



(the “Company”)

## **INTERIM MANAGEMENT’S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS**

**For the Nine Months Ended September 30, 2017**

### **General**

This interim Management’s Discussion and Analysis (“Interim MD&A”) supplements, but does not form part of, the unaudited condensed interim consolidated financial statements of the Company for the nine months ended September 30, 2017. The following information, prepared as of November 28, 2017, should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements for nine months ended September 30, 2017 and the related notes contained therein. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards (“IFRS”). In addition, the following should be read in conjunction with the Consolidated Financial Statements of the Company for the year ended December 31, 2016 and the related MD&A. All amounts are expressed in Canadian dollars unless otherwise indicated. The September 30, 2017 condensed interim consolidated financial statements have not been reviewed by the Company’s auditors.

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

### **Forward Looking Information**

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

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

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

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

- risks associated with mineral exploration and project development;
- fluctuations in commodity prices;

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

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

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

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

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

### **Business of the Company**

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

### **Exploration Review**

The Company is targeting gold (silver, lead and zinc) properties in the Oligo-Miocene igneous belt of Serbia. This belt of rocks runs NW-SE across much of the country, and is under-explored for gold and silver, despite an abundance of freely available geological data. Much of this information was generated by the Yugoslav government, predominantly through the 1960s and 1970s, through phases of national-scale geological mapping and systematic exploration for lead and zinc.

In mid-2016, the Company signed a strategic alliance with Fortuna Silver Mines Inc. (“Fortuna”), for the purposes of generating gold-silver exploration projects in Serbia. The Company has been granted several exploration licences, and is in the process of applying for more, following multiple phases of project generation work. The work led to the identification of the Tlamino Project, where some highly significant channel-chip results have been obtained, and also led Fortuna to option the Project in March 2017.

The Company’s exploration work in Portugal did not result in the identification of significant and large-scale mineralization, and in 2017, management decided that further expenditures are not warranted. Accordingly, the Company has closed down its Portugal operations, terminated its agreement with Lusorecursos for the Marrancos project, and relinquished all staff.

## *Serbia*

The Company has been granted six exploration licences, each covering approximately 100 square kilometres, targeting gold-silver epithermal and gold-dominant porphyry systems associated with the Oligo-Miocene igneous belt in the central and southern parts of the country. Five of these licences are located on the borders of Macedonia and Bulgaria, in the very south of the country, and include the Donje Tlamino and Surlica-Dukat licences, which comprise the Tlamino Project optioned to Fortuna. The sixth licence, called Kalna, will be dropped in late 2017 due to low prospectivity. In addition to the granted licences, the Company has made several licence applications covering ground throughout the Oligo-Miocene igneous belt of Serbia, and is expecting licence issuance of these in early 2018. The target areas were generated through the strategic alliance with Fortuna.

### Strategic Alliance with Fortuna

In June 2016, the Company completed a \$1.5 million private placement to Fortuna by way of the issuance of 10.0 million units at \$0.15 per unit. Each unit consisted of one common share of the Company and one warrant entitling Fortuna to purchase one additional common share of the Company at \$0.15 for one year from closing.

The private placement was part of a broader strategic alliance between the Company and Fortuna to explore for precious metal deposits in Serbia. The Company was required to use a minimum of 80% of the financing proceeds on project-generating exploration in Serbia within 12 months, which the Company had completed by January 2017. In February 2017, Fortuna exercised all of its warrants, and the Company is obligated to spend a minimum of 80% of the exercise proceeds on further reconnaissance work in Serbia within 12 months following the date of the warrant exercise.

Pursuant to the strategic alliance, as amended in January 2017, Fortuna has the right to enter into an option agreement to earn up to a 70% interest in up to two of the geological target areas (each a "Selected Property") identified by the Company's project generation and exploration work in Serbia. To acquire an initial 51% interest in the Selected Property, Fortuna must spend a minimum of US\$3.0 million on the Selected Property by no later than the third anniversary of the date of the option agreement. Once it has earned 51%, Fortuna can elect to form a 51:49 joint venture with the Company to further develop the Selected Property; or Fortuna can elect to be granted the option to earn an additional 19% interest in the Selected Property by completing a preliminary economic assessment on the Selected Property and spending an additional US\$5.0 million in qualified expenditures within three years following the date of the election by Fortuna.

In March 2017, Fortuna identified the Tlamino Project (comprised of the Donje Tlamino and Surlica-Dukat licences) as its first Selected Property, and the Company and Fortuna signed an Option Agreement in connection therewith.

### Project Generative Work

The Company's field teams have been actively undertaking reconnaissance work on highly prospective ground in Serbia, including remote sensing and desktop GIS studies. In late 2016, the Company was granted five exploration licences as a block of five contiguous licences totalling 500 square kilometres in the southeast of the country, bordering Macedonia and Bulgaria. A sixth exploration licence, called Kalna, was granted in March 2017, but initial prospecting has failed to identify any significant anomalism and this area will be dropped in late 2017. Further licence applications have been submitted to the Ministry of Mines in Serbia and the issuance of some of these licences is expected in early 2018.

The block of five contiguous licences is located in the Serbo-Macedonian Massif ("SMM"), a belt of crustal rocks that runs through Serbia along a north-south axis, extending southwards through Macedonia and Bulgaria and into Greece. In Serbia, the SMM is west of, but parallel to, the Carpatho-Balkanides, which includes the Timok Magmatic Complex (TMC), host to a number of copper-gold porphyry-epithermal deposits. The SMM is under-explored when compared to the TMC, having seen lead and zinc exploration work by the Yugoslav government in the 1960s and 70s, but far less exploration post-2000. The sixth licence is located in the Carpatho-Balkanides along the contact of the SMM. The five contiguous licences are located along the Macedonian and Bulgarian borders, approximately 40 kilometres southeast of the city of Vranje, in southeast Serbia. They cover areas of Palaeozoic metasediments, including calcareous schists and marbles, which have been intruded by a series of Oligo-Miocene porphyritic felsic igneous dykes, and locally covered with recent alluvial sediments. Contact zones between dykes and favourable country rock are responsible for many of the known base and precious metal showings within the licence areas. Fairly extensive exploration was completed by the Yugoslav government in the 1960s and 1970s for

lead and zinc. Precious metals are often referenced in the historical and archival exploration documentation, but were not the focus of any exploration efforts, nor systematically documented. Today, it is recognized that these mineralized systems are intermediate-sulphidation epithermal in nature, and management believes that their lack of historical precious metal exploration presents significant upside potential for the Company.

In 2016, the Company purchased an exploration dataset from Dundee Precious Metals which had in previous years conducted regional exploration campaigns over parts of these licence areas. The data includes regional stream sediment sampling results and a number of fairly detailed soil sampling grids over historical showings and gold-anomalous stream sediment and rock chip results.

Over this past summer, the Company completed licence-wide reconnaissance over all licences, which has included a fine-fraction stream sediment sampling program, as well as ground-truthing a series of anomalies identified within the Dundee Precious Metals dataset. Geologically, the area is dominated by the central Crnook Dome (a metamorphic core complex measuring approximately 20 kilometres across), which forms a topographically high central core to the region. The dome is ringed by a major detachment fault, which at Barje is likely a principal control on mineralization. The regional stream sediment program has also highlighted a series of gold anomalies in the north and northwest of the dome-flanks, at the contact with the regional low-grade schists. These anomalous areas will now be the focus of follow-up work to determine the anomaly sources, via targeted ridge-and-spur soil geochemistry campaigns, and to document whether the Crnook Dome is bound here by a mineralization-associated detachment fault, as it is on the southern flanks of the complex at the Barje, Liska and Karamanica Prospects of the Tlamino Project.

### The Tlamino Gold Project

The Tlamino Gold Project is located in southern Serbia, and includes two historical showings: Liska and Barje. Both showings are associated with a regional east-west striking detachment fault, which in the vicinity of these showings has been overlain by conglomerates. Mineralization is located at the contact of the basement metamorphic rocks and the base of the conglomerate cover. Liska, located approximately 1.5 kilometres to the southwest of Barje, was drilled in the 1970s by Yugoslav state companies, and a lensoid-shaped mineralized volume of rock with 1-2 % combined Pb & Zn was found to strike NE towards Barje. The mineralization at Liska is located at the base of the conglomerate and parallel to the slope of the detachment fault. Liska was found to contain only anomalous concentrations of precious metals. At Barje, base metal contents are lower, but precious metals are found in much higher concentrations. The area between the two showings is overlain by a thin conglomerate cover likely in the range of 50 – 100 metre in thickness, and the Company considers the exploration potential under the conglomerate, between the two showings, to be excellent.

After identifying the project in the fall 2016, the Company completed a series of saw-cut surface channel samples over the outcrop at Barje, where approximately 70 metres x 25 metres of mineralized tectonic breccia is exposed on surface at the edge of the conglomerate cover. A total of 132 linear samples of 1 metre in length by approximately 8 centimetres in width and 4 centimetres in depth, were collected from 7 channels, designed to test as large an areal extent of the outcrop as possible. Three channels were cut across the outcrop in an east-west direction, while 4 channels were cut across the outcrop in a general north-south direction. Gold assays ranged from 0.78 g/t Au to 132.5 g/t Au, with an average grade of 8.11 g/t Au and a median grade of 4.74 g/t Au. Silver concentrations ranged from 10.3 g/t Ag to 2110 g/t Ag, with an average grade of 210.6 g/t Ag and a median grade of 111.5 g/t Ag.

Applying a top-cut of 31.104 g/t Au (affects 4 / 132 samples) and 700 g/t Ag (affects 6 / 132 samples), the channel length-weighted assay averages are summarized as follows:

Channel	Orientation	Length (m)	Au (g/t)	Ag (g/t)	AuEq (g/t)*	Pb (%)	Zn (%)
CH_BAR_01	EW	30	6.64	137.1	8.60	0.33	0.13
CH_BAR_02	EW	40	8.32	193.0	11.08	0.29	0.07
CH_BAR_03	NS	11	5.55	189.3	8.25	0.20	0.03
CH_BAR_04	NS	12	8.63	351.8	13.66	0.44	0.06
CH_BAR_05	NS	18	5.71	207.1	8.67	0.54	0.18
CH_BAR_06	EW	14.5	3.23	59.6	4.08	0.28	0.01
CH_BAR_07	NS	7	7.05	82.0	8.22	0.61	0.02

\*Gold equivalent (AuEq) calculated for gold and silver using a gold:silver price ratio of 70:1.

*The channel samples described here represent the sampling of an outcrop face. The Company's current exploration model for Barje is premised on the interpretation that the outcrop face represents a faulted oblique cross-section through 'strata-bound' mineralization striking NE-SW, and located at the base of the conglomerate sequence,*

*directly analogous to the mineralization at Liska. However, the Company does not yet have direct observational evidence to suggest its interpretation is correct. The reader is cautioned therefore that the true thickness of the mineralization described here is unknown, and further work will be required before the true thickness of mineralization can be determined.*

A plan map showing the locations of the channel samples has been posted on the Company's website at <https://medgoldresources.com/projects/tlamino/>.

Following a detailed structural interpretation of the geology between the Barje and Liska prospects, the Company has completed an Induced Polarization / Resistivity (IP-Res) geophysical study which has identified a high chargeability anomaly which extends to the west of the Barje outcrop under cover for over 1 kilometre. Furthermore, recent saw-cut channel sampling from Barje, with the objective of extending channel samples previously reported, has yielded a best intersection of 44 metres at 3.1 g/t Au, which, when composited with the results of the channel which it extends, gives an overall intersection of 84 metres at 5.6 g/t Au.

The objective of the 39 line-kilometre IP-Resistivity program was to analyse an area covering 4 square kilometres, focusing on the Barje-Liska prospects, for near-surface sulphide-rich mineralization. The program commenced at the Liska prospect, which has been historically drill-tested for Pb-Zn mineralization by the former Yugoslav government in the 1950s and 1970s, and results from both the drilling and IP-Res survey confirm a geological model for areally extensive and flat-lying mineralization.

At Barje, located 1.5 kilometres to the northeast of Liska, a large high-chargeability anomaly was identified. The anomaly measures approximately 1 kilometre east to west and approximately 400 metres north to south. The southern limit of the anomaly appears to track a large-scale regional detachment fault, which has been assumed to be a principal control on mineralization at both Barje and Liska, and its surface expression trends east-west. The anomaly continues northwards, which is considered to be the northerly extension of the same detachment fault, but beneath cover and steepening topography. Interestingly, the high-grade saw-cut channel sampling completed at the main Barje outcrop is located on the eastern flank of the chargeability anomaly. At this stage, it is unknown whether the chargeability anomaly is directly related to gold mineralization; however it is clear that the surface rocks exposed in the area of the chargeability anomaly consist of schists which display similar alteration and mineralization as seen in the schist stratigraphically overlying the mineralization at Barje.

### **Barje Channel Sampling Results**

Following-on from channel sampling undertaken at the Barje outcrop early this year, and reported in a news release on January 9, 2017, a second phase of diamond saw-cut channels was completed and assayed. A total of 73 samples were collected, each of 1 metre in length, for a total of 73 metres of channeling. Sampling procedures were identical to those reported in the Company's January 9, 2017 news release. The objective of the work was to extend the channel lines further to the east and north of the exposure, where previous samples ended in high-grade assays.

A summary of the length-weighted results is shown in the table below and location maps can be seen on the Company's website at <https://medgoldresources.com/projects/tlamino/>.

<b>Channel</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Length</b>	<b>Au (g/t)</b>	<b>Ag (g/t)</b>	<b>AuEq (g/t)*</b>	<b>Pb (%)</b>	<b>Zn (%)</b>
CH_BAR_08	0.00	3.00	3.00	6.882	291.7	11.048	0.37	0.02
CH_BAR_09	0.00	4.00	4.00	0.814	2.8	0.854	0.01	0.02
CH_BAR_10	0.00	22.00	22.00	4.349	59.7	5.203	0.13	0.02
CH_BAR_11	0.00	44.00	44.00	3.126	25.5	3.489	0.07	0.01

\*AuEq is calculated from Au & Ag using a price ratio of 70:1

*The channel samples described here represent the sampling of an outcrop face. The Company's current exploration model for Barje is premised on the interpretation that the outcrop face represents a faulted oblique cross-section through 'strata-bound' mineralization. However, the Company does not yet have direct observational evidence to suggest its interpretation is correct. The reader is cautioned therefore that the true thickness of the mineralization described here is unknown, and further work will be required before the true thickness of mineralization can be determined.*

Adding results from Channel 02, from the first phase of sampling, to Channel 11, from the second phase, creates a contiguous channel interval of 84 metres at 5.6 g/t Au and 105.2 g/t Ag. This channel, in combination with the other parallel and conjugate channels, clearly demonstrates a consistently high-grade mineralized zone extensive over a broad area. From a total of 205 samples, combining both phases of sampling, and applying a top-cut of 31 g/t Au (affects 4 samples) and 700 g/t Ag (affects 6 samples), the average grade is 5.6 g/t Au and 130 g/t Ag, and 198 samples (97%) returned assays greater than 1 g/t Au. The overall area sampled is approximately 100 metres by 30 metres. Mineralization appears open to the west, north, and east.

Further channel sampling results included a composite channel sample interval at Barje of 52 metres at 2.20 g/t Au and 88 g/t Ag, (or a gold-equivalent grade of 3.38 ppm using 75:1 Ag to Au price ratio), from a recently re-opened historical Pb-Zn exploration adit, located in the centre of the main Barje occurrence. The assay results from the adit, which is driven into the Barje outcrop perpendicular to the surface (see previous results news releases of January 9 and July 18, 2017), demonstrate that mineralization is not limited to the outcrop plane but extends into the hillside in the third dimension.

The adit at Barje was excavated by a Yugoslav state company in the 1950s as part of their regional exploration for Pb-Zn mineralization. From the 1950s to the 1970s, at least two phases of diamond drilling at the nearby Liska prospect (located 1.5 km to the southwest of Barje) were completed, as well as several exploratory adits at both Barje and Liska. The entire surface of the exposed outcrop was channel sampled by the Company, with results reported in news releases of January 9 and July 18, 2017.

The adit sampling consisted of contiguous diamond saw-cut channel samples of 1 metre length and approximately 3-5 kg per sample. A total of 298 samples were collected, which includes 41 Quality Assurance samples (blanks, standards and field duplicate). To properly sample a short interval of collapsed material in the adit, the channels were split into three intervals, each contiguous with the others, with the result that the adit was sampled from start to end. The composited grade of the adit was 2.20 g/t Au and 88 g/t Ag, with 36 out of 52 samples assaying greater than 1 g/t Au, a minimum grade of 0.49 g/t Au, and a maximum grade of 25.3 g/t Au. A summary of results is given in the following table:

Channel	From (m)	To (m)	Length	Au (g/t)	Ag (g/t)	AuEq* (g/t)	Pb (%)	Zn (%)
CH_BAR_12	0.00	27.00	27.00	2.50	92.5	3.73	0.3	0.75
CH_BAR_13	27.00	29.00	2.00	0.70	41.6	1.25	0.06	0.43
CH_BAR_14	29.00	52.00	23.00	1.98	87.2	3.14	0.19	0.4
	<b>Total</b>	<b>52.00</b>		<b>2.20</b>	<b>88.2</b>	<b>3.37</b>	<b>0.24</b>	<b>0.58</b>

\*AuEq is calculated from Au & Ag using a price ratio of 75:1

The first two phases of sampling covered the entire face of exposed outcrop, and included a channel running east-west across the outcrop of 84 metres at 5.60 g/t Au and 105.2 g/t Ag. The adit sampling reported here is perpendicular to this east-west channel, driven into the hillside, and could represent the up-dip continuation of the mineralization. The adit results support the Company's current geological model for Barje, in which shallowly south-dipping stratabound mineralization lies in a north-northeast axis, associated with a regional detachment fault (see [www.medgoldresources.com/projects/tlamino](http://www.medgoldresources.com/projects/tlamino) for figures and more detailed discussion). These results will assist the Company in planning a program of diamond drilling, which will be fully-funded by Fortuna, and is due to commence in Q2 2018.

The mineral deposit model for the project continues to be that of intermediate sulphidation epithermal, as suggested by the Company's Technical Advisor, Dr. Richard Sillitoe, in September 2016. The principal control upon the mineralization is considered to be the low-angle detachment fault, generated following the uplift of the nearby Crnook Dome, and subsequent extensional faulting in the surrounding country rock. The faulting has created a significant thickness of tectonic breccia which has been favored by a mineralizing fluid due to its high permeability.

Preparations continue for the commencement of a 2,000 metre diamond drilling program which will target both the up-dip continuity of the mineralization to the northeast from the Barje outcrop, as well as its along-strike continuity

to the west. The Company has established a drill-camp in the village of Tlamino, and is seeking landholder permissions for drill access and drill pad creation. This process has taken longer than expected, as one of the larger landholders in the area is a state company in receivership. Accordingly, permission to use these land parcels needs to be sought from the federal government. The government is working with the Company, and it is expected that the required permissions will be granted in the coming weeks, but the result is an overall delay in the commencement of drilling. As the winter season is approaching and the area usually receives significant snowfall, the Company and Fortuna have decided to delay the start of drilling until the spring of 2018.

Accordingly, the Company and Fortuna have amended the Tlamino Project Option Agreement to remove the requirement that Fortuna spend US\$1 million by the first anniversary. As a result, Fortuna has three years to spend US\$3 million to acquire a 51% interest in the Project.

### **Karamanica Prospect**

The Karamanica prospect is located within the Tlamino Project, approximately eight kilometres to the northwest of Barje. Earlier in 2017, work at Karamanica identified high-grade mineralization and a best channel sample of 84 metres at 5.6 g/t Au (see news release of July 18, 2017). Karamanica is dominated by a series of large-scale northwest-trending faults, which cut packages of schists, calc-schists, and quartz-feldspar porphyry dykes.

The Company has recently completed a program of detailed mapping and rock sampling, plus grid-soil sampling at Karamanica, with samples collected on a 200 metre by 50 metre grid. Initial reconnaissance work has identified strongly altered and brecciated felsic volcanics, locally significant calcareous schists, graphitic schists, and limestones, and zones of galena-sphalerite and pyrite-silica mineralization. Despite poor outcrop exposure in the area, a total of 129 rock chip samples have been collected to date on the prospect, with 14 returning assays greater than 1 g/t Au. The rock chip samples returned highs of 11.1 g/t Au, 7.1 g/t Au and 5.5 g/t Au, typically associated with the pyrite-silica mineralization.

Results from the soil sampling program highlight two large gold-in-soil anomalies. The first extends over an area of approximately 1 kilometre by 1 kilometre, and is associated with a regional northwest-trending fault, which offsets felsic volcanic rocks from basement schists and calcareous schists. The second, located approximately 1 kilometre north of the first anomaly, extends over approximately 800 metres by 600 metres. Mineralization appears to be associated with the presence of disseminated to massive sulphides within the host calcareous schists. The same fault structure hosts blind massive carbonate-replacement Pb-Zn-Ag mineralization.

The Company expects to complete in the spring of 2018 a ground geophysical survey over the main prospective zones of anomalous soil and rock chip geochemistry, with the aim of drill testing Karamanica later in 2018.

### ***Portuguese Projects***

The Board and Management of the Company decided in 2017 that no significant mineralization was identified on the Company's Portugal licences, no further work was justified, and Company expenditures would be more wisely spent on our rapidly developing projects in Serbia. Accordingly, the Company terminated all exploration work in Portugal, and relinquished the entire staff.

In mid 2017, the Company acquired all of the rights of Centerra Gold in the Company's Portugal licences originally optioned to Centerra, in consideration of the payment of \$100,000 and the granting of a 1% NSR royalty to Centerra. In October 2017, the Company sold its Portuguese subsidiary that held four of its Portugal licences (Boticas, Chaves, Valongo and Lagares) for €167,500 and the value of any bonds to be recovered for the Valongo and Lagares licences, to a maximum of €5,000.

### ***Quality Assurance and Quality Control (QA-QC)***

The Company follows industry best practices for its prospecting and geochemical sampling campaigns. Samples are delivered by Company personnel directly to the assay laboratory facilities in Bor, Serbia. Rock chip samples are analysed by ALS Chemex using analytical method codes Au-ICP21 and ME-MS61, with overlimits for gold and silver analysed by GRA21, and for Ag, Pb, and Zn by OG62. Stream sediment samples are sieved and dried, and analysed for gold and multi-elements using analytical method code Au-ICP21 and ME-MS61. Soil samples are sieved and dried and analysed for gold and multi-elements using analytical method code Au-TL43. The Company routinely inserts appropriate multi-element geochemical standards and blanks into its rock chip sample stream, and inserts regular field duplicate samples into the sample stream. For stream sediment and soil samples, regular field duplicates are collected to monitor laboratory performance.

*Qualified Person*

David Clark, M.Sc., P.Geo., a member of the Association of Professional Engineers and Geoscientists of British Columbia, is the Company's Qualified Person as defined by National Instrument 43-101, and has approved the disclosure of the technical information in this Interim MD&A.

**Quarterly Information**

The following table provides information for the eight fiscal quarters ended September 30, 2017:

	Sep. 30, 2017 (\$)	June 30, 2017 (\$)	Mar. 31, 2017 (\$)	Dec. 31, 2016 (\$)	Sep. 30, 2016 (\$)	June 30, 2016 (\$)	Mar. 31, 2016 (\$)	Dec. 31, 2015 (\$)
Exploration expenditures (recovery) from continuing operations	292,466	194,861	344,093	375,952	486,585	157,211	88,783	4,203
General and administrative expenses from continuing operations	303,053	142,924	123,964	260,380	126,529	546,097	126,029	401,381
Net loss from continuing operations	(594,182)	(337,024)	(467,393)	(656,899)	(612,406)	(703,308)	(214,812)	(363,925)
Income (loss) from discontinued operations	(31,143)	(188,916)	(178,212)	198,343	(112,763)	(29,606)	(68,895)	(154,230)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

As a result of the Company selling one of its Portuguese subsidiaries in October 2017 and the intention to cease operations in its other Portuguese subsidiary, the results of operations relating to Portugal have been re-classified as discontinued operations and presented as such in the Company's condensed interim consolidated financial statements for the period ended September 30, 2017. The results of operations for prior periods presented in the Quarterly Information summary above have been restated as well.

General and administrative expense from continuing operations for the quarters ended September 30, 2017 and June 30, 2016 were higher than most other quarters presented due to share-based payments charges of \$128,554 and \$416,919, respectively, that relate to the issuance of stock options. The general and administrative expense from continuing operations for the quarter ended December 31, 2015 was higher as well due to a foreign exchange loss of \$249,579.

**Results of Operations**

*Quarter ended September 30, 2017*

For the quarter ended September 30, 2017, the Company had a net loss of \$625,325 compared to a net loss of \$725,169 for the quarter ended September 30, 2016, a decrease of \$99,844. Exploration costs from continuing operations totaled \$292,466 for the current quarter compared to \$486,585 during the comparative quarter, a decrease of \$194,119.

General and administrative expenses from continuing operations totaled \$303,053 for the current quarter compared to \$126,529 for the comparative quarter, an increase of \$176,524. The general and administrative expenses for the current quarter were significantly higher due to a share-based payments expense of \$128,554 relating to the granting of stock options during that period. There was no share-based payments expense for the comparative quarter. Other notable cost increases in the current quarter were in shareholder communications and travel costs which were due to an increase in investor relations services and promotional activities. There was no interest expense recorded in the current quarter whereas \$17,995 was incurred in the comparative quarter which related to a convertible note financing that was settled in 2016.

*Nine months ended September 30, 2017*

For the nine month period ended September 30, 2017, the Company had a net loss of \$1,796,870 compared to a net loss of \$1,741,790 for the nine month period ended September 30, 2016, an increase of \$55,080. Exploration costs from continuing operations for the current period were \$831,420 compared to \$732,579 for the comparative period, an increase of \$98,841.

General and administrative expenses from continuing operations totaled \$569,941 for the current period compared to \$798,655 for the comparative period, a decrease of \$228,714. This decrease is primarily due to a share-based payment expense of \$416,919 being recorded in the comparative period compared to \$128,554 in the current period, a difference of \$288,365. Similar to the quarterly comparison, the comparative period recorded interest charges that related to the convertible note financing as well as finance costs relating to a short-term loan which was also settled in 2016 whereas no such expenses were incurred in the current period. Also similar to the quarterly comparison are notable increases in shareholder communications and travel costs during the current period and for the same reasons.

**Liquidity and Capital Resources**

The Company's cash resource as at September 30, 2017 was \$1,475,908, an increase from \$837,243 as at December 31, 2016. At September 30, 2017, the Company had current assets, excluding assets re-classified as held for sale, totaling \$1,636,578 and current liabilities totaling \$138,896, for working capital of \$1,497,682.

During the period ended September 30, 2017, the Company received \$2,481,295 through the exercise of 16,700,073 share purchase warrants. Of these warrant proceeds, \$1,500,000 was from Fortuna, of which at least 80% must be used towards project generation and exploration activity in Serbia. The proceeds from other warrant exercises are being used for exploration work and general working capital requirements.

The Company does not expect its capital resources as of September 30, 2017 to be sufficient to cover its corporate operating costs and carry out planned exploration activities for the next twelve months. As such, the Company will seek to raise additional capital and believes it will be able to do so, but recognizes the uncertainty attached thereto. Actual funding requirements may vary from those planned due to a number of factors including potential property acquisitions and exploration activity.

**Related Party Transactions**

Significant related party transactions that occurred during the current period are the following:

- i) Fortuna, a company with a common director, acquired 10,000,000 common shares of the Company by way of exercising 10,000,000 share purchase warrants at a cost of \$1,500,000.
- ii) The Company received TSX Venture Exchange approval to issue common shares of the Company with a total value of up to \$43,000 to Daniel James in part consideration for his ongoing services as the Company's President during 2017. A total of 97,727 shares with a value of \$21,500 were issued during the period ended September 30, 2017 and another 59,722 shares with a value of \$10,750 were issued subsequently. The balance of the shares is to be issued in one more quarterly installment.

See Note 11 of the condensed interim consolidated financial statements for the period ended September 30, 2017 for details of other related party transactions which occurred in the normal course of business.

**Other Data**

Additional information related to the Company is available for viewing at [www.sedar.com](http://www.sedar.com).

## **Share Position, Outstanding Options, and Warrants**

As at November 28, 2017, the Company's outstanding share position is 89,458,124 common shares and the following stock options are outstanding:

<b>No. of options</b>	<b>Exercise price</b>	<b>Expiry date</b>
3,230,000	\$0.15	February 23, 2024
2,250,000	\$0.15	June 28, 2026
645,000	\$0.20	July 24, 2027
<b>6,125,000</b>		

## **Risks and Uncertainties**

### *Mineral Property Exploration and Mining Risks*

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

### *Joint Venture Funding Risk*

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

### *Commodity Price Risk*

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

### *Financing and Share Price Fluctuation Risks*

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

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

### *Political, Regulatory and Currency Risks*

The Company's mineral properties are located in economically stressed, but politically stable European countries and consequently may be subject to a higher level of risk compared to less economically stressed countries. Operations, the status of mineral property rights, title to the properties and the recoverability of amounts shown for mineral properties in such nations can be affected by changing economic, regulatory and political situations. The Company's equity financings are sourced in Canadian dollars but for the most part it incurs its exploration

expenditures in British pound sterling, Euros, and Serbian dinars. At this time there are no currency hedges in place. Therefore a weakening of the Canadian dollar against the British pound sterling, Euro, or Serbian dinar could have an adverse impact on the amount of exploration conducted.

#### *Insured and Uninsured Risks*

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

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

#### *Environmental and Social Risks*

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

#### *Competition*

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