



(the “Company”)

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

**For the Nine Months Ended September 30, 2020**

### **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, 2020. The following information, prepared as of November 24, 2020, should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements for nine months ended September 30, 2020 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, 2019 and the related MD&A. All amounts are expressed in Canadian dollars unless otherwise indicated. The September 30, 2020 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:

- mineral reserves or resources as they involve the implied assessment, based on estimates and assumptions, that the resources described exist in the quantities predicted or estimated and can be profitably produced in the future;
- the Company’s planned exploration activities for its mineral properties;
- the intended use of proceeds received from past and possible future financing activities;
- the sufficiency of the Company’s cash position and its ability to raise equity capital or access debt facilities; and
- maturities of the Company’s financial liabilities or other contractual commitments.

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

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

- uncertainty of mineral reserve and resource estimates;
- risks associated with mineral exploration and project development;

- fluctuations in commodity prices;
- fluctuations in foreign exchange rates and interest rates;
- credit and liquidity risks;
- changes in national and local government legislation, taxation, controls, regulations and political or economic developments in countries in which the Company does or may carry on business;
- reliance on key personnel;
- property title matters;
- local community relationships;
- risks associated with potential legal claims generally or with respect to environmental matters;
- adequacy of insurance coverage;
- dilution from further equity financing;
- competition;
- uncertainties relating to general economic conditions; and
- risks relating to a global pandemic, including the coronavirus COVID-19, which unless contained could cause a slowdown in global economic growth and impact the Company's business, operations, financial condition and share price;

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

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

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

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

### **Business of the Company**

The Company is a Vancouver based mineral exploration entity engaged in the acquisition and exploration of precious and base metals properties. The Company is targeting early- to mid-stage exploration projects in the Balkan region, in jurisdictions which are mining-friendly, with strong mining codes, and with excellent geological potential. The Company's exploration activities are currently focused in Serbia and Bulgaria.

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

### **Serbia - Exploration Review**

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

In mid-2016, the Company signed a strategic alliance with Fortuna Silver Mines Inc. (NYSE: FSM) (TSX: FVI) (“Fortuna”), for the purposes of generating gold and silver exploration projects in Serbia. The Company was subsequently granted five exploration licences, two of which comprise the Tlamino Project. Exploration drilling programs conducted at the Tlamino Project in 2018 and 2019 led to the drill-definition of a zone of continuous gold mineralization at the Barje Prospect at Tlamino measuring 700 metres by 250 metres. In January 2020, the Company established a maiden Mineral Resource Estimate for the Barje prospect (see “Mineral Resource Estimate” below).

The above programs were fully funded by Fortuna and directed by a joint Fortuna-Medgold technical committee pursuant to the terms of the Tlamino Option Agreement announced on March 7, 2017.

After a reassessment of previous exploration data, the Company notified the Ministry of Mining and Energy in April 2019 that it wished to relinquish the Crnook Licence; a final technical report for the licence was submitted to the Ministry in June 2019. Following the relinquishment of the Crnook Licence the Company then held four granted exploration licences, each covering approximately 100 square kilometres. The licences were located adjacent to the borders of North Macedonia and Bulgaria, in the southeast of the country, and include the Donje Tlamino and Surlica-Dukat licences, which comprise the Tlamino Project optioned to Fortuna, and the adjacent Ljubata and Radovnica licences.

In October 2020, the Serbian Ministry of Mining and Energy issued new exploration licenses in respect to the Donje Tlamino and Surlica Dukat properties that comprise the Tlamino Project. These licenses are each valid for terms of three years and are renewable for terms of three and then two years. At the same time a new exploration license, Zuti Kamen, which covers an area of approximately 6 square kilometers adjoining the southern flank of Surlica Dukat, was also awarded on similar terms. The Radovnica licence was not renewed due to a shortfall in exploration expenditures arising out of inadequate geological merit, and the Ljubata license was relinquished, also on the grounds of inadequate geological merit.

### ***The Tlamino Gold Project***

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

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

#### **Mineral Resource Estimate**

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

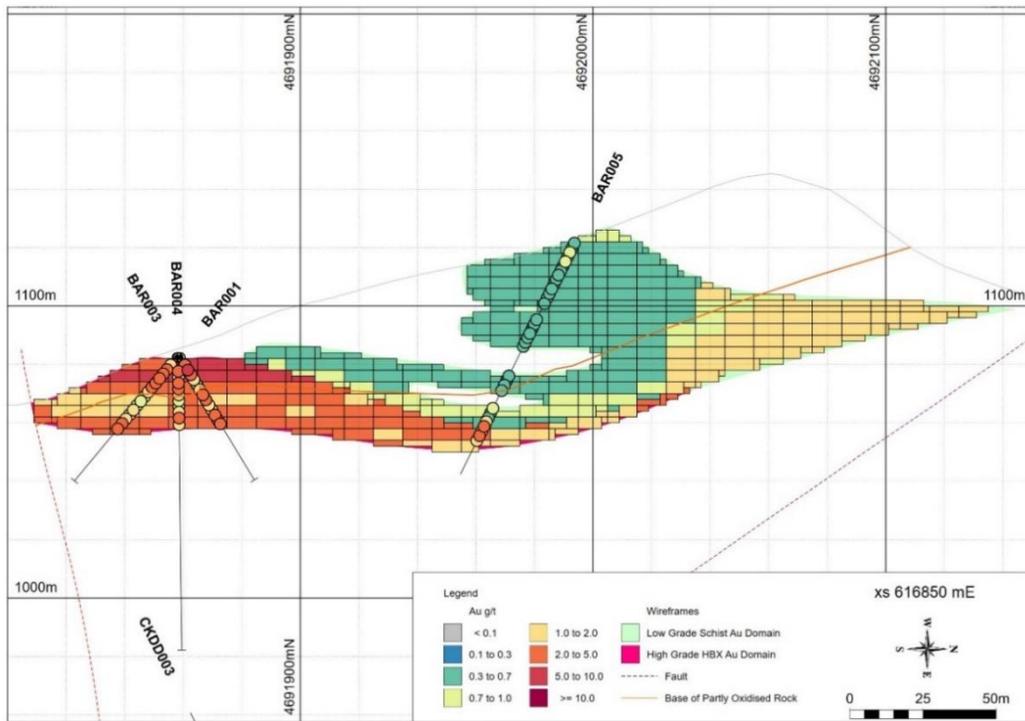
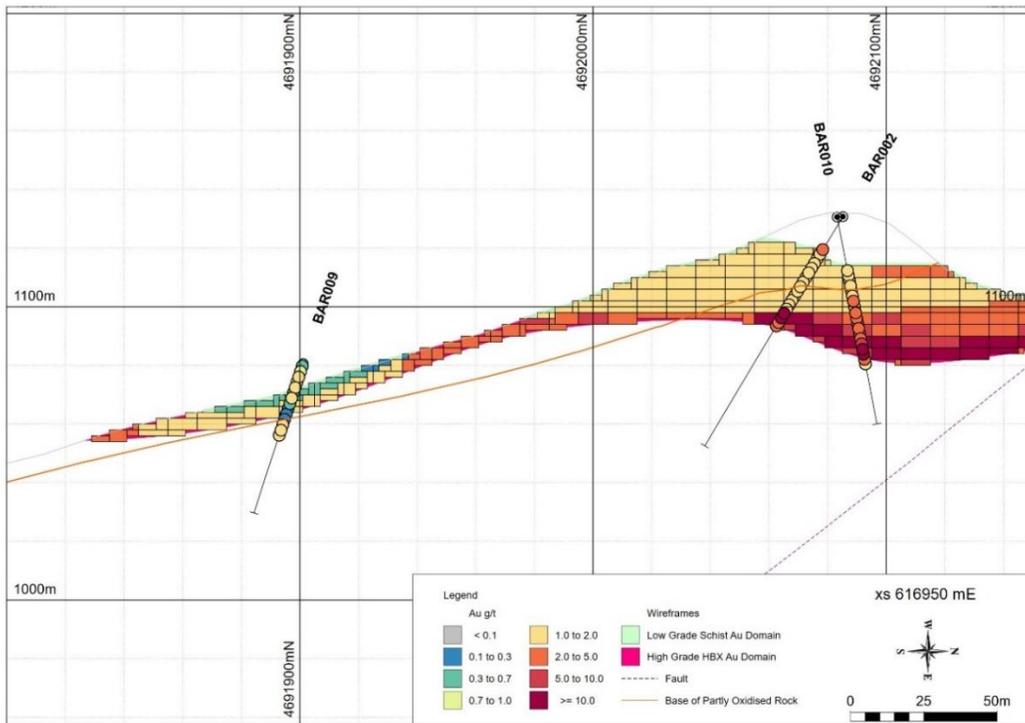
**Table 1** –Mineral Resource Estimate for the Barje Prospect.

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

Notes to the Mineral Resource Estimate:

1. The independent Qualified Person for the Mineral Resource Estimate, as defined by NI 43-101, is Mr. Richard Siddle, MSc, MAIG, of Addison Mining Services Ltd since November 2014. The effective date of the Mineral Resource Estimate is January 13, 2020.
2. These Mineral Resources are not Mineral Reserves as they do not have demonstrated economic viability. The quantity and grade of reported Inferred Resources in this Mineral Resource Estimate are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as Indicated or Measured, however it is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
3. Mineral Resources in Table 1 are presented as undiluted and in-situ for an open-pit scenario and are considered to have reasonable prospects for economic extraction. Pit optimization was carried out assuming pit slopes of 45° with other parameters as per the cut-off grade (see below).
4. A cut-off grade of 0.7 g/t AuEg was used for the Mineral Resource Estimate. This cut-off grade was calculated on the basis of the following assumptions: a gold price of 1350 USD/oz, a silver price of 16 USD/oz, mining costs of 3.30 USD/t, mining recovery and dilution of 5% and processing costs including tailings and concentrate handling of \$21/t. G&A costs were included within mining and processing costs. Per metallurgical test work completed to date, recovery to concentrate after flotation of 89.4% for gold and 92.3% for silver were assumed; metals were assumed to be 80% payable. Recovery of gold and silver from partially oxidized material has not been tested. For the selection of cut-off grade and for pit optimization parameters, the partially oxidized material was assumed to have the same concentrate recoveries as indicated from the combined fresh rock composites.
5. Geological and block models for the Mineral Resource Estimate used data from 33 surface drillholes performed by the Company in 2018 and 2019; data from four drillholes completed by Avala Resources Ltd., a prior operator, were used to constrain the model though they did not intercept significant mineralization. The drill database was validated prior to resource estimation and QA/QC checks were made using industry-standard control charts for blanks, core duplicates and commercial certified reference material inserted into assay batches by the Company and by comparison of umpire assays performed at a second laboratory. No QA/QC was possible on the data relating to the drilling by Avala.
6. The geological model as applied to the Mineral Resource Estimate comprises two mineralized domains, a shallowly inclined high-grade hydrothermal breccia unit and a lower-grade schist unit immediately overlying the hydrothermal breccia. Individual wireframes were created for each domain. Weathering domains of fresh and partially oxidized material were defined within the two mineralised domains.
7. The block model was prepared using Micromine version 2020, Services Pack 1, A 10 m x 10 m x 4 m block model was created with sub-blocks of minimum 2 m x 2 m x 2 m on domain boundaries. Grade estimation from drillhole data was carried out for Au, Ag, As, Cu, Pb, Zn, Fe, S using Ordinary Kriging and was validated by comparison of input and output statistics, kriging neighbourhood analysis and by inspection of the assay data and block model in cross section. A gold equivalent (AuEq) grade was calculated for each block using the formula  $AuEq = ((Ag \text{ g/t}) \times 0.012) + (Au \text{ g/t})$ .
8. Bulk density values were calculated for each block of the model based on a broad linear relationship observed between 152 measured bulk density values within the mineralized domains and the assayed values of As, Cu, Fe, S, Pb and Zn. Blocks within the partially oxidized material were assigned a single bulk density value of 2.54 g/cm<sup>3</sup>.
9. Estimates in Table 1 have been rounded to two significant figures.
10. CIM Definition Standards for Mineral Resources have been followed.
11. The independent Qualified Person has been made aware that the Company's previously approved three-year work program for the Donje Tlamino exploration licence covering the Barje Prospect ended 31st October 2019. The Company met all minimum work and expenditure requirements related to this work program and has submitted an additional work program to cover a further 3-year exploration period. The Company has no reason to expect that the additional work program should not be renewed. The independent Qualified Person is not aware of any additional known environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues that could materially affect the Mineral Resource Estimate.

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



Metallurgical Test Work

In October 2020, the Company announced the completion of metallurgical test work from the Barje Prospect. Highlights of this work are as follows:

- Conventional flotation has produced a concentrate 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 main hydrothermal breccias; this material type hosts approximately 72% of the total gold inventory reported in the current Mineral Resource Estimate for the Barje Prospect.
- A second composite sample representing the mineralized schist immediately above the hydrothermal breccias produced a flotation concentrate 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; this second material type hosts approximately 16% of the total gold inventory reported in the current Mineral Resource Estimate.

Metallurgical test work was performed on three composite samples derived from drill core assay rejects from the main hydrothermal breccias (“HG Fresh”), from the mineralized schist immediately above the hydrothermal breccias (“LG Fresh”) and from oxidized material developed on both the HG Fresh and LG Fresh materials (“OX”). At approximately 3.9 g/t Au, 1.0 g/t Au and 1.3 g/t Au, the head grades of these three composites are considered representative of the material types forming the basis of the Mineral Resource Estimate.

Each composite sample was characterized mineralogically using QEMSCAN and TESCAN techniques as a basis for informing metallurgical processing requirements. Subsequent flotation testing, via conventional means, of both HG and LG Fresh samples returned positive results, with HG Fresh producing a concentrate grading 48.9 g/t Au and 824.0 g/t Ag at a gold recovery of 83.4% and a silver recovery of 82.4%. HG Fresh represents approximately 72% of the total gold inventory within the Mineral Resource Estimate at Barje. Flotation testing of LG Fresh produced a concentrate grading 24.4 g/t Au and 228.0 g/t Ag at a gold recovery of 71.2% and a silver recovery of 79.2%. LG Fresh represents a further 16.5% of the total gold inventory within the Mineral Resource Estimate at Barje. While OX was not subjected to flotation test work, leaching tests have demonstrated that gold extraction of up to 80% can be achieved from this material. OX represents the balance, or 11.5%, of the total gold inventory within the Mineral Resource Estimate at Barje. Gravity test work returned gold recoveries of 41.4% for LG Fresh, 38% for HG Fresh, and 12% for OX.

All metallurgical test work was performed by ALS Metallurgical Laboratories in Kamloops, British Columbia, and overseen by Addison Mining Services Ltd. and Bara Consulting Ltd., both of the United Kingdom.

#### Preliminary Economic Assessment

In August 2020, the Company commenced the preparation of a Preliminary Economic Assessment (“PEA”) for the Barje Prospect. The purpose of this study is to constrain the self-standing economics of the Tlamino Project, and most particularly its capacity to yield a marketable metal concentrate, to which end a program of metallurgical test work will be completed. Addison Mining Services Ltd. and Bara Consulting Ltd., both of the United Kingdom, have been appointed as leaders of the PEA and metallurgical studies. Reach Partners Limited, also of the United Kingdom, has been engaged to provide guidance in the fields of concentrate specification and marketing terms.

The highly positive results from the metallurgical test work will be incorporated into the PEA. It is anticipated that the results of the PEA will be reported in the current quarter.

#### Fortuna Agreements

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

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

Should the Company not complete a sale of the Tlamino Project or corporate merger within the term of the Option, the Company will transfer its undivided 49% interest in the Tlamino Project to Fortuna for no consideration, such that Fortuna will then hold an undivided 100% interest in the Tlamino Project.

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

The Option is subject to the execution of a definitive agreement (the "Definitive Agreement") to be entered into between the Company and Fortuna, and will contain terms and conditions customary for transactions of this type. The Option is subject to approval from the TSX Venture Exchange and the boards of directors of both companies. The Company and Fortuna have one common director.

### ***Zlogosh Property, Bulgaria***

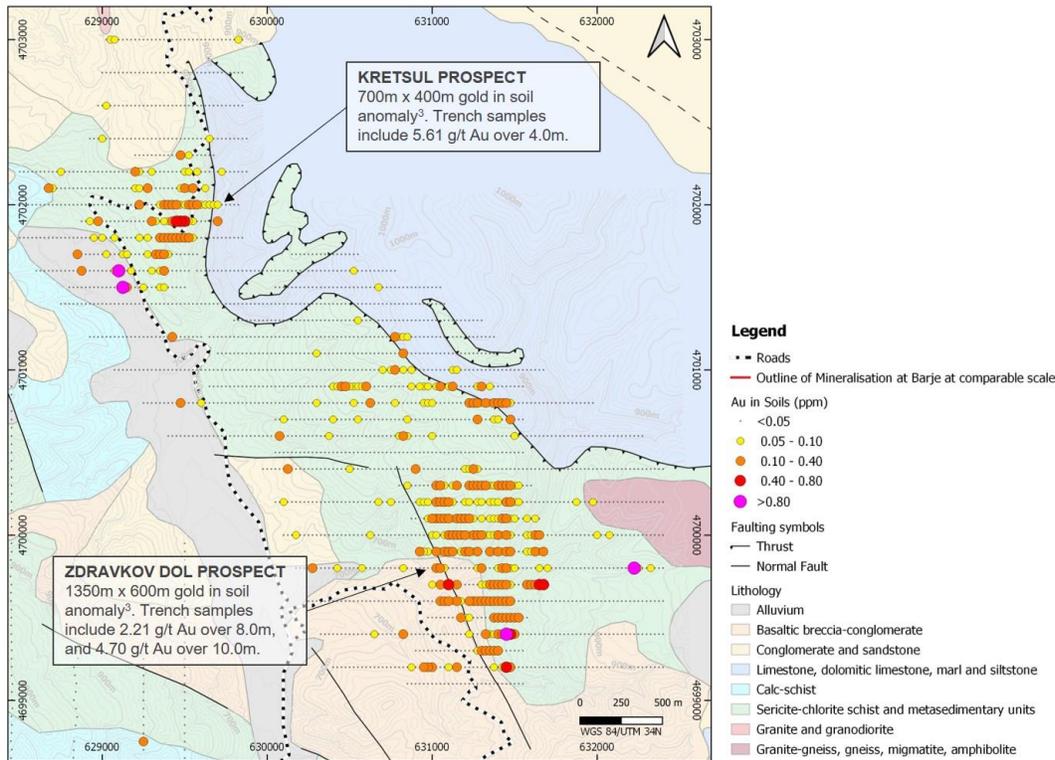
In April 2020, the Company entered into an exclusive Letter Agreement with Gecon EOOD with respect to an Exploration License application made by Gecon at Zlogosh ("Zlogosh", the "Zlogosh Property"), Kyustendil Oblast, western Bulgaria. The main mineralized targets at Zlogosh are situated approximately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

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

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

Under the terms of the Letter Agreement, the Company has the right to complete certain due diligence activities regarding Zlogosh which, if satisfactory, give the Company the right to enter into an option agreement with Gecon EOOD. Certain site and administrative aspects of the aforementioned due diligence activities are on hold due to restrictions brought about by the COVID-19 pandemic and are duly provided for under the terms of the Letter Agreement. The Letter Agreement provides that said option agreement will allow the Company to earn an initial 51% interest in Gecon EOOD by financing approximately €330,000 in permitting and permitting-related expenditures, followed by a second option to earn a further 44% interest in Gecon EOOD by incurring approximately €650,000 in exploration expenditures. The remaining 5% interest in Gecon EOOD may be purchased by the Company for €200,000 in cash on the third anniversary of the Zlogosh Exploration License once awarded or, at the election of the residual shareholder, for €200,000 in shares of the Company subsequent to the attainment of exploration expenditures to the value of €1,000,000. Gecon EOOD is a private company incorporated under the laws of the Republic of Bulgaria.

**Figure 2: Location of mineralized targets at Zlogosh.**



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

### Qualified Person

Mr. Thomas Sant, FGS, CGeol, EurGeol, is the Company's Qualified Person as defined by National Instrument 43-101, and has approved the disclosure of the technical information in this Interim MD&A.

### Quarterly Information

The following table provides information for the eight fiscal quarters ended September 30, 2020:

|                                     | Sep. 30,<br>2020<br>(\$) | June 30,<br>2020<br>(\$) | Mar. 31,<br>2020<br>(\$) | Dec. 31,<br>2019<br>(\$) | Sep. 30,<br>2019<br>(\$) | June 30,<br>2019<br>(\$) | Mar. 31,<br>2019<br>(\$) | Dec. 31,<br>2018<br>(\$) |
|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Exploration expenditures            | 367,993                  | 218,019                  | 76,917                   | 125,001                  | 32,762                   | 28,489                   | 85,511                   | 123,703                  |
| General and administrative expenses | 114,944                  | 148,183                  | 143,412                  | 239,565                  | 180,044                  | 211,948                  | 354,739                  | 154,151                  |
| Loss for the period                 | (482,937)                | (366,164)                | (219,422)                | (363,035)                | (211,231)                | (234,556)                | (437,635)                | (273,071)                |
| Basic and diluted loss per share    | (0.00)                   | (0.00)                   | (0.00)                   | (0.00)                   | (0.00)                   | (0.00)                   | (0.01)                   | (0.00)                   |

Exploration expenditures for the first six quarters presented were lower than the two most recently completed quarters due to option agreement funding from Fortuna ceasing during the quarter ended March 31, 2020. General and administrative expenses for the quarter ended March 31, 2019 was higher than other quarters presented due to a share-based payment charge of \$197,678 which related to the granting of stock options.

## **Results of Operations**

### *Quarter ended September 30, 2020*

For the quarter ended September 30, 2020, the Company had a net loss of \$482,937 compared to a net loss of \$211,231 for the quarter ended September 30, 2019, an increase of \$271,706. This increase was due to exploration costs being \$367,993 for the current quarter compared to \$32,762 for the comparative quarter, an increase of \$335,231. The current quarter exploration costs were significantly higher because Fortuna funding on the Tlamino Project ceased earlier in the fiscal year and therefore there were no exploration cost recoveries in the current quarter.

General and administrative expenses totaled \$114,944 for the current quarter compared to \$180,044 for the comparative quarter, a decrease of \$65,100. This decrease is partly due to the comparative quarter including a share-based payments expense of \$30,336 compared to no such expense for the current quarter. The share-based payments expense relates to the granting of stock options during the comparative period. Other notable cost decreases in the current quarter were in shareholder communications, travel and accommodation, and salaries and benefits which was due to reduced corporate activity and cost cutting efforts in response to the COVID-19 pandemic. The Company also used less investor relations services during the current quarter.

### *Nine months ended September 30, 2020*

For the nine-month period ended September 30, 2020, the Company had a net loss of \$1,068,523 compared to a net loss of \$883,422 for the nine-month period ended September 30, 2019, a decrease of \$185,101.

Exploration costs for the current period were \$662,929 compared to \$146,762 for the comparative period, an increase of \$516,167. As with the quarterly comparison, exploration costs for the comparative period were less because of cost recoveries relating to Fortuna funding throughout that entire period whereas the current period recorded cost recoveries on the Tlamino Project activity for just a portion of the period.

General and administrative expenses totaled \$406,539 for the current period compared to \$746,731 for the comparative period, a decrease of \$340,192 which is primarily due to the comparative period including a share-based payments expense of \$278,231 relating to the granting of stock options while the current period recorded no such expense. As with the quarterly comparison, other most notable cost decreases were in shareholder communications, travel and accommodation, and salaries and benefits which was also due to reduced corporate activity and cost cutting efforts in addition to less investor relations services during the current period. Management fees were higher for the current period due in part to an increase in the CEO's compensation commencing in April 2019 and a change in the allocation of his compensation between general administration and exploration.

## **Liquidity and Capital Resources**

The Company's cash and cash equivalent resource as at September 30, 2020 was \$1,636,580 compared to \$704,127 as at December 31, 2019. As at September 30, 2020, the Company had current assets totaling \$1,651,113 and current liabilities totaling \$131,540, for working capital of \$1,519,573.

In October 2018, the Company raised gross proceeds of \$1,470,840 from a private placement financing to fund general working capital requirements. From 2017 until February 2020, the Company's operations on the Tlamino Project were largely funded by Fortuna.

During the period ended September 30, 2020, the Company completed a private placement financing for gross proceeds of \$2,000,000 to fund exploration work and general working capital requirements. With this financing, the Company expects it will have sufficient capital resources to cover its corporate operating costs and exploration expenditures through the next twelve months.

The Company will seek to raise additional capital from time to time and believes it will be able to do so, but recognizes the uncertainty attached thereto. Actual funding requirements may vary from those planned due to a number of factors, including the progress of property acquisition and exploration activity.

### **Related Party Transactions**

See Note 11 of the condensed interim consolidated financial statements for the nine months ended September 30, 2020 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 and Outstanding Options and Warrants**

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

| <b>No. of options</b>  | <b>Exercise price</b> | <b>Expiry date</b> |
|------------------------|-----------------------|--------------------|
| 1,680,000              | \$0.15                | February 23, 2024  |
| 500,000                | \$0.11                | June 18, 2024      |
| 1,110,000              | \$0.15                | June 28, 2026      |
| 200,000                | \$0.20                | July 24, 2027      |
| 100,000                | \$0.20                | February 7, 2028   |
| 2,025,000              | \$0.15                | January 15, 2029   |
| 570,000                | \$0.15                | June 2, 2029       |
| 6,185,000              |                       |                    |
| <b>No. of warrants</b> | <b>Exercise price</b> | <b>Expiry date</b> |
| 40,870,000             | \$0.10                | July 14, 2023      |

### **Accounting Policies and Basis of Presentation**

The Company's significant accounting policies and future changes in accounting policies are presented in the audited consolidated financial statements for the year ended December 31, 2019.

### **Risks and Uncertainties**

#### *Global Pandemic*

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

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

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

### *Mineral Property Exploration and Mining Risks*

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

### *Joint Venture Funding Risk*

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

### *Commodity Price Risk*

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

### *Financing and Share Price Fluctuation Risks*

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

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

### *Political, Regulatory and Currency Risks*

The Company's mineral properties are located in economically stressed, but politically stable European countries and consequently may be subject to a higher level of risk compared to less economically stressed countries. Operations, the status of mineral property rights, title to the properties and the recoverability of amounts shown for mineral properties in such nations can be affected by changing economic, regulatory and political situations. The Company's equity financings are sourced in Canadian dollars but for the most part it incurs its exploration expenditures in British pound sterling, Euros, and Serbian dinars. At this time there are no currency hedges in place. Therefore, a weakening of the Canadian dollar against the British pound sterling, Euro, or Serbian dinar could have an adverse impact on the amount of exploration conducted.

### *Insured and Uninsured Risks*

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

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

#### *Environmental and Social Risks*

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

#### *Competition*

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