic gold-bearing silicified shear zones (Figure 6). The Company believes this is a direct strike extension of the historic Gindusa mine, located approximately 1 kilometre to the southeast of the Company's property. Gindusa was previously explored by Orogen Gold PLC ("**Orogen**") as part of their Deli Jovan Project.

Follow-up mapping is underway to better define the extent, orientation, and style of mineralization exploited by historic mining within Luka, and 96 soil samples were collected in the northeastern corner of the Luka exploration permit over two parallel NE-SW striking 150 metre spaced traverses, with the objective of seeking evidence for further Gindusa-style occurrences. These traverses will also be used to identify any potential gold anomalism associated with parallel gold mineralized structures and/or inflections within the ophiolite sequence and the western ophiolite-metasedimentary suture zone.

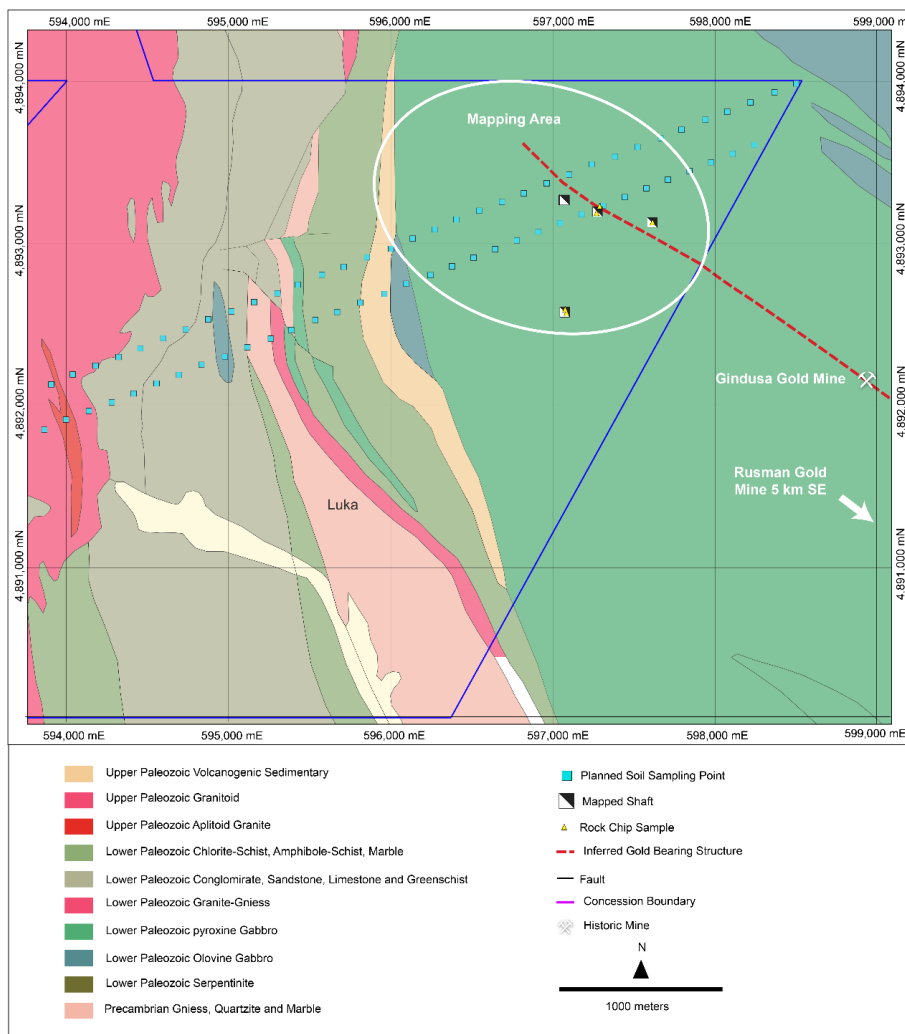


Figure 6: Geology map showing the Palaeozoic Ophiolites in the eastern corner of the Luka concession. Highlighting the Guindusa gold mine and associated structure extending into Luka and The Company's target mapping zone and planned soil sampling traverses.

Tlamino Project

The Company holds two granted exploration licenses, the Donje Tlamino and Surlica-Dukat licenses which comprise the Tlamino Project, located in southern Serbia. In October 2020, the Serbian Ministry of Mining and Energy issued new exploration licenses for the Donje Tlamino and Surlica Dukat license. The licenses were initially awarded for three years and are renewable for terms of three and then two years, of which the renewal process is ongoing. At the same time a new exploration license, Zuti Kamen, which covered 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 and in 2023, termination of the license was approved.

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. Much of the historic and available geological 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.

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 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 a March 2017 Tlamino option agreement.

In July 2022, the Company and Fortuna entered into two agreements whereby the Fortuna option agreement 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.

In October 2023, the Company submitted progress reports and renewal application for the second three-year exploration cycle for the Donje Tlamino and Surlica Dukat properties that comprise the Tlamino Project.

The Tlamino Project, Review

The Tlamino Project 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 former 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 2.

Table 2: 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 SEDAR+ at www.sedarplus.ca.

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 ($\pm 30\%$). 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 7. Key project parameters are presented in Table 3.

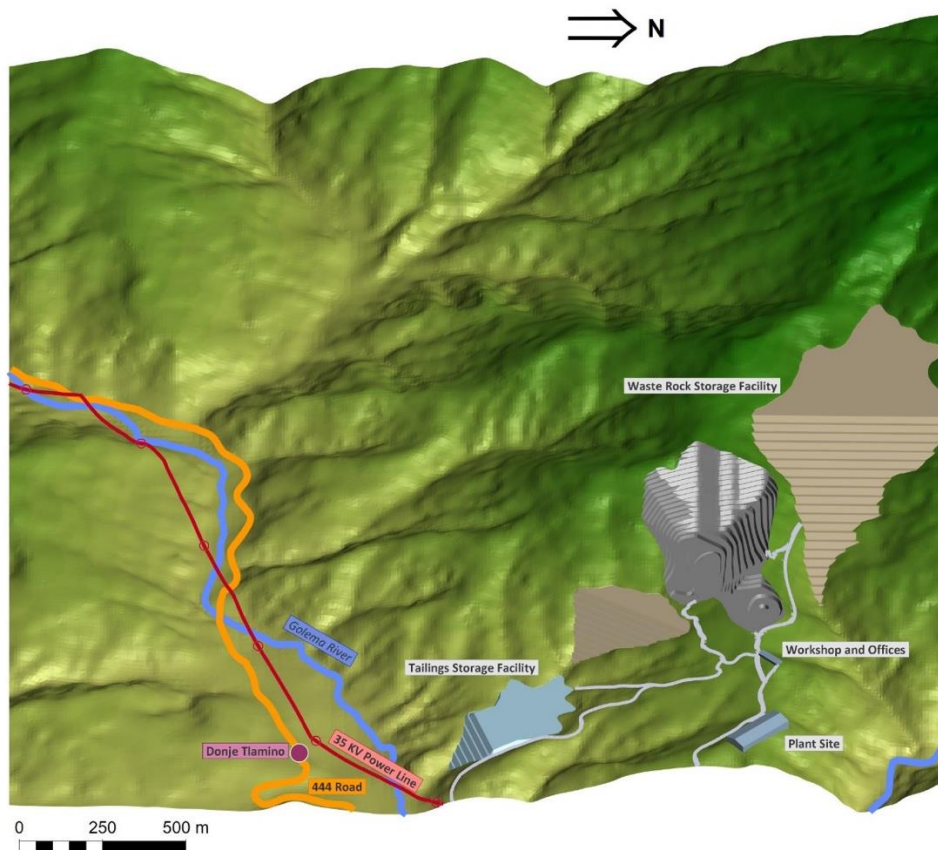


Figure 7: Preliminary Site Layout, Barje (looking west)

Table 3: 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 4.

Table 4: 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 5.

Table 5: 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 6. Estimates for closure were also assessed during the ESIA review process.

Table 6: 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 7 below.

Table 7: 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 8. 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 8.

Table 8: 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 8: 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 9 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 9.

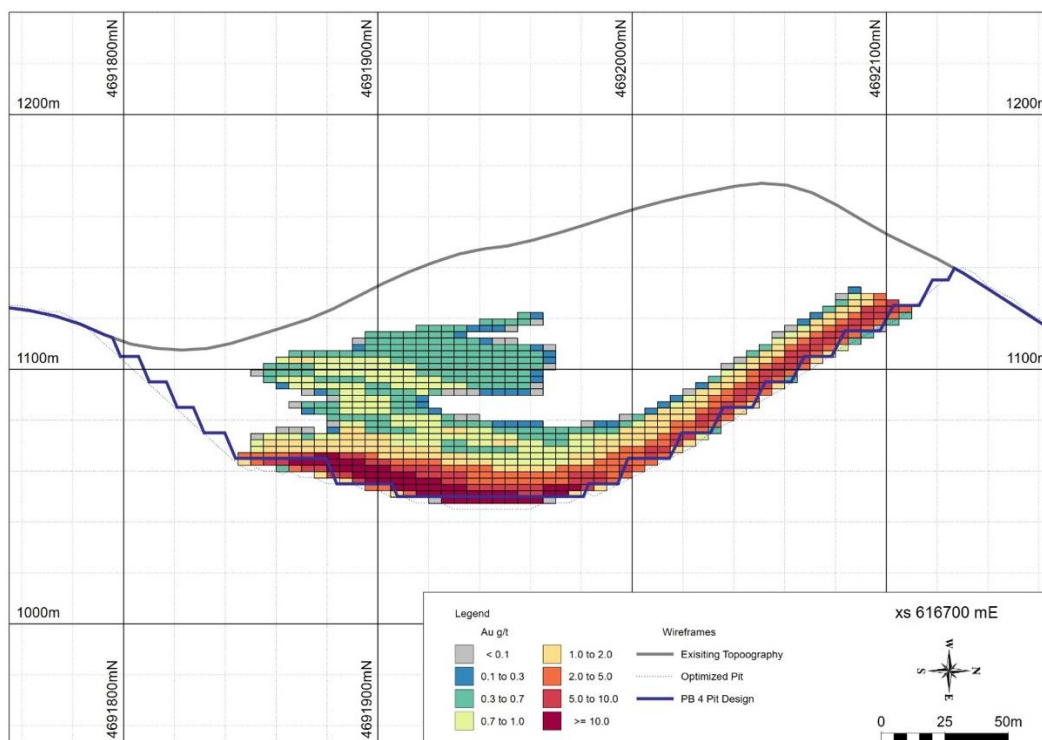


Figure 9: North-south cross-section illustrating the optimized Barje pit and block model

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 9: Mineral Resource Estimate, Barje Prospect

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

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 relation to the Besna Kobila (Tlamino) Project in this MD&A.

The scientific and technical contents of the Timok East Project section of this MD&A, have been reviewed and approved by Chris Wilson, B.Sc. (Hons), PhD, FAusIMM (CP), FSEG, FGS. Dr. Wilson is a Qualified Person as defined by NI 43-101. He authored the Company's NI43-101 Technical Report. Dr Wilson is a consultant to the Company.

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.

Selected Annual Information

The following table provides financial results for the years ended December 31, 2023, 2022 and 2021:

	2023 (\$)	2022 (\$)	2021 (\$)
Exploration expenditures	161,641	311,104	487,081
General and administrative expenses	323,648	410,417	583,564
Loss for the year	379,453	693,952	977,547
Basic and diluted loss per share	0.05	0.08	0.12
Total assets	340,126	246,602	552,964
Total liabilities	841,673	385,964	75,755
Cash dividends	-	-	-

Exploration expenditures and loss have trended downward since the 2021 fiscal year due to less exploration activity while the Company focused more on identifying joint venture or sale opportunities for the Tlamino Project and ultimately completing the reverse-takeover transaction subsequently in January 2024. Total assets have also decreased each fiscal year as the Company has been expending cash raised from its last equity financing in the 2020 fiscal year. Total liabilities increased significantly from the 2021 fiscal year to the 2022 fiscal year due in large part to the to the Chief Executive Officer of the Company accruing but not receiving payment for management fees and expenses since the fourth quarter of 2021 in order to preserve cash resources. Total liabilities increased again from the 2022 fiscal year to the 2023 fiscal year due in part to the Chief Executive Officer of the Company continuing to accrue but not receiving payment for management fees and expenses up to June 2023, at which point management fees were no longer charged or accrued, along with the accumulation of transaction costs related to the subsequent reverse-takeover.

Quarterly Information

The following table provides information for the eight fiscal quarters ended December 31, 2023:

	Dec. 31, 2023 (\$)	Sep. 30, 2023 (\$)	June 30, 2023 (\$)	Mar. 31, 2023 (\$)	Dec. 31, 2022 (\$)	Sep. 30, 2022 (\$)	June 30, 2022 (\$)	Mar. 31, 2022 (\$)
Exploration expenditures	31,261	47,664	40,685	42,031	76,352	74,332	66,468	93,952
General and administrative expenses	3,442	56,816	134,894	128,496	97,076	86,917	126,762	99,662
Income (loss) for the period	10,225	(44,198)	(175,261)	(170,219)	(172,817)	(160,591)	(192,905)	(167,639)
Basic and diluted income (loss) per share	0.00	(0.01)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)

Exploration expenditures for all quarters presented were mostly to maintain the Tlamino Project. The quarters during the 2022 fiscal year also included limited exploration activities. General and administrative expenses for all quarters presented except for the three most recently completed quarters included a share-based expense relating to the granting of stock options at the beginning of the 2021 fiscal year. These stock options became fully vested in the quarter ended March 31, 2023.

Results of Operations*Quarter ended December 31, 2023*

For the quarter ended December 31, 2023, the Company had a net income of \$10,225 compared to a net loss of \$172,817 for the quarter ended December 31, 2022, a difference of \$183,042. This difference is partly due to the current quarter recording interest and other income totaling \$20,166, of which \$20,000 relates to funding from Balkan Metals, and a gain on sale of equipment of \$24,762 whereas the comparative quarter recorded nominal interest income and no other gains.

Exploration costs for the current quarter were \$31,261 compared to \$76,352 for the comparative quarter, a decrease of \$45,091. Current quarter exploration costs were lower due to efforts to minimize costs while focusing on completing the reverse take-over.

General and administrative expenses totalled \$3,442 for the current quarter compared to \$97,076 for the comparative quarter, a decrease of \$93,634. The current quarter expense total is unusually low due to a recovery of management fees totaling \$47,500. This cost recovery relates to fees that the former Chief Executive Officer agreed to waive if the reverse take-over transaction was completed. There were no management fees charged in the current the quarter as the former Chief Executive Officer stopped being compensated in June 2022 compared to fees of \$43,500 being charged in the comparative quarter. The comparative quarter recorded a cost recovery of \$20,000 in legal and accounting fees due to \$20,000 being received from Balkan Metals to settle outstanding audit fees. Another notable difference between the current and comparative quarters was no share-based payments expense being recorded compared to \$18,650 in the comparative quarter. The share-based payments expense for the comparative period relates to the granting of stock options during the 2021 fiscal year and the vesting of the options over a two-year period, ending prior to the current quarter. A notable cost increase in the current quarter was salaries and benefits. These costs were higher due to the proposed Acquisition. The results of the current quarter also included an accretion expense of \$4,932 relating to a convertible debenture. There was no such expense for the comparative quarter.

Year ended December 31, 2023

For the year ended December 31, 2023, the Company had a net loss of \$379,453 compared to a net loss of \$693,952 for the year ended December 31, 2022, a decrease of \$314,499. Contributing to the lower net loss were interest and other income of \$81,074, of which \$80,000 relates to funding from Balkan Metals, and a gain on sale of equipment of \$24,762. Reducing the net loss for the comparative year was the receipt of interest and other income of \$27,569, of which \$25,804 was from the sale of mineral property data.

Exploration costs for the current year were \$161,641 compared to \$311,104 for the comparative year, a decrease of \$149,463. The current year exploration costs were lower due in part to no management fees being recorded as an exploration cost whereas the comparative year included management fees of \$65,250. The current year exploration costs were also lower due to activity focused on reducing costs while maintaining its Serbian operations.

General and administrative expenses totaled \$323,648 for the current year compared to \$410,417 for the comparative year, an increase of \$6,865. As with the quarterly comparison, reducing the net loss for the current year was the management fee cost recovery of \$47,500. Total compensation for the former Chief Executive Officer during the current year was lower than the comparative year due to no management fees charged since the end of the second quarter. Also similar to the quarterly comparison, and for the same reasons, was an increase in salaries and benefits and office and administration costs, the addition of convertible debenture accretion expense and decrease in share-based payments expense. Legal and accounting fees for the comparative year were also notably lower due to the \$20,000 being received from Balkan Metals to settle outstanding audit fees and recorded as a cost recovery.

Liquidity and Capital Resources

The Company's cash as at December 31, 2023 were \$50,316 compared to \$87,009 as at December 31, 2022. As at December 31, 2023, the Company had current assets totaling \$66,455 and current liabilities totaling \$727,968, for a working capital deficiency of \$661,513. The Company's current cash position is approximately \$875,000.

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 year ended December 31, 2023, the Company received convertible debenture funding totalling \$123,534 from Balkan

Metals. Balkan Metals also provided the Company with monthly funding of \$20,000 for the period of May to August pursuant to terms in the amended Amalgamation Agreement. The convertible debenture proceeds and the additional funding from Balkan Metals was used for general working capital requirements.

In conjunction with the completion of the Balkan Metals acquisition subsequent to year end, an equity financing raised gross proceeds of \$2,160,000 to provide working capital for an initial exploration program on the Timok East project and corporate activities and settlement of certain liabilities.

The Company does not expect its capital resources to be sufficient to cover its corporate operating costs, potential future mineral property acquisitions, or additional exploration activities through the next twelve months. 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.

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its properties and to maintain flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes the components of shareholders' equity. There were no changes in the Company's capital management approach during the year ended December 31, 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 and cash equivalents. Management reviews the capital structure on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements.

Financial Instruments and Risk Management

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

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other business, the Company is exposed to risks that arise from 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 the consolidated financial statements.

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

General Objectives, Policies and Processes:

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

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

a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, interest rate risk and equity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. As at December 31, 2023, the Company is exposed to foreign currency risk and interest rate risk.

Foreign Currency Risk

As at December 31, 2023, the Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

As at	December 31, 2023		
	US Dollars (CAD equivalent)	Euros (CAD equivalent)	Serbian Dinars (CAD equivalent)
Cash	\$ 5,212	\$ -	\$ 2,025
Amounts receivable	-	-	14,285
Accounts payable and accrued liabilities	-	(4,704)	(66,706)
Net exposure	\$ 5,212	\$ (4,704)	\$ (50,396)

Based on the above net exposures at December 31, 2023, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would result in approximately a \$5,000 (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 December 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 seek additional capital resources when needed in an effort to have sufficient funds to meet its liabilities. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. As at December 31, 2023, the Company's accounts payables and accrued liabilities and due to related party balances had contractual maturities of less than 45 days and were subject to normal trade terms. Subsequently, upon completion of the Acquisition, a total of \$283,514 in current liabilities as of December 31, 2023 became due on July 13, 2024. The Company's convertible debenture debt is due by January 27, 2025 (Note 7).

Related Party Transactions

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

<u>Related party</u>	<u>Nature of transactions</u>
Virv International Inc. ("Virv")	Management and geological services

The amount due to related party as of December 31, 2023 consists of \$284,484 (2022: \$235,179) owing to Virv for management fees and expense reimbursement. Subsequent to December 31, 2023, upon completion of the reverse take-over, \$128,280 of the balance owing was settled with the issuance of 641,400 common shares at a deemed price of \$0.20 per share and the due date for \$152,000 was extended one year and is non-interest bearing and unsecured. The remaining 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 years ended December 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.

	<u>Three months ended December 31,</u>		<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Management fees (recovery)	\$ (47,500)	\$ 43,500	\$ 39,500	\$ 108,750
Geological fees	-	-	-	65,250
Salaries and benefits	6,500	8,667	32,170	29,251
Value of stock option grants recorded as share-based payments	-	4,394	1,299	18,232
	\$ (41,000)	\$ 56,561	\$ 72,969	\$ 221,483

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

Virv agreed to waive \$47,500 of management fees accrued during the current year upon completion of the reverse take-over, resulting in a cost recovery of \$47,500 in management fees for the three months ended December 31, 2023.

Other Data

Additional information related to the Company is available for viewing at www.sedarplus.ca.

Share Position and Outstanding Share Purchase Warrants, Options and Deferred Share Units

As at the date of this MD&A, the Company's outstanding share position is 63,313,064 common shares and the following share purchase warrants, stock options and deferred share units ("DSU's") are outstanding:

<u>No. of warrants</u>	<u>Exercise price</u>	<u>Expiry date</u>
28,000	\$0.15	July 12, 2024
123,217	\$0.15	October 12, 2024
22,013,000	\$0.20	January 15, 2025
1,035,158	\$0.20	January 16, 2025
166,667	\$0.20	January 18, 2025
833,333	\$0.20	April 24, 2025
833,333	\$0.20	July 12, 2025
1,760,239	\$0.20	October 12, 2025
26,792,947		

No. of options	Exercise price	Expiry date
31,250	\$1.76	June 18, 2024
1,875	\$2.40	June 28, 2026
75,000	\$0.20	February 18, 2029
3,898,785	\$0.20	March 18, 2029
403,126	\$1.60	March 1, 2031
4,410,036		
No. of DSU's	Exercise price	Award date
480,000	\$0.09	March 19, 2024

Accounting Policies and Basis of Presentation

The Company's material accounting policies and future changes in accounting policies are presented in the audited consolidated financial statements for the year ended December 31, 2023.

Future Accounting Changes

The Company has reviewed upcoming policies and amendments and determined that none are expected to have an impact on the Company's consolidated financial statements.

Risks and Uncertainties

Mineral Property Exploration and Mining Risks

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

Joint Venture Funding Risk

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