



(the “Company”)

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

**For the Nine Months Ended September 30, 2022**

### **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, 2022. The following information, prepared as of November 24, 2022, should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements for nine months ended September 30, 2022 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, 2021 and the related MD&A. All amounts are expressed in Canadian dollars unless otherwise indicated. The September 30, 2022 condensed interim consolidated financial statements have not been reviewed by the Company’s auditors.

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

### **Forward Looking Information**

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

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

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

Forward-looking Statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any results, performance

or achievements expressed or implied by the Forward-looking Statements. Such uncertainties and factors include, among others:

- whether the proposed acquisition of Balkan Metals Corp. will be completed as planned;
- uncertainty of mineral reserve and resource estimates;
- risks associated with mineral exploration and project development;
- fluctuations in commodity prices;
- fluctuations in foreign exchange rates and interest rates;
- credit and liquidity risks;
- changes in national and local government legislation, taxation, controls, regulations and political or economic developments in countries in which the Company does or may carry on business;
- reliance on key personnel;
- property title matters;
- local community relationships;
- risks associated with potential legal claims generally or with respect to environmental matters;
- adequacy of insurance coverage;
- dilution from further equity financing;
- competition;
- uncertainties relating to general economic conditions; and
- risks relating to a global pandemic, including the coronavirus COVID-19, which could result in government imposed restrictions that could cause a slowdown in global economic growth and impact the Company's business, operations, financial condition and share price;

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

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

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

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

### **Business of the Company**

The Company is a Vancouver-based mineral exploration entity engaged in the acquisition and exploration of precious and base metals properties. The Company is targeting early- to mid-stage exploration projects in jurisdictions which are mining-friendly, with strong mining codes, and with excellent geological potential. The Company's exploration activities have been focused in Serbia and Bulgaria; however, management is actively investigating potential business opportunities in other regions.

#### *Proposed Acquisition of Balkan Metals Corp.*

The Company has entered into a non-binding arm's length letter of intent dated November 23, 2022 (the "**LOI**") to acquire (the "**Acquisition**") all of the issued and outstanding common shares of Balkan Metals Corp. ("**Balkan**

**Metals**”), a private British Columbia company which holds a portfolio of exploration licenses in Serbia, some of which are contiguous to the Company’s existing Serbian exploration permits. With mineral rights covering close to 1,000 square kilometers, the resulting company will be the largest holder of highly prospective exploration ground in the Republic of Serbia.

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

- Balkan Metals will reimburse certain of the Company’s expenses related to the Transactions in consideration of the issuance by the Company to Balkan Metals of Convertible Debentures (see description below under the heading “*Other Key Terms of the Transactions*”) in the maximum aggregate principal amount of \$150,000.
- The Company will consolidate its common shares on a 16:1 basis.
- The Company will settle up to \$330,000 in accounts payable by issuing up to 1,650,000 post-consolidation common shares of the Company at a deemed price of \$0.20 per share.
- Balkan Metals will arrange a private placement financing in the Company to raise \$2.0 million. See the description of the Concurrent Financing under the heading “*Other Key Terms of the Transactions*” below.
- the Company’s shareholders immediately prior to the closing of the Transactions will receive a contingent value right entitling the holders thereof to receive a pro-rata portion of cash payment, or at the election of the Company, an equivalent amount of Resulting Issuer Shares equal to US\$8.00 for every ounce of gold mineral reserves set out in an independent feasibility study that the Resulting Issuer may prepare in respect of the Tlamino Gold Project in south Serbia (comprised of exploration permits currently held by the Company).
- In consideration for the transfer to the Company of 100% of the issued shares of Balkan Metals, the Company will issue an aggregate of 26,264,266 post-consolidation common shares to the shareholders of Balkan Metals, being one Medgold Share for each Balkan Metals Share.
- The name of the Company will be changed to “Balkan Metals Corp.”.

It is anticipated the upon completion of the Transactions, the Company (the “Resulting Issuer”) will have a maximum of 48,005,248 common shares issued and outstanding, of which approximately 58% will be owned by the former Balkan Metals Shareholders.

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

Upon completion of the Acquisition, Dr. Elena Clarici will be appointed as Director, Executive Chair and CEO of the Resulting Issuer and will be joined on the Board by Michael Thomsen. The Company will have the right to appoint one representative to the Resulting Issuer Board. The intended CFO and other officers of the Resulting Issuer will be determined in the coming weeks.

#### Dr. Elena Clarici – Executive Chair, CEO, Director

A Serbian citizen, Dr. Clarici is a co-founder of Balkan Metals Corp. and has over 25 years of mining investment and corporate experience. Dr Clarici has held key management positions with a number of junior explorers, development companies and private equity funds. She is currently Executive Chairman of Pan Pacific Resource Investments, a private venture capital firm focused on energy transition. Prior to that, she was the Chief Investment Officer at OCIM, a precious metals focused Swiss investment firm. Before that, Dr. Clarici was responsible for the mining investments of Meridian Equity Partners following her role as portfolio co-manager of the Scipion Mining and Resources Fund. Dr. Clarici acts as an independent director to a number of private and public international mining companies, most recently with Exchange-listed silver producer, Aya Copper & Silver Corp. (TSXV: AYA). Dr. Clarici has a PhD in mining and environmental engineering from the Royal School of Mines, Imperial College, London, and BEng in Mining Engineering from University of Belgrade.

#### Michael Thomsen, Independent Director

Mr. Thomsen has had an extensive and highly successful career in mineral exploration spanning more than 40 years in the mining sector and was formerly the Director of International Exploration at Newmont Mining (TSX: NGT). Before that he held the role of Chief Geologist for Indonesia at Freeport-McMoRan (NYSE: FCX) and Exploration Manager at Gold Fields (NYSE: GFI). Mr. Thomsen directed exploration efforts in two of the world’s major mining

districts - for Newmont at the Yanacocha, Peru high sulphidation gold district and for Freeport at the Ertsberg-Grasberg Porphyry Cu-Au district in Indonesia. Mr. Thomsen graduated with a BSc in Geology from the University of Wisconsin-Milwaukee and holds an MSc in Geology from Wisconsin-Madison.

Balkan Metals has built its portfolio and its operations with a help of a motivated and efficient team of experienced in-country operators.

#### Dr. Dejan Kozelj – Chief Geologist

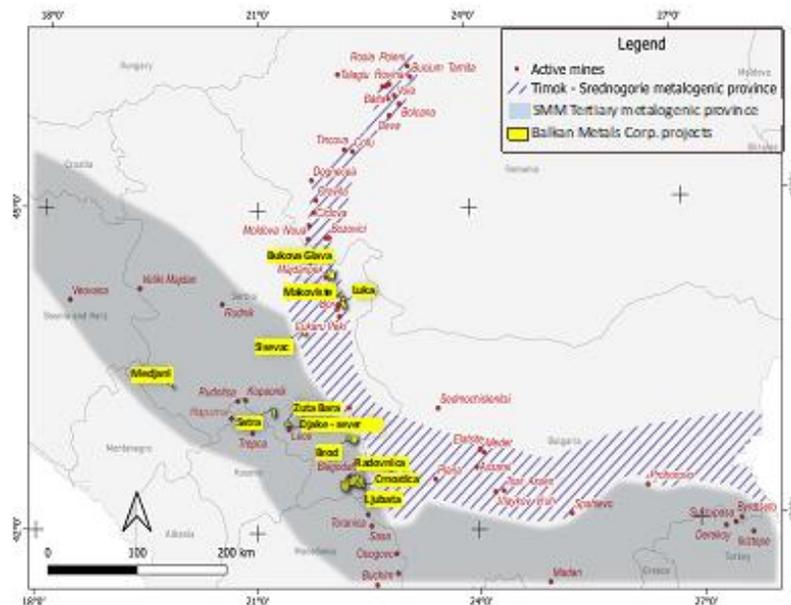
Dr. Kozelj has 40 years of experience in Porphyry Cu-Au and massive sulfide deposit exploration. He was the former Managing Director of Rakita Exploration, which became Phelps Dodge and subsequently Freeport-McMoRan Serbia. Dr. Kozelj remained the Country Manager and Chief Geologist for Freeport for over 14 years and led exploration programs across Serbia as well as acting as head of project evaluation for Freeport Europe. Dr. Kozelj received the prestigious Thayer Lindsley Award in 2016 at PDAC, for the discovery of the Ćukaru Peki high-grade Porphyry Cu-Au deposit in Serbia. Dr. Kozelj has a PhD in Geology from the University of Belgrade.

#### Nenad Protic – Senior Exploration Geologist & General Manager – Serbia

Mr. Protic is an exploration geologist with over 13 years of experience directing all aspects of mineral exploration with a focus on identifying and developing porphyry Cu-Au and high sulfidation epithermal deposits in the Balkans. He was instrumental in compiling Balkan Metal’s portfolio of Serbia mineral properties. Previously, he was the Regional Geologist for First Quantum Minerals (TSX: FM) as well as Exploration Geologist for Dunav Resources (TSX.V: DNV) and Avala Resources on their sediment hosted gold project in Eastern Serbia. He gained his MSc in Mining and Geology from the University of Belgrade and is a Qualified Person for project and regional geology in Serbia.

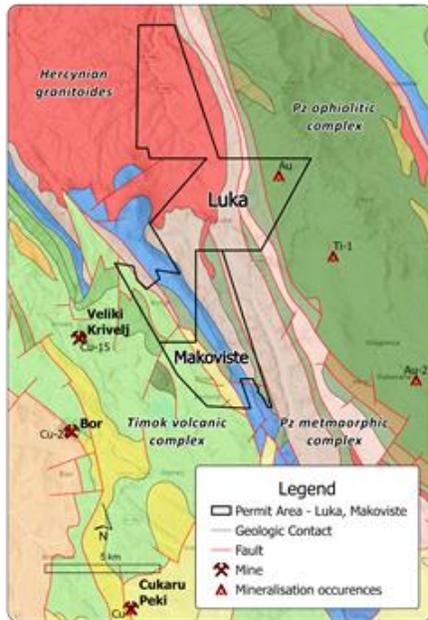
#### The Balkan Metals Properties

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



The Resulting Issuer’s principal project will be Balkan Metals’ Timok East Project, which comprises the Luka, Makovište and Bukova Glava exploration permits, covering 126 km<sup>2</sup>, approximately 250 kilometres from the capital city of Belgrade in eastern Serbia.

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



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

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

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

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

#### Other Key Terms of the Transaction

The other key terms of the Transaction are as follows:

- (1) In consideration of the exclusivity the Company has granted to Balkan Metals pursuant to the LOI, Balkan Metals has made a non-refundable cash payment to the Company in the amount of \$20,000 at the signing of the LOI. Balkan Metals is to make an additional non-refundable payment of \$30,000 to the Company upon execution of a definitive agreement, expected to be signed by December 15, 2022.
- (2) Balkan Metals has agreed to provide interim working capital financing to the Company until April 30, 2023 by way of unsecured convertible debentures (the “Convertible Debentures”) in the maximum aggregate principal amount of \$150,000. The principal amounts of the Convertible Debentures shall bear interest at a rate of 5% per annum, such interest to be payable only if the LOI is terminated and the Acquisition will not complete. The Company shall have the right to prepay the principal amount owing under the Convertible Debentures without penalty. The principal amount outstanding under the Convertible Debentures shall be convertible at Balkan Metals' option into common shares of the Company prior to completion of the Transactions at a price equal to the lesser of \$0.05 and the lowest conversion price permitted by the Exchange.
- (3) Concurrently with closing of the Transaction, Balkan Metals is to arrange and close a private placement (the “Concurrent Financing”) of a minimum of 10,000,000 units (the “Units”) of the Resulting Issuer, at an expected minimum price of \$0.20 per Unit, to raise minimum gross proceeds of \$2,000,000. The net proceeds of the Concurrent Financing will be used by the Resulting Issuer to fund exploration of its Serbian properties (and principally, the Timok East Project) and for working capital and general corporate purposes. A finder's fee may be paid in respect of the Concurrent Financing.

As required by the policies of the Exchange, trading of the Company's common shares has been halted in connection with the announcement of the Acquisition. Trading will remain halted pending the satisfaction of the Exchange's initial filing requirements in respect of the Transactions and the Exchange's initial assessment of the Acquisition and

related matters. The shareholders of the Company are advised that trading may remain halted until the Exchange provides its final acceptance of the Transactions.

### **Current Property Review**

#### ***Serbia - Overview***

In mid-2016, the Company signed a strategic alliance with Fortuna Silver Mines Inc. (NYSE: FSM) (TSX: FVI) (“Fortuna”), for the purposes of generating gold and silver exploration projects in Serbia by targeting gold-silver epithermal systems associated with the Oligo-Miocene igneous belt within Serbia. This belt of rocks runs NW-SE across much of the country, and is under-explored for gold and silver, despite an abundance of freely available geological data. Much of this information was generated by the Yugoslav State, during the 1960s and 1970s, through phases of national-scale geological mapping and systematic exploration for lead and zinc.

The Company was granted five exploration licences, two of which comprise the Tlamino Project. Exploration drilling programs conducted at the Tlamino Project in 2018 and 2019 led to the drill-definition of a zone of continuous gold mineralization at the Barje Prospect at Tlamino measuring 700 metres by 250 metres. In January 2020, the Company established a maiden Mineral Resource Estimate for the Barje prospect (see “Mineral Resource Estimate” below).

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

After a reassessment of previous exploration data, the Company relinquished the Crnook Licence further to which it then held four granted exploration licences, each covering approximately 100 square kilometres. These licences were located adjacent to the borders of North Macedonia and Bulgaria, in the southeast of Serbia, and include the Donje Tlamino and Surlica-Dukat licences, which comprise the Tlamino Project then optioned to Fortuna, and the adjacent Ljubata and Radovnica licences.

In October 2020, the Serbian Ministry of Mining and Energy issued new exploration licenses for the Donje Tlamino and Surlica Dukat properties that comprise the Tlamino Project. The licenses are each valid for three years and are renewable for terms of three and then two years. At the same time a new exploration license, Zuti Kamen, which covers an area of approximately 6 square kilometres adjoining the southern flank of Surlica Dukat, was also awarded on similar terms.

#### ***The Tlamino Gold Project, Serbia***

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

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

#### **Preliminary Economic Assessment**

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

Kingdom, was engaged to provide guidance in the fields of concentrate specification and marketing terms. Unless otherwise stated, all tonnes referenced in the PEA summary set out below are metric, and ounces are troy ounce.

The highlights of the PEA are as follows:

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

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

**Table 1: Barje PEA Key Financial Metrics**

<b>Metric</b>	<b>Value</b>	<b>Units</b>
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>.

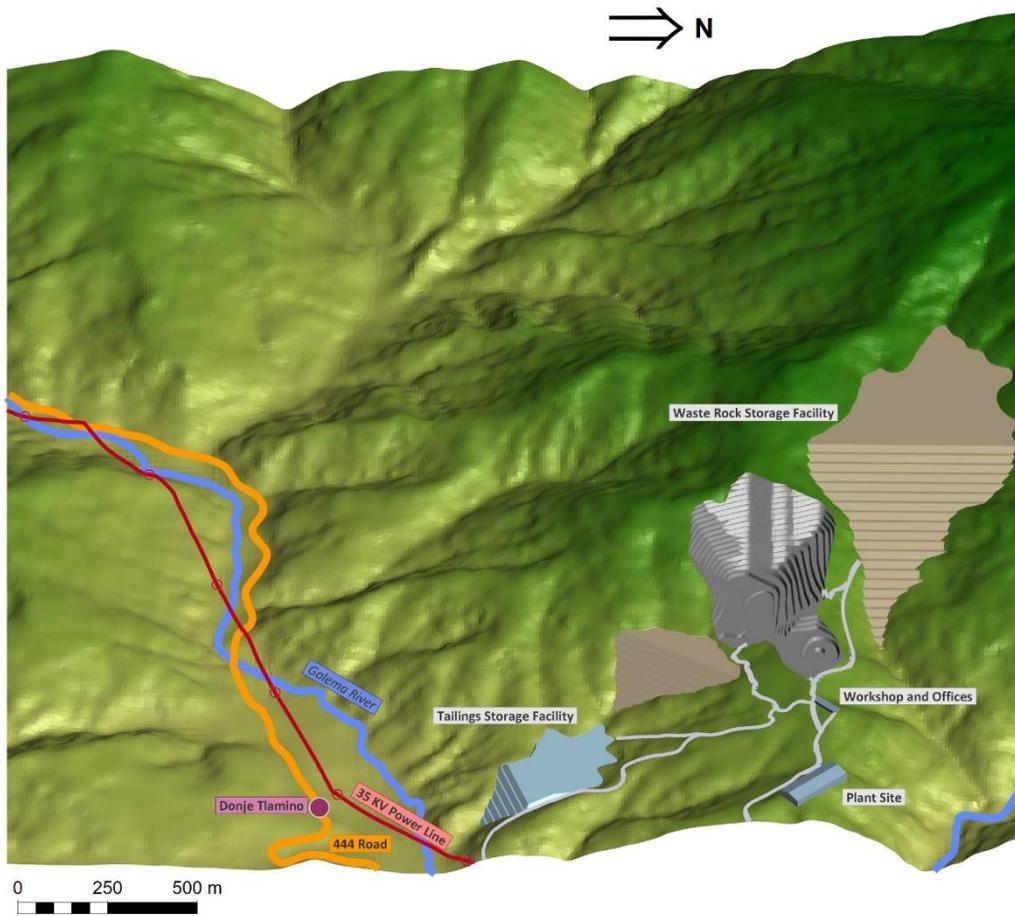
#### Basis of Preliminary Economic Assessment

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**

<b>Parameter</b>	<b>Value</b>	<b>Units</b>
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**

<b>LOM Summary</b>	<b>Total</b>	<b>Units</b>
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**

<b>Parameter</b>	<b>Value</b>	<b>Units</b>
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
<b>Total</b>			<b>US\$74.2M</b>

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

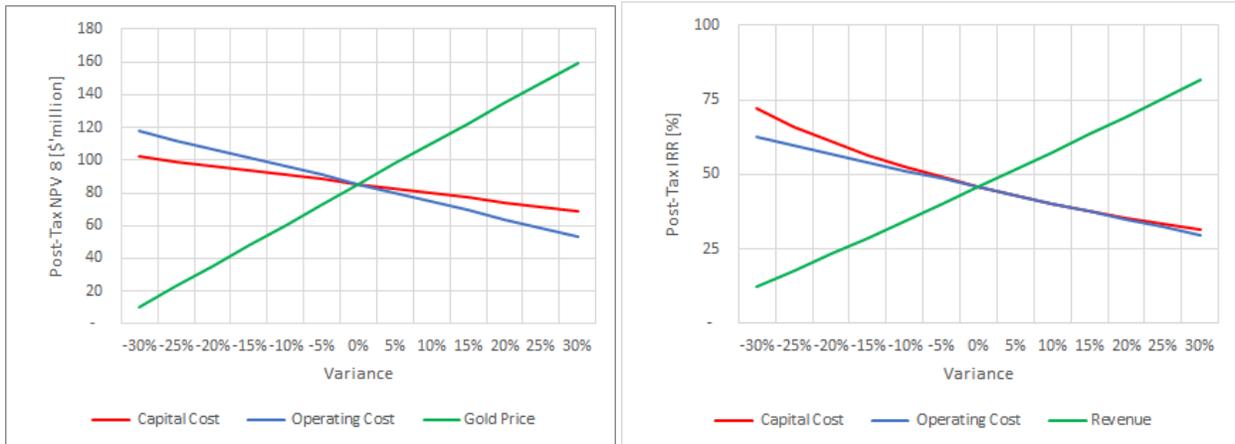
Economics and Sensitivities

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**



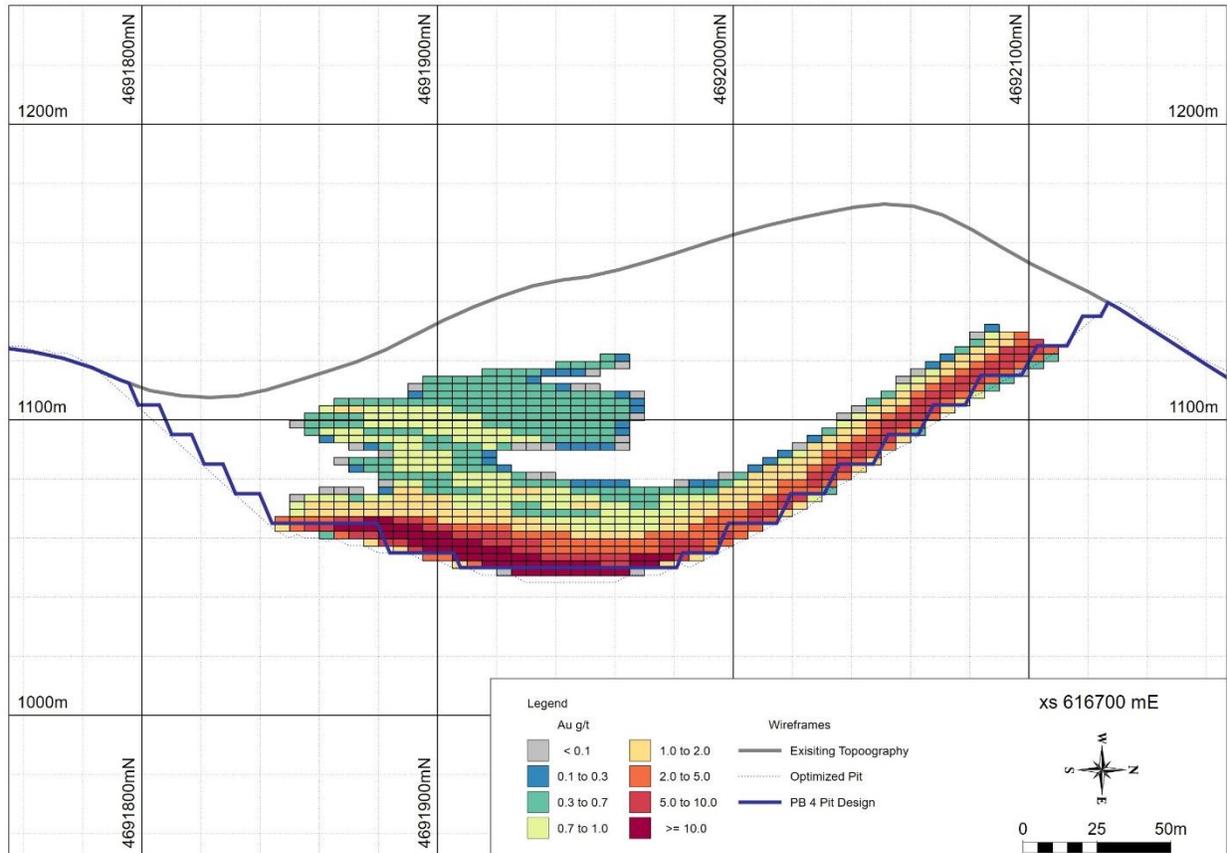
**Mineral Resources**

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/cm<sup>3</sup>.
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 exercised its option to acquire an 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 December 2020, the Company entered into an agreement with Fortuna whereby the Company was granted an exclusive option (the “Fortuna Option”) to purchase Fortuna’s 51% interest in the Tlamino Project for a cash consideration of US\$3.468 million. The Fortuna Option was valid for three years and exercisable upon the earlier of (i) the expiry of the term of the Fortuna 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.

At the time of signing of the Fortuna Option agreement, the Company and Fortuna had one common director. Since February 2, 2021, the companies have no common directors.

In July 2022, the Company and Fortuna entered into two agreements whereby the Fortuna Option has been terminated, the Company has acquired Fortuna’s 51% beneficial interest in the Tlamino Project, and Fortuna has been granted a 1% net smelter return royalty from any future production from the Tlamino Project. The royalty may be purchased by the Company at any time for a cash consideration of \$3 million. These agreements are subject to TSX Venture Exchange acceptance.

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

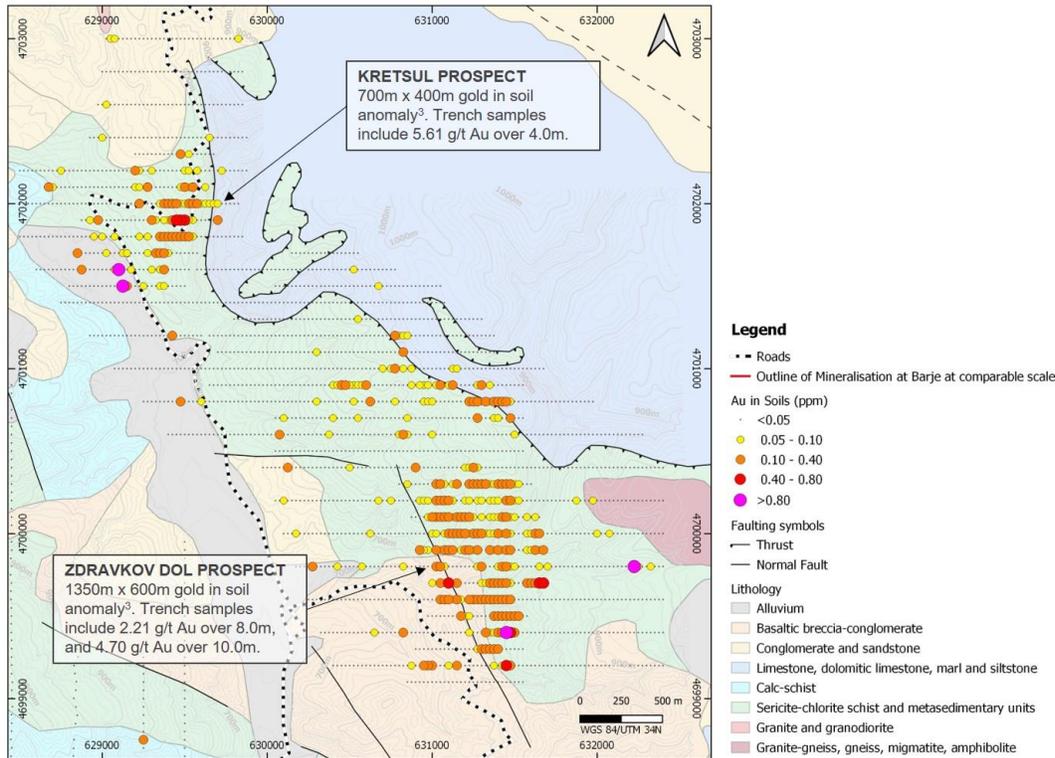
In April 2020, the Company entered into an exclusive Letter Agreement with Gecon EOOD with respect to an Exploration License application made by Gecon at Zlogosh (“Zlogosh”, the “Zlogosh Property”), Kyustendil Oblast, western Bulgaria. The main mineralized targets at Zlogosh are situated approximately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

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.

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.



<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 Tiamino Project is not evidence for similarity of mineralization.

**Qualified Persons**

Mr. Aleksandar Vučković, MAIG, is the Company’s Qualified Person as defined by National Instrument 43-101, and has approved the disclosure of the technical information in this Interim MD&A.

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

**Quarterly Information**

The following table provides information for the eight fiscal quarters ended September 30, 2022:

	Sep. 30, 2022 (\$)	June 30, 2022 (\$)	Mar. 31, 2022 (\$)	Dec. 31, 2021 (\$)	Sep. 30, 2021 (\$)	June 30, 2021 (\$)	Mar. 31, 2021 (\$)	Dec. 31, 2020 (\$)
Exploration expenditures	74,332	66,468	93,952	138,063	85,176	68,175	195,667	252,523
General and administrative expenses	86,917	126,762	99,662	133,581	137,239	172,353	140,391	127,913
Loss for the period	(160,591)	(192,905)	(167,639)	(180,015)	(222,130)	(240,087)	(335,315)	(379,650)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)

## **Results of Operations**

### *Quarter ended September 30, 2022*

For the quarter ended September 30, 2022, the Company had a net loss of \$160,591 compared to a net loss of \$222,130 for the quarter ended September 30, 2021, a decrease of \$61,539. Exploration costs for the current quarter were \$74,332 compared to \$85,176 for the comparative quarter, a decrease of \$10,844.

General and administrative expenses totaled \$86,917 for the current quarter compared to \$137,239 for the comparative quarter, a decrease of \$50,322. This decrease is partly due to the current quarter recording a share-based payments expense of \$19,792 compared to \$38,484 for the comparative quarter, a decrease of \$18,692. The share-based payments expense for both current and comparative quarters relate to the granting of stock options during the 2021 fiscal year and the two-year period over which those options vest. Minimal shareholder communications expenses were incurred during the current period whereas these costs totaled \$13,567 in the comparative quarter. Other notable cost decreases for the current period were in legal and accounting, office and administration, and travel and accommodation. Overall, general and administrative expenses were lower in the current quarter due to less corporate activity and continued cost cutting efforts to preserve capital.

### *Nine months ended September 30, 2022*

For the nine-month period ended September 30, 2022, the Company had a net loss of \$521,135 compared to a net loss of \$797,532 for the nine-month period ended September 30, 2021, a decrease of \$276,397. Reducing the net loss for the current period was the receipt of interest and income of \$26,300, of which \$25,804 was from the sale of mineral property data. The lower net loss for the current period is also partly due to exploration costs of \$234,752 being incurred during the current period compared to \$349,018 for the comparative period, a decrease of \$114,266.

General and administrative expenses totaled \$313,341 for the current period compared to \$449,983 for the comparative period, a decrease of \$136,642. There were minimal shareholder communications expenses incurred during the current period whereas \$66,283 was incurred in the comparative period and relating to investor relations and promotional activities. The current period also recorded a share-based payments expense of \$58,731 relating to the granting of stock options while the comparative period recorded an expense of \$88,681, a decrease of \$29,950. All other general and administrative expenses, with the exception of salaries and benefits which were very similar between periods, saw decreases for the current period with the most notable being in office and administration and travel costs. As with the quarterly comparison, overall general and administrative expenses for the current period were lower due to less corporate activity and cost-cutting efforts.

## **Liquidity and Capital Resources**

The Company's cash resource as at September 30, 2022 was \$165,141 compared to \$396,825 as at December 31, 2021. As at September 30, 2022, the Company had current assets totaling \$173,512 and current liabilities totaling \$284,076, for a working capital deficiency of \$110,564.

In July 2020, the Company completed a private placement financing for gross proceeds of \$2,000,000 and in 2021, received option fee income of \$91,442. These proceeds continue to be used towards general working capital requirements and to maintain the Company's mineral properties.

The Company does not expect its current capital resources to be sufficient to cover its corporate operating costs, potential future mineral property acquisitions, or significant exploration activities through the next twelve months. As such, the Company has announced a proposed reverse take-over transaction that will provide capital as detailed above. The Company will continue to seek to raise additional capital in the future and believes it will be able to do so, but recognizes the uncertainty attached thereto. Actual funding requirements may vary from those planned due to a number of factors, including potential property acquisitions and exploration activity.

## **Related Party Transactions**

See Note 9 of the condensed interim consolidated financial statements for the period ended September 30, 2022 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>
80,000	\$0.15	February 23, 2024
500,000	\$0.11	June 18, 2024
60,000	\$0.15	June 28, 2026
500,000	\$0.15	January 15, 2029
6,461,666	\$0.10	March 1, 2031
<b>7,601,666</b>		

<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, 2021.

## **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 and continues to be to the present time. The COVID-19 pandemic did not have a significant impact on the Company's operations during the current period.

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

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

### *Mineral Property Exploration and Mining Risks*

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

### *Joint Venture Funding Risk*

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

### *Commodity Price Risk*

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

### *Financing and Share Price Fluctuation Risks*

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

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

### *Political, Regulatory and Currency Risks*

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

### *Insured and Uninsured Risks*

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

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

#### *Environmental and Social Risks*

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

#### *Competition*

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