



(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Ended September 30, 2023

(Unaudited – Prepared by Management)

(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, 2023. These condensed interim consolidated 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, 2023	December 31, 2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 57,477	\$ 87,009
Amounts receivable	5,645	6,526
Prepaid expenses and deposits	1,895	2,087
Total current assets	65,017	95,622
<b>Non-current assets</b>		
Long-term deposits	61,000	61,000
Property and equipment (Note 4)	3,400	14,072
Deferred acquisition costs (Note 1)	167,193	32,888
Exploration and evaluation assets (Note 5)	43,020	43,020
Total non-current assets	274,613	150,980
	<b>\$ 339,630</b>	<b>\$ 246,602</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 414,849	\$ 150,785
Due to related party (Note 10)	327,780	235,179
Total current liabilities	742,629	385,964
<b>Non-current liability</b>		
Convertible debenture – liability component (Note 6)	108,773	-
Total liabilities	851,402	385,964
<b>Shareholders' deficiency</b>		
Share capital (Note 7)	15,751,347	15,751,347
Other equity reserves (Note 6)	1,743,735	1,726,467
Accumulated other comprehensive loss	(157,952)	(157,952)
Deficit	(17,848,902)	(17,459,224)
Total shareholders' deficiency	(511,772)	(139,362)
	<b>\$ 339,630</b>	<b>\$ 246,602</b>

APPROVED ON BEHALF OF THE BOARD ON NOVEMBER 24, 2023:

“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,	
	2023	2022	2023	2022
<b>Exploration expenditures</b> (Notes 9 and 10)	\$ 47,664	\$ 74,332	\$ 130,380	\$ 234,752
<b>General and administrative expenses</b>				
Accretion expense (Note 6)	4,932	-	11,175	-
Depreciation (Note 4)	2,827	6,872	10,672	20,891
Foreign exchange (gain) loss	(479)	87	(757)	1,052
Legal and accounting	5,006	3,898	44,134	52,166
Management fees (Note 10)	-	21,750	87,000	65,250
Office and administration	15,067	10,168	58,179	37,586
Salaries and benefits (Note 10)	22,318	18,651	78,182	55,235
Shareholder communications	5,514	510	7,619	1,245
Share-based payments (Notes 8 and 10)	-	19,792	5,513	58,731
Transfer agent and regulatory fees	1,599	3,131	12,044	13,032
Travel and accommodation	32	2,058	6,445	8,153
	56,816	86,917	320,206	313,341
	(104,480)	(161,249)	(450,586)	(548,093)
Interest and other income (Notes 1 and 5)	60,282	658	60,908	26,958
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (44,198)</b>	<b>\$ (160,591)</b>	<b>\$ (389,678)</b>	<b>\$ (521,135)</b>
Loss per share, basic and diluted	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)
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 (DEFICIENCY) (UNAUDITED)

For the nine months ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

	Number of common shares	Share capital	Other equity reserves			Accumulated other comprehensive loss	Deficit	Total shareholders' equity (deficiency)
			Warrants reserve	Share-based payment reserve	Equity portion of convertible debenture reserve			
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
Balance, September 30, 2022	134,789,032	15,751,347	88,743	1,619,074	-	(157,952)	(17,286,407)	14,805
Loss for the period	-	-	-	-	-	-	(172,817)	(172,817)
Share-based payments	-	-	-	18,650	-	-	-	18,650
Balance, December 31, 2022	134,789,032	15,751,347	88,743	1,637,724	-	(157,952)	(17,459,224)	(139,362)
Loss for the period	-	-	-	-	-	-	(389,678)	(389,678)
Convertible debenture equity component	-	-	-	-	11,755	-	-	11,755
Share-based payments	-	-	-	5,513	-	-	-	5,513
<b>Balance, September 30, 2023</b>	<b>134,789,032</b>	<b>\$ 15,751,347</b>	<b>\$ 88,743</b>	<b>\$ 1,643,237</b>	<b>\$ 11,755</b>	<b>\$ (157,952)</b>	<b>\$ (17,848,902)</b>	<b>\$ (511,772)</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,	
	2023	2022	2023	2022
<b>Cash provided by (used in):</b>				
<b>OPERATING ACTIVITIES</b>				
Net loss for the period	\$ (44,198)	\$ (160,591)	\$ (389,678)	\$ (521,135)
Items not involving cash:				
Depreciation	2,827	6,872	10,672	20,891
Convertible debenture accretion expense	4,932	-	11,175	-
Share-based payments	-	19,792	5,513	58,731
	(36,439)	(133,927)	(362,318)	(441,513)
Changes in non-cash working capital balances:				
Amounts receivable	(1,198)	826	881	884
Prepaid expenses and deposits	115	110	192	624
Accounts payable and accrued liabilities	40,285	24,643	126,971	69,921
Due to related parties	-	45,500	92,601	138,400
Net cash provided from (used by) operating activities	2,763	(62,848)	(141,673)	(231,684)
<b>FINANCING ACTIVITY</b>				
Proceeds on convertible debentures	-	-	123,534	-
Net cash provided from financing activity	-	-	123,534	-
<b>INVESTING ACTIVITY</b>				
Deferred acquisition costs	(7,283)	-	(11,393)	-
Net cash used by investing activity	(7,283)	-	(11,393)	-
<b>Decrease in cash</b>	(4,520)	(62,848)	(29,532)	(231,684)
Cash, beginning of period	61,997	227,989	87,009	396,825
<b>Cash, end of period</b>	<b>\$ 57,477</b>	<b>\$ 165,141</b>	<b>\$ 57,477</b>	<b>\$ 165,141</b>
<b>Supplemental cash flow information:</b>				
Deferred acquisition cost in accounts payable and accrued liabilities	\$ 19,260	\$ -	\$ 122,912	\$ -
Convertible debenture share issuance costs in accounts payable and accrued liabilities	\$ -	\$ -	\$ 14,181	\$ -

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# Medgold Resources Corp.

(Exploration Stage Company)

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

For the nine months ended September 30, 2023

(Expressed in Canadian Dollars)

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### 1. CORPORATE INFORMATION

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.

#### Proposed Acquisition of Balkan Metals Corp.

The Company entered into a non-binding arm’s length letter of intent dated November 23, 2022, and then an amalgamation agreement dated January 27, 2023, and as amended April 30, 2023, 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.

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

- The Company has issued a convertible debenture (the “Debenture”) to Balkan Metals in the maximum principal amount of \$150,000, whereby Balkan Metals reimbursed certain of the Company’s expenses related to the Transactions, of which \$123,534 was advanced during the period ended September 30, 2023.
- 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 to raise a minimum of \$1.8 million.
- In consideration for the transfer to the Company of 100% of the issued shares of Balkan Metals, the Company expects to issue an aggregate of 49,560,417 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 “Electrum Metals Group Corp.”.

The Transactions will constitute a “reverse takeover” pursuant to the policies of the TSX Venture Exchange (“TSX-V”) and are subject to receipt of TSX-V acceptance. Approval of the shareholders of the Company was obtained at a shareholders’ meeting held on August 31, 2023.

As of September 30, 2023, transaction costs of \$167,193 relating to the Acquisition were incurred and recorded as a deferred acquisition cost.

During the period ended September 30, 2023, the Company and Balkan Metals agreed to extend the previously agreed deadline for closing the Acquisition of April 30, 2023. In consideration of the extension, Balkan Metal has made non-refundable cash payments to the Company totalling \$60,000 which were recorded as income during the current period.

# Medgold Resources Corp.

(Exploration Stage Company)

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

For the nine months ended September 30, 2023

(Expressed in Canadian Dollars)

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### 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.

#### 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.

#### Going Concern and Continuance of Operations

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, 2023, the Company had not yet achieved profitable operations, has accumulated losses of \$17,848,902 since its inception, and expects to incur further losses in the development of its business. For the period ended September 30, 2023, the Company incurred a net loss of \$389,678. 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, complete the proposed Acquisition, 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.

# Medgold Resources Corp.

(Exploration Stage Company)

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

For the nine months ended September 30, 2023

(Expressed in Canadian Dollars)

### 2. BASIS OF PREPARATION (continued)

#### 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, 2023 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.

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 is determined based on management's assessment of the currency of the primary economic environment in which the entities operate.
- b) 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.

# Medgold Resources Corp.

(Exploration Stage Company)

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

For the nine months ended September 30, 2023

(Expressed in Canadian Dollars)

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

- c) 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.

- 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.
- f) Judgment is required in the assessment of whether a proposed transaction (Note 1) is an asset acquisition or business combination and if the transaction constitutes a reverse takeover whereby there is a change in control. Judgment is also required for preliminary expenditures that are considered deferred acquisition costs towards an eventual asset acquisition and whether the deferred acquisition costs will be recoverable.

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.
- c) The inputs in determining the bifurcation of convertible debenture instruments into its liability and equity components.

The Company is required to make certain estimates when determining the fair value of the components of convertible debentures, including the discount rate. These estimates affect the liability and equity components recognized in the condensed interim consolidated statements of financial position and the accretion expense recognized in profit and loss.

# Medgold Resources Corp.

(Exploration Stage Company)

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

For the nine months ended September 30, 2023

(Expressed in Canadian Dollars)

### 4. PROPERTY AND EQUIPMENT

	Vehicles	Computer equipment	Furniture and equipment	Total
<b>Cost</b>				
Balance, December 31, 2021	\$ 155,745	\$ 26,280	\$ 35,463	\$ 217,488
Disposal	(46,301)	-	-	(46,301)
Balance, December 31, 2022	109,444	26,280	35,463	171,187
Disposal	-	(8,929)	(6,460)	(15,389)
<b>Balance, September 30, 2023</b>	<b>\$ 109,444</b>	<b>\$ 17,351</b>	<b>\$ 29,003</b>	<b>\$ 155,798</b>
<b>Accumulated amortization</b>				
Balance, December 31, 2021	\$ 124,580	\$ 26,280	\$ 24,388	\$ 175,248
Charge for year	22,235	-	4,393	26,628
Disposal	(44,761)	-	-	(44,761)
Balance, December 31, 2022	102,054	26,280	28,781	157,115
Charge for period	7,390	-	3,282	10,672
Disposal	-	(8,929)	(6,460)	(15,389)
<b>Balance, September 30, 2023</b>	<b>\$ 109,444</b>	<b>\$ 17,351</b>	<b>\$ 25,603</b>	<b>\$ 152,398</b>
<b>Carrying amounts</b>				
At December 31, 2022	\$ 7,390	\$ -	\$ 6,682	\$ 14,072
<b>At September 30, 2023</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,400</b>	<b>\$ 3,400</b>

### 5. EXPLORATION AND EVALUATION ASSETS

Capitalized acquisition costs as of September 30, 2023 consist of \$43,020 (December 31, 2022: \$43,020) relating to the Company's Serbian mineral property interests.

#### Serbia

##### a) Exploration Licences

As of September 30, 2023, the Company held two granted exploration licences, the Donje Tlamino and Surlica-Dukat licences which comprise the Tlamino Project. In November 2022, the Company submitted to the Ministry an application to terminate the Zuti Kamen exploration license which adjoins the southern border of the Surlica Dukat licence, and during the period ended September 30, 2023, the termination of the Zuti Kamen licence was approved.

##### b) Geological data sale

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

# Medgold Resources Corp.

(Exploration Stage Company)

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

For the nine months ended September 30, 2023

(Expressed in Canadian Dollars)

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

#### 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 had the right to complete certain due diligence activities on the property which, if satisfactory, gave the Company the right to enter into an option agreement with Gecon to earn an initial 51% interest in Gecon. During the period ended September 30, 2023, the Company decided to terminate this agreement.

### 6. CONVERTIBLE DEBENTURE

On January 27, 2023, the Company issued a convertible debenture for a maximum principal sum of \$150,000 with a maturity date of January 27, 2025 and bearing interest at the rate of 5% per annum, compounded monthly and payable in arrears. Principal and accrued interest are to be converted into common shares of the Company in the event that the Acquisition (Note 1) is not completed, otherwise principal and accrued interest are to be settled with cash upon maturity. The debenture, if converted before the first anniversary, is convertible into a maximum of 3,000,000 common shares of the Company at the rate of \$0.05 per share and if converted after the first anniversary, convertible into a maximum of 1,500,000 common shares of the Company at the rate of \$0.10 per share.

For accounting purposes, the convertible debenture is allocated into corresponding debt and equity components at the date of issue. The Company uses the residual value method, which allocates value first to the debt component, based on fair value and then the residual value, to the equity component (comprising the conversion feature). The debt component is subsequently accreted to face value of the convertible debenture at the effective interest rate.

In February 2023, the Company received the first tranche of \$75,000 in convertible debenture funding. Upon the issuance of the first tranche, the fair value was separated into a liability component of \$67,150 and an equity component of \$7,850 included in other equity reserves. The equity component was calculated as the difference between the gross proceeds received of \$75,000 and the discounted cash flows associated with the debt using an estimated market rate for non-convertible instruments of 11% per annum.

In April 2023, the Company received a second and final tranche of \$48,534 in convertible debenture funding. Upon the issuance of the second tranche, the fair value was separated into a liability component of \$43,140 and an equity component of \$5,394 included in other equity reserves. The equity component was calculated as the difference between the gross proceeds received of \$48,534 and the discounted cash flows associated with the debt using an estimated market rate for non-convertible instruments of 11% per annum.

Issuance costs of \$14,181 were incurred and have been recorded against the liability and equity components and are being amortized to the condensed interim consolidated statements of comprehensive loss over the life of the convertible debentures. During the period ended September 30, 2023, accretion of interest of \$11,175 was charged to profit or loss.

	<b>Liability component</b>	<b>Equity component</b>
Face value of debentures at date of issue	\$ 110,290	\$ 13,244
Issuance costs allocated	(12,692)	(1,489)
Accretion of discount	11,175	-
<b>Balance, September 30, 2023</b>	<b>\$ 108,773</b>	<b>\$ 11,755</b>

# Medgold Resources Corp.

(Exploration Stage Company)

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

For the nine months ended September 30, 2023

(Expressed in Canadian Dollars)

### 7. 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 periods ended September 30, 2023 and 2022.

#### Share Purchase Warrants

During the period ended September 30, 2023, a total of 40,870,000 share purchase warrants with an exercise price of \$0.10 per share expired unexercised. There was no share purchase warrant activity during the period ended September 30, 2022.

As at September 30, 2023, there were no share purchase warrants outstanding (December 31, 2022: 40,870,000 with an exercise price of \$0.10 per share).

### 8. 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-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, 2023:

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
March 1, 2031	\$0.10	6,461,666	-	-	(11,666)	6,450,000	6,450,000
		<b>7,101,666</b>	-	-	(11,666)	<b>7,090,000</b>	<b>7,090,000</b>
<b>Weighted average exercise price</b>		\$0.10	-	-	\$0.10	\$0.10	\$0.10

There were no options granted or exercised during the periods ended September 30, 2023 and 2022.

The weighted average remaining contractual life of the options outstanding at September 30, 2023 is 6.83 (December 31, 2022: 7.58) 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.

# Medgold Resources Corp.

(Exploration Stage Company)

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

For the nine months ended September 30, 2023

(Expressed in Canadian Dollars)

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### 8. SHARE-BASED PAYMENTS (continued)

#### *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 stock options granted during the 2021 fiscal year and recognized as part of share-based compensation during the period ended September 30, 2023 was \$5,513 (2022: \$58,731).

### 9. EXPLORATION EXPENDITURES

During the periods ended September 30, 2023 and 2022, the Company incurred the following exploration expenditures on the Tlamino Project:

	<b>Nine months ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
Assaying	\$ 2,689	\$ -
Geological and other consulting	16,874	90,133
Legal and accounting	26,195	46,703
Licenses, rights and taxes	34,463	24,289
Office and administration	40,584	36,464
Salaries and benefits	30,229	28,143
Travel	9,346	9,020
	160,380	234,752
Expense recovery	(30,000)	-
	<b>\$ 130,380</b>	<b>\$ 234,752</b>

# Medgold Resources Corp.

(Exploration Stage Company)

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

For the nine months ended September 30, 2023

(Expressed in Canadian Dollars)

### 10. RELATED PARTY TRANSACTIONS AND BALANCES

The Company had transactions during the periods ended September 30, 2023 and 2022 with related parties who consisted of directors, officers and the following company controlled by Jeremy Crozier, a Director and the President and Chief Executive Officer of the Company:

<u>Related party</u>	<u>Nature of transactions</u>
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:

The amount due to related party as of September 30, 2023 consists of \$327,780 (December 31, 2022: \$235,179) owing to Virv for management fees and expense reimbursement. The balance due is unsecured, non-interest bearing and due on demand.

### 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, 2023 and 2022 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.

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Management fees	\$ -	\$ 21,750	\$ 87,000	\$ 65,250
Geological and other consulting fees (included in exploration expenditures)	-	21,750	-	65,250
Salaries and benefits	7,042	7,042	25,670	20,584
Value of stock option grants recorded as share-based payments expense	-	4,664	1,299	13,838
	<b>\$ 7,042</b>	<b>\$ 55,206</b>	<b>\$ 113,969</b>	<b>\$ 164,922</b>

Key management compensation includes management and geological fees paid to Virv.

# Medgold Resources Corp.

(Exploration Stage Company)

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

For the nine months ended September 30, 2023

(Expressed in Canadian Dollars)

### 11. 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, 2023, 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, 2023	
	US Dollars (CDN equivalent)	Serbian Dinars (CDN equivalent)
Cash	\$ 5,352	\$ 2,374
Accounts payable and accrued liabilities	-	(63,398)
<b>Net exposure</b>	<b>\$ 5,352</b>	<b>\$ (61,024)</b>

# Medgold Resources Corp.

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

For the nine months ended September 30, 2023

(Expressed in Canadian Dollars)

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

#### a) Market Risk (continued)

##### Foreign Currency Risk (continued)

As at	December 31, 2022			
	British Pound Sterling (CDN equivalent)	US Dollars (CDN equivalent)	Euros (CDN equivalent)	Serbian Dinars (CDN equivalent)
Cash	\$ -	\$ 5,437	\$ -	\$ 3,277
Accounts payable and accrued liabilities	(490)	-	(6,934)	(30,987)
<b>Net exposure</b>	<b>\$ (490)</b>	<b>\$ 5,437</b>	<b>\$ (6,934)</b>	<b>\$ (27,710)</b>

Based on the above net exposures at September 30, 2023, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would result in approximately a \$5,600 (December 31, 2022: \$3,000) 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, 2023, the Company does not have any borrowings except for the accumulated interest owing on a convertible debenture, of which the interest rate is fixed for the duration of the debenture. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with Canadian 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, 2023, the Company had a working capital deficiency of \$677,612 (December 31, 2022: \$290,342). All of the Company's financial liabilities had contractual maturities of less than 45 days and are subject to normal trade terms except for convertible debenture debt which is due by January 27, 2025.

#### 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, accounts payable and accrued liabilities, and due to related party approximate fair values due to their short-term nature and convertible debenture debt is discounted to reflect its fair value due to its long-term nature.

# Medgold Resources Corp.

(Exploration Stage Company)

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

For the nine months ended September 30, 2023

(Expressed in Canadian Dollars)

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### 11. 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).

Cash is valued at a level 1 fair value measurement and is classified as fair value through profit or loss. Amounts receivable and long-term deposits are classified as amortized cost. Accounts payable and accrued liabilities and due to related party are classified as amortized cost.

### 12. 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, 2023.

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, 2023 to be sufficient to cover its corporate operating costs, potential future mineral property acquisitions, or exploration activities through the next twelve months. As such, the Company entered into a proposed reverse take-over transaction agreement that will provide additional capital (Note 1). 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.

### 13. 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. The Company operates in a single reportable operating segment, being the exploration and evaluation of mineral properties. The mineral property interests and substantially all property and equipment are located in Serbia and substantially all of the exploration expenditures are incurred in Serbia. Substantially all of the Company's other assets and expenditures are located and incurred in Canada.