



(the “Company”)

MANAGEMENT’S DISCUSSION AND ANALYSIS

Year End Report – December 31, 2020

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, 2020. The following information, prepared as of April 27, 2021, should be read in conjunction with the December 31, 2020 consolidated financial statements. The Company reports its financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). 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.sedar.com).

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:

- 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 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:

- 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 are currently focused in Serbia and Bulgaria.

Due to restrictions on travel and for the safety of our employees and contractors arising from the COVID-19 pandemic, the Company has curtailed certain operations for the time being, with the majority of corporate and operational staff working from home or remotely where possible. Personnel will return to the field and office once safe and cost effective to do so, with the cash position of the Company being preserved in the meantime.

Corporate Activity

In 2020, Mr. Jeremy Martin stepped down as a Director of the Company; in early 2021, Mr. Simon Ridgway resigned as Executive Chairman and a Director, and Andrei Kroupnik was appointed to the Board of Directors of the Company.

In July 2020, the Company completed a non-brokered private placement with the issuance of 40,000,000 units at \$0.05 per unit, for gross proceeds of \$2.0 million, which included the sale of \$850,000 worth of units to a group of strategic investors led by Palisades Goldcorp Ltd. Each unit consists of one common share and one warrant entitling the holder to purchase one additional common share of the Company at \$0.10 for three years from closing.

Property Review

Serbia - Exploration

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. These licences were located adjacent to the borders of North Macedonia and Bulgaria, in the southeast of Serbia, and include the Donje Tlamino and Surlica-Dukat licences, which comprise the Tlamino Project then optioned to Fortuna, and the adjacent Ljubata and Radovnica licences.

In October 2020, the Serbian Ministry of Mining and Energy issued new exploration licenses 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, Serbia

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

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

Preliminary Economic Assessment

On January 30, 2020, the Company announced a maiden Mineral Resource Estimate for the Barje prospect and, in January 2021, the Company completed a Preliminary Economic Assessment (“PEA”) for the Barje Prospect. The purpose of this study was to confirm the self-standing economics of the Tlamino Project, and specifically its capacity to yield a marketable metal concentrate. Addison Mining Services Ltd. and Bara Consulting Ltd., both of the United

Kingdom, were appointed as leaders of the PEA and metallurgical studies. Reach Partners Limited, also of the United Kingdom, was engaged to provide guidance in the fields of concentrate specification and marketing terms. Unless otherwise stated, all tonnes referenced in the PEA summary set out below are metric, and ounces are troy ounce.

The highlights of the PEA are as follows:

- Based on simple open-pit mining methods and the production of a flotation concentrate via conventional processing techniques, the pre-tax NPV of the Project, at a discount rate of 8%, is US\$101M, its IRR 49%, and its operating margin 61%.
- The up-front capital cost of the Project is US\$74M (inclusive of a 15% contingency margin and further study and engineering costs) with payback achieved in two years.
- Life of mine C1 cash costs are US\$464/oz Au, and life of mine all-in sustaining costs (“AISC”) are US\$522/ounce Au.
- A gold price of US\$1500/oz and a silver price of US\$16.50/oz was used in the study. At an approximate spot gold price of US\$1,800/oz, the post-tax NPV of the Project, at a discount rate of 8%, is US\$139M, and its IRR 69%.

It is now the intention of the Company to pursue a program of infill drilling at Tlamino with the objective of upgrading the current Inferred Resource to the Indicated category, and the completion of a Pre-Feasibility Study thereafter. Drilling is expected to commence upon snow melt in 2021; further details of which will be provided in due course.

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

Table 1: Barje PEA Key Financial Metrics

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

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

Basis of Preliminary Economic Assessment

Scoping-level design and preliminary economic analysis thereof was undertaken for the Barje deposit of the Tlamino Project. The Mineral Resource Estimate for Barje as announced on January 30, 2020 has been updated in accordance with the metallurgical testwork and mining parameters identified during the course of the current study. An updated

Inferred Mineral Resource of approximately 7.1 Mt at 2.5 g/t Au and 38 g/t Ag, containing approximately 570,000 oz of Au and 8.8 Moz of Ag is herein stated and has been used as a basis for the PEA.

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

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

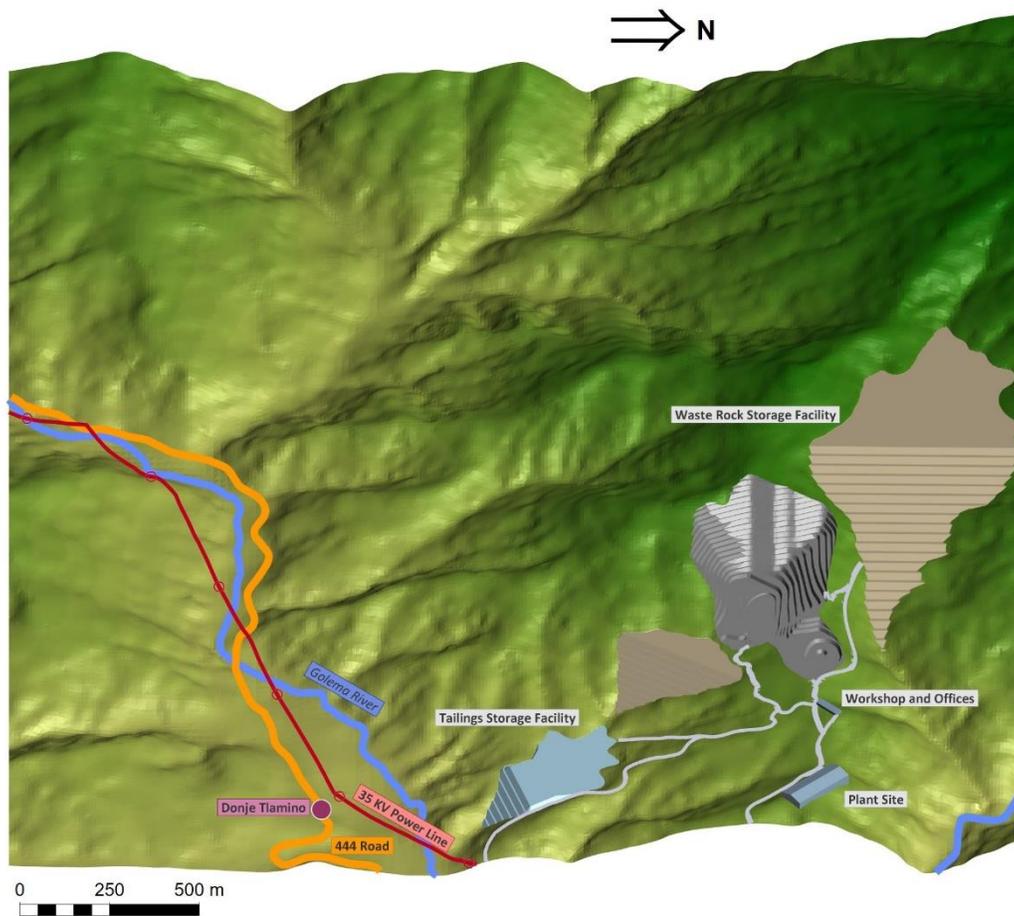


Table 2: Summary of Project Parameters

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

Mining

The Barje deposit is relatively flat-lying and situated beneath shallow to medium-depth overburden. While mining via both open pit and underground techniques were initially considered, an open pit method was ultimately selected for the PEA on account of the overall low volume of waste and the generally low RQD of both waste and ore material. The PEA contemplates application of open pit mining methods using hydraulic excavators and wheel loaders charging articulated dump trucks for haulage of both waste and ROM material. Mining activities will be performed on a contractor basis, and include free-digging of weathered material, and drilling and blasting of fresh rock. Pre-production mining includes removal and stockpiling of topsoil is also assumed.

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

Table 3: Summary of Mining Parameters

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

Processing

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

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

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

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

Table 4: Summary of Mineral Processing Parameters

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

Capital Costs

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

Plant capital provides for the design and construction of a 600,000 tpa flotation plant including crushing, grinding, froth flotation, concentrate and tailings handling facilities including filtration of tailings for dry stacking. Infrastructure

includes for mine support infrastructure, plant infrastructure, dry stack tailings storage facility, power (including backup 35 kV line), water and internal roads. A summary is presented in Table 5. Estimates for closure were also assessed during the ESIA review process.

Table 5: Capital Cost Estimates

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

Operating Costs

A high-level breakdown of operating costs was developed based on current designs and quotes from recent similar projects by Bara Consulting. Mine operating costs include ore mining and waste mining at US\$2.30/t, plus a stockpile reclaim cost for LG material of US\$1/t equating to US\$0.50/ROM tonne. Process costs include crushing, grinding, flotation, concentrate handling and tailings handling (including filtration) for 600,000 tpa flotation feed. G&A includes on-mine administration and general costs. Concentrate transport is costed for delivery of concentrate CIF to customers in China. Details are presented in Table 6 below.

Table 6: Operating Cost Estimates

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

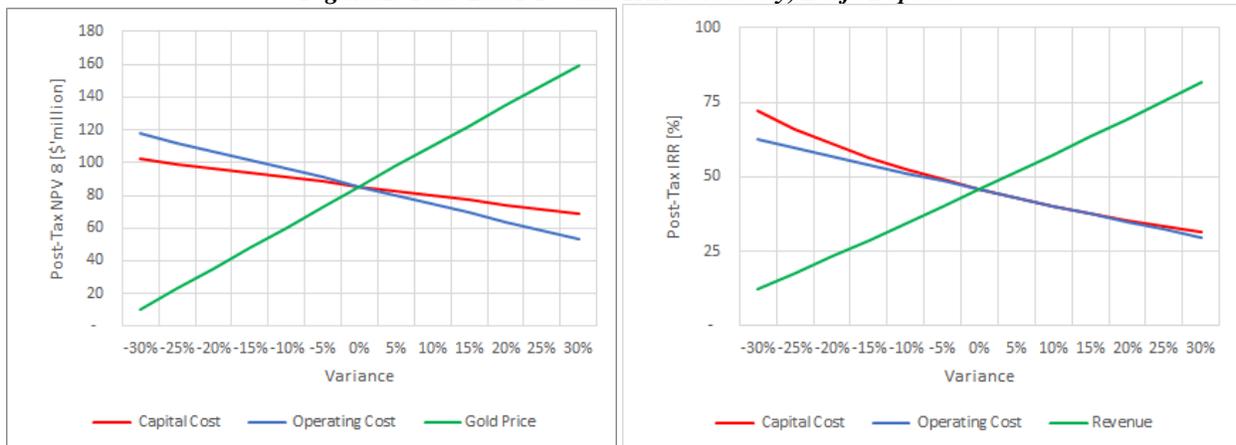
Economics and Sensitivities

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

Table 7: NPV and IRR sensitivities, Barje Prospect

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

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



Mineral Resources

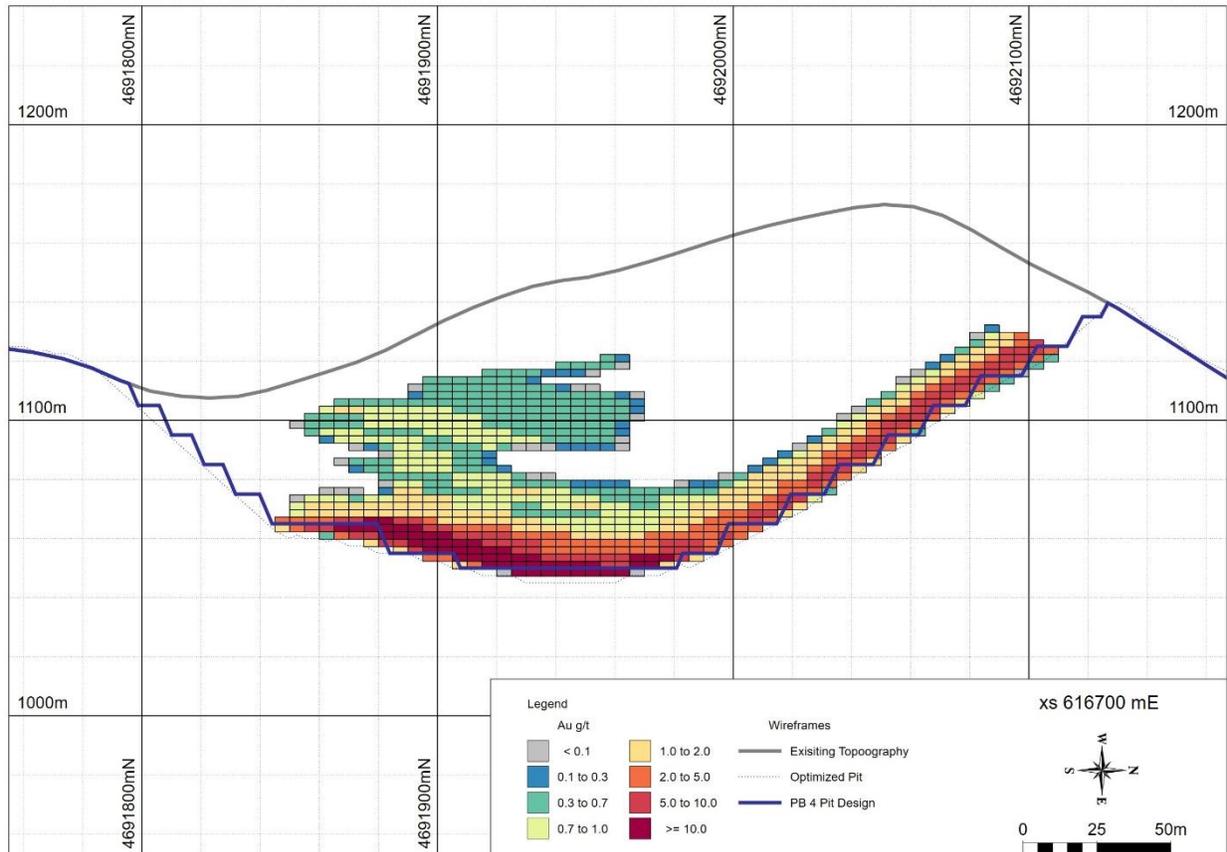
Mineral Resources, reported in accordance with National Instrument 43-101, *Standards of Disclosure for Mineral Projects*, (“NI 43-101”) and the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards, have been re-estimated for the Barje prospect of the Tlamino Project incorporating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

The estimated Mineral Resource for Barje, using various cut-off grades for their respective material types, is approximately 7.1 Mt at 2.5 g/t Au and 38 g/t Ag in the Inferred category, and containing 570,000 oz of Au and 8.8 Moz of Ag. This equates to approximately 2.9 g/t AuEq or 670,000 oz AuEq. It is the opinion of the Qualified Person

for the Mineral Resource Estimate that all elements included in the Au Equivalent calculation (gold and silver) have a reasonable prospect of being recovered and sold.

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

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



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

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

Table 8: Mineral Resource Estimate, Barje Prospect

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

Notes to the Mineral Resource Estimate:

1. The independent Qualified Person for the Mineral Resource Estimate, as defined by NI 43-101, is Mr. Richard Siddle, MSc, MAIG, of Addison Mining Services Ltd since November 2014. The effective date of the Mineral Resource Estimate is January 07 2021.
2. These Mineral Resources are not Mineral Reserves as they do not have demonstrated economic viability. The quantity and grade of reported Inferred Resources in this Mineral Resource Estimate are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as Indicated or Measured, however it is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration. Additional drilling is however required to increase the confidence in the Mineral Resource; increased levels of information brought about by further drilling may serve to either increase or decrease the Mineral Resources.
3. Mineral Resources reported in the above table are presented as undiluted and in-situ for an open-pit scenario and are considered to have reasonable prospects for economic extraction. The Mineral Resources constrained by open pit optimization.
4. Break even cut-off grades were estimated for each material type of 0.6 g/t, 0.8g/t and 0.5 g/t AuEq for the High Grade Breccia, Low Grade Schist and Partially Oxidized materials respectively, these cut-off grades were used in Resource Reporting. The cut-off grades were calculated on the basis of the following assumptions: a gold price of US\$1500/oz, a silver price of US\$16.5/oz, mining costs of US\$2.3/t, processing costs including tailings disposal of US\$10/t for sulphide rock and US\$12/t for oxide, G&A costs of US\$4/ROMt and transport costs of US\$2/ROMt.
5. Per metallurgical test work completed to date, recovery to concentrate after flotation of 85.8% for gold and 84.3% for silver were used for the High Grade Breccia material with 75% payability. For the Low Grade Schist recoveries used were 76.5% for gold and 82.7% for silver with 60% payability. For the Partially Oxidized material 80% recovery via leaching for gold and silver was assumed with 98% payability. 5% gross royalty was applied to both metals.
6. Geological and block models for the Mineral Resource Estimate used data from 33 surface drillholes performed by Medgold in 2018 and 2019; data from four drillholes completed by Avala Resources Ltd., a prior operator, were used to constrain the model though they did not intercept significant mineralization. The drill database was validated prior to resource estimation and QA/QC checks were made using industry-standard control charts for blanks, core duplicates and commercial certified reference material inserted into assay batches by Medgold and by comparison of umpire assays performed at a second laboratory. No QA/QC was possible on the data relating to the drilling by Avala.
7. The geological model as applied to the Mineral Resource Estimate comprises two mineralized domains, a shallowly inclined high-grade hydrothermal breccia unit and a lower-grade schist unit immediately overlying the hydrothermal breccia. Individual wireframes were created for each domain. Weathering domains of fresh and partially oxidized material were defined within the two mineralized domains.
8. The block model was prepared using Micromine version 2020, Services Pack 1, A 10 m x 10 m x 4 m block model was created with sub-blocks of minimum 2 m x 2 m x 2 m on domain boundaries. Grade estimation from drillhole data was carried out for Au, Ag, As, Cu, Pb, Zn, Fe, S using Ordinary Kriging and was validated by comparison of input and output statistics, kriging neighbourhood analysis and by inspection of the assay data and block model in cross section. A gold equivalent (AuEq) grade was calculated for each block using the formula $AuEq = ((Ag \text{ g/t}) \times 0.011)) + (Au \text{ g/t})$ for the High Grade Breccia and Partially Oxidized materials and $AuEq = ((Ag \text{ g/t}) \times 0.012)) + (Au \text{ g/t})$ for the Low Grade Schist.

9. Bulk density values were calculated for each block of the model based on a broad linear relationship observed between 152 measured bulk density values within the mineralized domains and the assayed values of As, Cu, Fe, S, Pb and Zn. Blocks within the partially oxidized material were assigned a single bulk density value of 2.54 g/cm³.
10. Estimates in the above table have been rounded to two significant figures.
11. CIM Definition Standards for Mineral Resources have been followed.
12. The independent Qualified Person for Resources is not aware of any additional known environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues that could materially affect the Mineral Resource Estimate.

Fortuna Agreements

Pursuant to the Tlamino Option Agreement signed in March 2017, as amended, Fortuna 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 which was formalized by a definitive agreement signed in December 2020 with Fortuna whereby the Company was 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 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.

At the time of signing of the letter of intent and the definitive agreement, the Company and Fortuna had one common director.

Zlogosh Property, Bulgaria

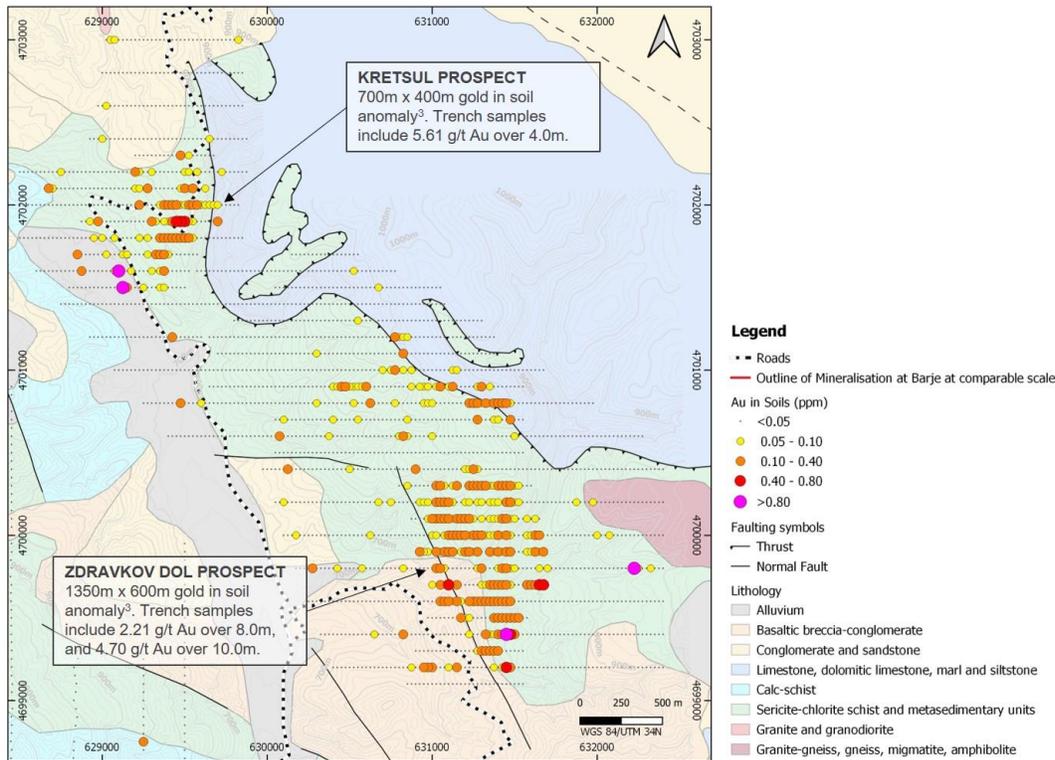
In April 2020, the Company entered into an exclusive Letter Agreement with Gecon EOOD with respect to an Exploration License application made by Gecon at Zlogosh ("Zlogosh", the "Zlogosh Property"), Kyustendil Oblast, western Bulgaria. The main mineralized targets at Zlogosh are situated approximately 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 4: Location of mineralized targets at Zlogosh.



³Reported 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 Persons

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 MD&A.

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

Selected Annual Information

The following table provides financial results for the years ended December 31, 2020, 2019 and 2018:

| | 2020 (\$) | 2019 (\$) | 2018 (\$) |
|-------------------------------------|-----------|-----------|-----------|
| Exploration expenditures | 915,452 | 271,763 | 505,498 |
| General and administrative expenses | 534,452 | 986,296 | 794,079 |
| Loss for the year | 1,448,173 | 1,246,457 | 1,291,313 |
| Basic and diluted loss per share | 0.01 | 0.01 | 0.01 |
| Total assets | 1,483,781 | 1,013,288 | 1,885,118 |
| Total liabilities | 156,190 | 182,467 | 86,875 |
| Cash dividends | - | - | - |

Exploration expenditures were highest for 2020 fiscal year due to more exploration activity at the Tlamino Project being funded by Fortuna for 2019 and 2018. General and administrative expenses were highest for the 2019 fiscal year due primarily to a share-based payments expense of \$279,035 relating to the granting of stock options compared to \$139,948 for 2018 and no such charge for the current fiscal year.

Quarterly Information

The following table provides information for the eight fiscal quarters ended December 31, 2020:

| | Dec. 31, 2020 (\$) | Sep. 30, 2020 (\$) | June 30, 2020 (\$) | Mar. 31, 2020 (\$) | Dec. 31, 2019 (\$) | Sep. 30, 2019 (\$) | June 30, 2019 (\$) | Mar. 31, 2019 (\$) |
|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Exploration expenditures | 252,523 | 367,993 | 218,019 | 76,917 | 125,001 | 32,762 | 28,489 | 85,511 |
| General and administrative expenses | 127,913 | 114,944 | 148,183 | 143,412 | 239,565 | 180,044 | 211,948 | 354,739 |
| Loss for the period | (379,650) | (482,937) | (366,164) | (219,422) | (363,035) | (211,231) | (234,556) | (437,635) |
| Basic and diluted loss per share | (0.00) | (0.01) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.01) |

Exploration expenditures for the first five quarters presented were lower than the three most recently completed quarters due to Tlamino Project exploration 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 while expenses for the quarter ended December 31, 2019 were the next highest due to more legal services being used.

Results of Operations

Quarter ended December 31, 2020

For the quarter ended December 31, 2020, the Company had a net loss of \$379,650 compared to a net loss of \$363,035 for the quarter ended December 31, 2019, an increase of \$16,615. Exploration costs were \$252,523 for the current quarter compared to \$125,001 for the comparative quarter, an increase of \$127,522, while general and administrative expenses for the current quarter were \$127,913 compared to \$239,565 in the comparative quarter, a decrease of \$111,652.

The current quarter exploration costs were significantly higher because Fortuna funding of exploration at the Tlamino Project ceased early in 2020 and therefore there were no exploration cost recoveries recorded in the current quarter. Notable G&A expense decreases in the current quarter were in legal and accounting, shareholder communications, and salaries and benefits which was due in part to reduced corporate activity and cost cutting efforts in response to the COVID-19 pandemic. Significantly higher legal and accounting fees for the comparative quarter related partly to the Company's former operations in Portugal and to corporate planning and restructuring activities.

Year ended December 31, 2020

For the year ended December 31, 2020, the Company had a net loss of \$1,448,173 compared to a net loss of \$1,246,457 for the year ended December 31, 2019, an increase of \$201,716.

Exploration costs for the current year were \$915,452 compared to \$271,763 for the comparative year, an increase of \$643,689. As with the quarterly comparison, exploration costs for the comparative year were significantly less because of cost recoveries received relating to Fortuna funding throughout 2019 whereas the current year recorded cost recoveries on the Tlamino Project activity for just a portion of the first quarter.

General and administrative expenses totaled \$534,452 for the current year compared to \$986,296 for the comparative year, a decrease of \$451,844 which is primarily due to the comparative year including a share-based payments expense of \$279,035 relating to the granting of stock options while the current year recorded no such expense. Legal and accounting costs were \$57,103 higher in the current year and as in the quarterly comparison, relate mostly to former operations in Portugal and to corporate planning and restructuring activities. Other notable cost decreases were in shareholder communications, salaries and benefits, and travel and accommodation which was due to less investor relations services used during the current year and cost cutting efforts as with the quarter comparison.

Liquidity and Capital Resources

The Company's cash and cash equivalents as at December 31, 2020 were \$1,287,143 compared to \$704,127 as at December 31, 2019. As at December 31, 2020, the Company had current assets totaling \$1,304,712 and current liabilities totaling \$156,190, for working capital of \$1,148,522.

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. In July 2020, the Company completed a private placement financing for gross proceeds of \$2,000,000 to fund exploration work and general working capital requirements.

The Company expects its current capital resources to be sufficient to cover its corporate operating costs but not potential future mineral property acquisitions or significant exploration expenditures through 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 the progress of property acquisition 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, 2020.

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, 2020, the Company is exposed to foreign currency risk and interest rate risk.

Foreign Currency Risk

As at December 31, 2020, the Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

| | December 31, 2020 | | | |
|--|--|--|-----------------------------------|--|
| | British Pound Sterling (CDN equivalent) | US Dollars (CDN equivalent) | Euros (CDN equivalent) | Serbian Dinars (CDN equivalent) |
| Cash | \$ 553 | \$ 1,738 | \$ 12,329 | \$ 18,430 |
| Amounts receivable | - | - | - | 6,719 |
| Accounts payable and accrued liabilities | (55,381) | (4,478) | (10,233) | (11,123) |
| Net exposure | \$ (54,828) | \$ (2,740) | \$ 2,096 | \$ 14,026 |

Based on the above net exposures at December 31, 2020, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would result in approximately a \$4,100 (2019: \$5,600) 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, 2020, the Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with Canadian, British and Serbian financial institutions. The Company considers this risk to be limited.

b) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents. The Company limits exposure to credit risk by maintaining its cash and cash equivalents with large financial institutions. The Company's receivables as at December 31, 2020 consists of sales tax receivables from the governments of Serbia and Canada. The Company considers credit risk with respect to these amounts to be low.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. All of the Company's financial liabilities had contractual maturities of less than 45 days and are subject to normal trade terms.

Related Party Transactions

The Company had transactions during the periods ended December 31, 2020 and 2019 with related parties who consisted of directors, officers and the following companies with common directors or controlled by those officers and directors:

| <u>Related party</u> | <u>Nature of transactions</u> |
|---|--|
| Gold Group Management Inc. ("Gold Group") | Shared office, personnel and administrative charges |
| Mill Street Services Ltd. ("Mill Street") | Management and geological services |
| Virv International Inc. ("Virv") | Management and geological services |
| Wellhead Management Ltd. ("Wellhead") | Management and geological services |
| <u>Fortuna</u> | <u>Investment in the Company and mineral property option agreement</u> |

During the periods ended December 31, 2020 and 2019, the Company reimbursed Gold Group for the following costs:

| | Three months ended December 31, | | Year ended December 31, | |
|--------------------------------------|--|------------------|--------------------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| General and administrative expenses: | | | | |
| Office and administration | \$ 14,140 | \$ 18,704 | \$ 62,662 | \$ 65,473 |
| Salaries and benefits | 17,794 | 34,379 | 84,561 | 119,985 |
| Shareholder communications | 250 | 500 | 3,642 | 3,896 |
| Transfer agent and regulatory fees | - | - | 2,515 | 2,738 |
| Travel and accommodation | 421 | 713 | 5,294 | 4,975 |
| | \$ 32,605 | \$ 54,296 | \$ 158,674 | \$ 197,067 |

Gold Group is reimbursed by the Company for certain shared costs and other business-related expenses paid by Gold Group on behalf of the Company. Gold Group is controlled by Simon Ridgway, who was the Chairman of the Company as at December 31, 2020. Salaries and benefits for the years ended December 31, 2020 and 2019 include those for the Chief Financial Officer and the Corporate Secretary.

Amounts receivable as at December 31, 2020 include \$Nil (2019: \$27,444) due from Fortuna for project funding pursuant to the Tlamino Project option agreement.

Prepaid expenses and deposits as at December 31, 2020 include an amount of \$205 (2019: \$1,137) paid to Gold Group for administrative expenses paid in advance on the Company's behalf.

Long-term deposits as of December 31, 2020 consist of \$61,000 (2019: \$61,000) paid to Gold Group as a deposit pursuant to an agreement with Gold Group.

Amounts due to related parties as of December 31, 2020 consists of \$23,477 (2019: \$20,226) owing to Gold Group and \$21,938 (2019: \$58,166) to the Chief Executive Officer of the Company for management and geological fees and expense reimbursement. The amount for Gold Group is due on a monthly basis and secured by a deposit.

Key Management Compensation

The Company has identified certain of its directors and senior officers as its key management personnel. Included for the periods ended December 31, 2020 and 2019 at their exchange amounts are the following items paid or accrued to

key management personnel and/or companies with common directors. These transactions are in the normal course of operations.

| | Three months ended December 31, | | Year ended December 31, | |
|---|---------------------------------|------------------|-------------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| Management fees | \$ 19,875 | \$ 24,000 | \$ 99,750 | \$ 90,825 |
| Geological fees | 38,625 | 34,500 | 131,750 | 152,675 |
| Salaries and benefits | 5,958 | 9,625 | 25,024 | 34,833 |
| Value of stock option grants recorded as share-based payments | - | - | - | 168,785 |
| | \$ 64,458 | \$ 68,125 | \$ 256,524 | \$ 447,118 |

Key management compensation includes management and geological fees paid to Virv, a company controlled by the Chief Executive Officer of the Company, to Mill Street, and to Wellhead, a company controlled by the former President of the Company.

Other Data

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

Share Position and Outstanding Options and Warrants

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

| No. of options | Exercise price | Expiry date |
|------------------|----------------|-------------------|
| 580,000 | \$0.15 | February 23, 2024 |
| 500,000 | \$0.11 | June 18, 2024 |
| 310,000 | \$0.15 | June 28, 2026 |
| 100,000 | \$0.20 | July 24, 2027 |
| 500,000 | \$0.15 | January 15, 2029 |
| 40,000 | \$0.15 | June 2, 2029 |
| 6,485,000 | \$0.10 | March 1, 2031 |
| 8,515,000 | | |

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

Accounting Policies and Basis of Presentation

The Company's significant accounting policies and future changes in accounting policies are presented in the audited consolidated financial statements for the year ended December 31, 2020.

Future Accounting Changes

The Company will be required to adopt the following standards and amendments issued by the IASB as described below.

IFRS 17 Insurance Contracts

IFRS 17 is a new standard that requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4, *Insurance Contracts*, and related interpretations.

This standard will be effective for the Company's annual period beginning January 1, 2021. The Company has assessed that the impact of IFRS 17 on its consolidated financial statements would not be significant.

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.