



(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 of the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2022. These financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

# Medgold Resources Corp.

(Exploration Stage Company)

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

(Expressed in Canadian Dollars)

	September 30, 2022	December 31, 2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 165,141	\$ 396,825
Amounts receivable	3,396	4,280
Prepaid expenses and deposits	4,975	5,599
Total current assets	173,512	406,704
<b>Non-current assets</b>		
Long-term deposits	61,000	61,000
Property and equipment (Note 4)	21,349	42,240
Exploration and evaluation assets (Note 5)	43,020	43,020
Total non-current assets	125,369	146,260
	<b>\$ 298,881</b>	<b>\$ 552,964</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 95,449	\$ 25,528
Due to related parties (Note 9)	188,627	50,227
Total liabilities	284,076	75,755
<b>Shareholders' equity</b>		
Share capital (Note 6)	15,751,347	15,751,347
Other equity reserves (Note 7)	1,707,817	1,649,086
Accumulated other comprehensive loss	(157,952)	(157,952)
Deficit	(17,286,407)	(16,765,272)
Total shareholders' equity	14,805	477,209
	<b>\$ 298,881</b>	<b>\$ 552,964</b>

Event after the reporting date – Note 13

APPROVED ON BEHALF OF THE BOARD ON NOVEMBER 24, 2022:

“Jeremy Crozier”  
Jeremy Crozier, Director

“Ralph Rushton”  
Ralph Rushton, Director

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

# Medgold Resources Corp.

(Exploration Stage Company)

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (UNAUDITED)

(Expressed in Canadian Dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
<b>Exploration expenditures</b> (Notes 8 and 9)	\$ 74,332	\$ 85,176	\$ 234,752	\$ 349,018
<b>General and administrative expenses</b>				
Depreciation (Note 4)	6,872	8,175	20,891	24,737
Foreign exchange loss	87	342	1,052	3,798
Legal and accounting	3,898	9,781	52,166	56,877
Management fees (Note 9)	21,750	21,750	65,250	67,250
Office and administration (Note 9)	10,168	15,746	37,586	50,763
Salaries and benefits (Note 9)	18,651	19,833	55,235	55,209
Shareholder communications (Note 9)	510	13,567	1,245	66,283
Share-based payments (Note 7)	19,792	38,484	58,731	88,681
Transfer agent and regulatory fees	3,131	1,970	13,032	17,717
Travel and accommodation (Note 9)	2,058	7,591	8,153	18,668
	86,917	137,239	313,341	449,983
<b>Loss before other items</b>	(161,249)	(222,415)	(548,093)	(799,001)
<b>Other items</b>				
Interest and other income (Note 5)	658	285	26,958	1,469
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (160,591)</b>	<b>\$ (222,130)</b>	<b>\$ (521,135)</b>	<b>\$ (797,532)</b>
Loss per share, basic and diluted	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.01)
Weighted average number of shares outstanding	134,789,032	134,789,032	134,789,032	134,789,032

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

# Medgold Resources Corp.

(Exploration Stage Company)

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

For the nine months ended September 30, 2022 and 2021

(Expressed in Canadian Dollars)

	Number of common shares	Share capital	Other equity reserves		Accumulated other comprehensive loss	Deficit	Total shareholders' equity
			Warrants reserve	Share-based payment reserve			
Balance, December 31, 2020	134,789,032	\$ 15,751,347	\$ 88,743	\$ 1,433,178	\$ (157,952)	\$ (15,787,725)	\$ 1,327,591
Loss for the period	-	-	-	-	-	(797,532)	(797,532)
Share-based payments	-	-	-	88,681	-	-	88,681
Balance, September 30, 2021	134,789,032	15,751,347	88,743	1,521,859	(157,952)	(16,585,257)	618,740
Loss for the period	-	-	-	-	-	(180,015)	(180,015)
Share-based payments	-	-	-	38,484	-	-	38,484
Balance, December 31, 2021	134,789,032	15,751,347	88,743	1,560,343	(157,952)	(16,765,272)	477,209
Loss for the period	-	-	-	-	-	(521,135)	(521,135)
Share-based payments	-	-	-	58,731	-	-	58,731
<b>Balance, September 30, 2022</b>	<b>134,789,032</b>	<b>\$ 15,751,347</b>	<b>\$ 88,743</b>	<b>\$ 1,619,074</b>	<b>\$ (157,952)</b>	<b>\$ (17,286,407)</b>	<b>\$ 14,805</b>

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

# Medgold Resources Corp.

(Exploration Stage Company)

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(Expressed in Canadian Dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
<b>Cash provided by (used in):</b>				
<b>OPERATING ACTIVITIES</b>				
Net loss for the period	\$ (160,591)	\$ (222,130)	\$ (521,135)	\$ (797,532)
Items not involving cash:				
Depreciation	6,872	8,175	20,891	24,737
Share-based payments	19,792	38,484	58,731	88,681
	(133,927)	(175,471)	(441,513)	(684,114)
Changes in non-cash working capital balances:				
Amounts receivable	826	4,471	884	8,016
Prepaid expenses and deposits	110	(12,472)	624	(14,012)
Accounts payable and accrued liabilities	24,643	6,231	69,921	(60,082)
Due to related parties	45,500	602	138,400	(23,925)
Net cash used in operating activities	(62,848)	(176,639)	(231,684)	(774,117)
<b>Decrease in cash</b>	(62,848)	(176,639)	(231,684)	(774,117)
Cash, beginning of period	227,989	689,665	396,825	1,287,143
<b>Cash, end of period</b>	<b>\$ 165,141</b>	<b>\$ 513,026</b>	<b>\$ 165,141</b>	<b>\$ 513,026</b>

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

# Medgold Resources Corp.

(Exploration Stage Company)

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2022

(Expressed in Canadian Dollars)

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### 1. NATURE OF OPERATIONS AND GOING CONCERN

Medgold Resources Corp. (the “Company”) is a public company incorporated and domiciled in British Columbia. The address of the Company’s head office and principal place of business is 650 – 200 Burrard Street, Vancouver, BC, Canada V6C 3L6. The Company is engaged in the acquisition and exploration of resource properties.

These condensed interim consolidated financial statements of the Company as at September 30, 2022 and for the period then ended include the Company and its subsidiaries (Note 2).

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these condensed interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material. At September 30, 2022, the Company had not yet achieved profitable operations, has accumulated losses of \$17,286,407 since its inception, and expects to incur further losses in the development of its business. For the period ended September 30, 2022, the Company incurred a net loss of \$521,135. The Company has been financed primarily through the issuance of equity instruments, but management cannot be certain it will continue to be able obtain such funding. All of these conditions may cast significant doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management is continuing to investigate opportunities to raise financing for the Company.

At the time these condensed interim consolidated financial statements were prepared, the COVID-19 pandemic continued to cause significant disruptions to the global economy and increased volatility in the global financial markets. While the COVID-19 pandemic has not significantly impacted the Company’s operations during the current period, the extent to which COVID-19 may adversely impact the Company’s business and financing opportunities going forward will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing at the properties, business closures or business disruptions, and the effectiveness of actions taken in Canada, and other countries to contain and treat the disease.

### 2. BASIS OF PREPARATION

#### Statement of Compliance

These condensed interim consolidated financial statements are prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* under International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the most recent annual consolidated financial statements of the Company. These condensed interim consolidated financial statements do not contain all of the information required for full annual financial statements. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company’s most recent annual consolidated financial statements, which were prepared in accordance with IFRS as issued by the IASB.

# Medgold Resources Corp.

(Exploration Stage Company)

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2022

(Expressed in Canadian Dollars)

### 2. BASIS OF PREPARATION (continued)

#### Basis of Measurement

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

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

The preparation of condensed interim consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the condensed interim consolidated financial statements are disclosed in Note 3.

#### Basis of Consolidation

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

Details of the Company's principal subsidiaries as at September 30, 2022 are as follows:

Name	Place of incorporation	Ownership %	Principal activity
Medgold Istrazivanja d.o.o.	Serbia	100%	Exploration company
MGold International Ltd.	Malta	100%	Holding company
Tlamino Mining Ltd.	Malta	100%	Holding company

#### Foreign Currency Translation

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

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

# Medgold Resources Corp.

(Exploration Stage Company)

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2022

(Expressed in Canadian Dollars)

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### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

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

- a) The determination of the Company's and its subsidiaries' functional currency are determined based on management's assessment of the currency of the primary economic environment in which the entities operate.
- b) The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company.

Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets.

In respect of costs incurred for its investment in exploration and evaluation assets, management has determined the acquisition costs that have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit, including geologic and metallurgic information, economics assessment/studies, accessible facilities and existing permits.

- c) Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.
- d) Although the Company has taken steps to identify any decommissioning liabilities related to mineral properties in which it has an interest, there may be unidentified decommissioning liabilities present.
- e) The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

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

- a) The Company may be subject to income tax in several jurisdictions and significant judgment is required in determining the provision for income taxes. During the ordinary course of business and on dispositions of mineral property or interests therein, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events, and interpretation of tax law. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.
- b) In estimating the fair value of share-based payments, using the Black-Scholes option pricing model, management is required to make certain assumptions and estimates. Changes in assumptions used to estimate fair value could result in materially different results.

# Medgold Resources Corp.

(Exploration Stage Company)

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2022

(Expressed in Canadian Dollars)

### 4. PROPERTY AND EQUIPMENT

	Vehicles	Computer equipment	Furniture and equipment	Total
<b>Cost</b>				
Balance, December 31, 2020 and 2021	\$ 155,745	\$ 26,280	\$ 35,463	\$ 217,488
<b>Balance, September 30, 2022</b>	<b>\$ 155,745</b>	<b>\$ 26,280</b>	<b>\$ 35,463</b>	<b>\$ 217,488</b>
<b>Accumulated amortization</b>				
Balance, December 31, 2020	\$ 99,369	\$ 22,429	\$ 20,641	\$ 142,439
Charge for year	25,211	3,851	3,747	32,809
Balance, December 31, 2021	124,580	26,280	24,388	175,248
Charge for period	17,470	-	3,421	20,891
<b>Balance, September 30, 2022</b>	<b>\$ 142,050</b>	<b>\$ 26,280</b>	<b>\$ 27,809</b>	<b>\$ 196,139</b>
<b>Carrying amounts</b>				
At December 31, 2021	\$ 31,165	\$ -	\$ 11,075	\$ 42,240
<b>At September 30, 2022</b>	<b>\$ 13,695</b>	<b>\$ -</b>	<b>\$ 7,654</b>	<b>\$ 21,349</b>

### 5. EXPLORATION AND EVALUATION ASSETS

Capitalized acquisition costs as of September 30, 2022 consist of \$43,020 (December 31, 2021: \$43,020) relating to its Serbian mineral property interests.

#### Serbia

##### a) Exploration Licences

As of September 30, 2022, the Company held three granted exploration licences, including the Donje Tlamino and Surlica-Dukat licences which comprise the Tlamino Project, and the licence called Zuti Kamen which adjoins the southern border of the Surlica Dukat licence.

##### b) Tlamino Project Option

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

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

During the period ended September 30, 2022, the Company entered into two agreements with Fortuna to acquire Fortuna's Interest in the Project. The first agreement terminates the Option and the second converts the Interest to a 1% net smelter return royalty (the "Royalty") in favour of Fortuna. All obligations under the terms of the Option will be extinguished. The Royalty may be purchased at any time by the Company for a cash consideration of \$3.0 million. The agreements are subject to TSX Venture Exchange acceptance.

# Medgold Resources Corp.

(Exploration Stage Company)

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2022

(Expressed in Canadian Dollars)

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### 5. EXPLORATION AND EVALUATION ASSETS (continued)

#### c) Geological data sale

During the period ended September 30, 2022, the Company sold geological data to a third party for proceeds of \$25,804.

#### Bulgaria

During the 2020 fiscal year, the Company entered into an exclusive letter agreement with Gecon EOOD ("Gecon"), a private Bulgarian company, with respect to an exploration licence application on the Zlogosh Property in western Bulgaria.

Under the terms of the agreement, the Company has the right to complete certain due diligence activities on the property which, if satisfactory, gives the Company the right to enter into an option agreement with Gecon to earn an initial 51% interest in Gecon by financing approximately €330,000 in permitting and permitting-related expenditures, followed by a second option to earn a further 44% interest in Gecon by incurring approximately €650,000 in exploration expenditures. The remaining 5% interest in Gecon may be purchased by the Company for €200,000 in cash on the third anniversary of Zlogosh exploration licence once awarded or, at the election of the residual shareholder, for €200,000 in shares of the Company subsequent to the attainment of incurring exploration expenditures to the value of €1,000,000.

### 6. SHARE CAPITAL AND RESERVES

#### Common Shares

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

There was no share capital activity during the period ended September 30, 2022.

#### Share Purchase Warrants

There was no share purchase warrants activity during the period September 30, 2022.

As at September 30, 2022, there were 40,870,000 share purchase warrants outstanding (December 31, 2021: 40,870,000) with an exercise price of \$0.10 per share and expiry date of July 14, 2023.

# Medgold Resources Corp.

(Exploration Stage Company)

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2022

(Expressed in Canadian Dollars)

### 7. SHARE-BASED PAYMENTS

#### Option Plan Details

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

The following is a summary of changes in options for the period ended September 30, 2022:

Expiry date	Exercise price	Opening balance	During the period			Closing balance	Vested and exercisable
			Granted	Exercised	Expired / forfeited		
February 23, 2024	\$0.15	80,000	-	-	-	80,000	80,000
June 18, 2024	\$0.11	500,000	-	-	-	500,000	500,000
June 28, 2026	\$0.15	60,000	-	-	-	60,000	60,000
January 15, 2029	\$0.15	500,000	-	-	-	500,000	500,000
March 1, 2031*	\$0.10	6,485,000	-	-	(23,334)	6,461,666	4,311,666
		<b>7,625,000</b>	-	-	<b>(23,334)</b>	<b>7,601,666</b>	<b>5,451,666</b>
<b>Weighted average exercise price</b>		\$0.10	-	-	\$0.10	\$0.10	\$0.11

\* Options granted on March 2, 2021, with an expiry date of March 1, 2031, are subject to the following vesting terms:

- 1/3 of the options will vest after twelve months, a cumulative of 2/3 after eighteen months, and a cumulative of 100% after twenty-four months, or
- 100% of the options will vest at any time during the term of the options upon (i) a change of control of the Company resulting from a sale of the Company, or (ii) the sale of the Tlamino Project.

There were no options granted or exercised during the period ended September 30, 2022.

The weighted average remaining contractual life of the options outstanding at September 30, 2022 is 7.73 (December 31, 2021: 8.48) years.

#### Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

#### Options Issued to Non-Employees

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

#### Expenses Arising from Share-based Payment Transactions

Total expenses arising from the share-based payment transactions related to the granting of stock options and recognized as part of share-based compensation during the period ended September 30, 2022 was \$58,731 (2021: \$88,681).

## Medgold Resources Corp.

(Exploration Stage Company)

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2022

(Expressed in Canadian Dollars)

#### 8. EXPLORATION EXPENDITURES

During the nine months ended September 30, 2022, the Company incurred the following exploration expenditures:

	<b>Tlmino Project</b>
Geological and other consulting	\$ 90,133
Legal and accounting	46,703
Licenses, rights and taxes	24,289
Office and administration	36,464
Salaries and benefits	28,143
Travel	9,020
	<b>\$ 234,752</b>

During the nine months ended September 30, 2021, the Company incurred the following exploration expenditures:

	<b>Tlmino Project</b>	<b>Other</b>	<b>Total</b>
Assaying	\$ 1,589	\$ -	\$ 1,589
Geological and other consulting	128,283	43,219	171,502
Legal and accounting	65,022	-	65,022
Licenses, rights and taxes	24,179	-	24,179
Office and administration	38,300	-	38,300
Salaries and benefits	36,356	-	36,356
Travel	19,009	-	19,009
	312,738	43,219	355,957
Expense recovery	-	(6,939)	(6,939)
	<b>\$ 312,738</b>	<b>\$ 36,280</b>	<b>\$ 349,018</b>

# Medgold Resources Corp.

(Exploration Stage Company)

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2022

(Expressed in Canadian Dollars)

### 9. RELATED PARTY TRANSACTIONS AND BALANCES

The Company had transactions during the periods ended September 30, 2022 and 2021 with related parties who consisted of directors, officers and the following companies with common directors:

Related party	Nature of transactions
Gold Group Management Inc. ("Gold Group")	Shared office, personnel and administrative charges
Mill Street Services Ltd. ("Mill Street")	Management services
Virv International Inc. ("Virv")	Management and geological services

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

- a) 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 a Director and Chairman of the Company until February 2, 2021, at which time Gold Group ceased being a related party.

Transactions up to the date Gold Group ceased to be a related party, consisted of the following cost reimbursements to Gold Group:

	January 1, 2021 to February 2, 2021
General and administrative expenses:	
Office and administration	\$ 3,660
Salaries and benefits	5,310
Shareholder communications	250
Travel and accommodation	53
	<b>\$ 9,273</b>

- b) Amounts due to related parties as of September 30, 2022 consists of \$188,627 (December 31, 2021: \$50,227) owing to Virv, which is controlled by Jeremy Crozier, a Director and the Chief Executive Officer of the Company, for management fees and expense reimbursement.

### Key management compensation

The Company has identified certain of its directors and senior officers as its key management personnel. Included for the periods ended September 30, 2022 and 2021 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 September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Management fees	\$ 21,750	\$ 21,750	\$ 65,250	\$ 67,250
Geological and other consulting fees	21,750	21,750	65,250	65,250
Salaries and benefits	7,042	6,375	20,584	18,291
Value of stock option grants recorded as share-based payments	4,664	8,969	13,838	20,796
	<b>\$ 55,206</b>	<b>\$ 58,844</b>	<b>\$ 164,922</b>	<b>\$ 171,587</b>

Key management compensation includes management and geological fees paid to Virv, and management fees to Mill Street, a company controlled by Simon Ridgway who was a Director and Chairman of the Company until February 2, 2021, at which time Mill Street ceased being a related party.

# Medgold Resources Corp.

(Exploration Stage Company)

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2022

(Expressed in Canadian Dollars)

### 10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

- Market risk
- Credit risk
- Liquidity risk.

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

#### 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 September 30, 2022, the Company is exposed to foreign currency risk and interest rate risk.

#### Foreign Currency Risk

The Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

As at	September 30, 2022		
	British Pound Sterling (CDN equivalent)	US Dollars (CDN equivalent)	Serbian Dinars (CDN equivalent)
Cash	\$ -	\$ 5,527	\$ 19,257
Amounts receivable	-	-	1,828
Accounts payable and accrued liabilities	(1,132)	-	(14,769)
<b>Net exposure</b>	<b>\$ (1,132)</b>	<b>\$ 5,227</b>	<b>\$ 6,316</b>

# Medgold Resources Corp.

(Exploration Stage Company)

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2022

(Expressed in Canadian Dollars)

### 10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

#### a) Market Risk (continued)

##### Foreign Currency Risk (continued)

As at	December 31, 2021		
	British Pound Sterling (CDN equivalent)	US Dollars (CDN equivalent)	Serbian Dinars (CDN equivalent)
Cash	\$ 401	\$ 5,180	\$ 11,995
Amounts receivable	-	-	2,020
Accounts payable and accrued liabilities	(6,270)	(22)	(11,736)
<b>Net exposure</b>	<b>\$ (5,869)</b>	<b>\$ 5,158</b>	<b>\$ 2,279</b>

Based on the above net exposures at September 30, 2022, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would result in approximately a \$1,100 (December 31, 2021: \$200) 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 September 30, 2022, 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. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. The Company's receivables consist of sales tax receivable from the governments of Canada and Serbia. The Company considers credit risk with respect to these amounts to be low.

#### c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to 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. At September 30, 2022, the Company had a working capital deficiency of \$110,564 (December 31, 2021: working capital of \$330,949). All of the Company's financial liabilities had contractual maturities of less than 45 days and are subject to normal trade terms.

#### Determination of Fair Value

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

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

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### 10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

#### Fair Value Hierarchy

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

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

The fair values of the Company's financial assets measured at fair value on a recurring basis as of September 30, 2022 were calculated as follows:

	Balance at September 30, 2022	Level 1	Level 2	Level 3
Financial Asset:				
Cash	\$ 165,141	\$ 165,141	\$ -	\$ -

### 11. 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 period ended September 30, 2022.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or adjust the amount of cash. Management reviews the capital structure on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements. The Company does not expect its capital resources as of September 30, 2022 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 additional capital (Note 13). 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.

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### 12. SEGMENTED REPORTING

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. All of the Company's operations are within the mining sector relating to precious metals exploration. Due to the geographic and political diversity, the Company's exploration operations are decentralized whereby regional corporate offices provide support to the exploration programs in addressing local and regional issues. The Company's operations and assets are therefore segmented on a country basis.

<b>Period ended September 30, 2022</b>	<b>Canada</b>	<b>Serbia</b>	<b>Other</b>	<b>Total</b>
Exploration expenditures	\$ -	\$ 234,752	\$ -	\$ 234,752
Interest and other income	1,154	25,804	-	26,958
Net loss	(117,534)	(392,664)	(10,937)	(521,135)

<b>Period ended September 30, 2021</b>	<b>Canada</b>	<b>Serbia</b>	<b>Other</b>	<b>Total</b>
Exploration expenditures	\$ -	\$ 312,738	\$ 36,280	\$ 349,018
Interest and other income	1,469	-	-	1,469
Net loss	(402,203)	(337,475)	(57,854)	(797,532)

<b>As at September 30, 2022</b>	<b>Canada</b>	<b>Serbia</b>	<b>Other</b>	<b>Consolidated</b>
Total current assets	\$ 149,199	\$ 24,313	\$ -	\$ 173,512
Total non-current assets	61,000	64,369	-	125,369
<b>Total assets</b>	<b>\$ 210,199</b>	<b>\$ 88,682</b>	<b>\$ -</b>	<b>\$ 298,881</b>
<b>Total liabilities</b>	<b>\$ 269,307</b>	<b>\$ 14,769</b>	<b>\$ -</b>	<b>\$ 284,076</b>

<b>As at December 31, 2021</b>	<b>Canada</b>	<b>Serbia</b>	<b>Other</b>	<b>Consolidated</b>
Total current assets	\$ 388,846	\$ 17,457	\$ 401	\$ 406,704
Total non-current assets	61,000	85,260	-	146,260
<b>Total assets</b>	<b>\$ 449,846</b>	<b>\$ 102,717</b>	<b>\$ 401</b>	<b>\$ 552,964</b>
<b>Total liabilities</b>	<b>\$ 57,602</b>	<b>\$ 11,883</b>	<b>\$ 6,270</b>	<b>\$ 75,755</b>

### 13. EVENT AFTER THE REPORTING DATE

Subsequent to September 30, 2022, the following event which has not been disclosed elsewhere in these condensed interim consolidated financial statements has occurred:

#### Proposed Acquisition of Balkan Metals Corp.

The Company has entered into a non-binding arm's length letter of intent dated November 23, 2022 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.

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### 13. EVENT AFTER THE REPORTING DATE (continued)

#### Proposed Acquisition of Balkan Metals Corp. (continued)

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 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.
- 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."

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 shareholders of the Company to be sought at a shareholders' meeting.